

GRUPO TELEVISIA, S.A.B.
Form 20-F
April 11, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

.. **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

x **ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

OR

.. **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

.. **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report _____

COMMISSION FILE NUMBER 1-12610

Grupo Televisa, S.A.B.

(Exact name of Registrant as specified in its charter)

N/A

(Translation of Registrant's name into English)

United Mexican States

(Jurisdiction of incorporation or organization)

Av. Vasco de Quiroga No. 2000

Colonia Santa Fe

01210 Mexico, D.F.

Mexico

(Address of principal executive offices)

Joaquín Balcárcel Santa Cruz

Grupo Televisa, S.A.B.

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(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

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

Title of each class	Name of each exchange on which registered
A Shares, without par value (A Shares)	New York Stock Exchange (for listing purposes only)
B Shares, without par value (B Shares)	New York Stock Exchange (for listing purposes only)
L Shares, without par value (L Shares)	New York Stock Exchange (for listing purposes only)
Dividend Preferred Shares, without par value (D Shares)	New York Stock Exchange (for listing purposes only)
Global Depositary Shares (GDSs), each representing five	New York Stock Exchange

Ordinary Participation Certificates

(Certificados de Participación Ordinarios) (CPOs)

CPOs, each representing twenty-five A Shares, twenty-two L Shares, thirty-five L Shares and thirty-five D Shares

New York Stock Exchange (for listing purposes only)

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

None.

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

None.

The number of outstanding shares of each of the issuer's classes of capital

or common stock as of December 31, 2012 was:

113,557,328,867 A Shares

52,690,174,107 B Shares

83,825,218,766 L Shares

83,825,218,766 D Shares

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

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

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

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

U.S. GAAP

International Financial Reporting Standards as issued

Other

by the International Accounting Standards Board

If Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

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

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We publish our financial statements in accordance with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB, which differ in some significant respects from generally accepted accounting principles in the United States, or U.S. GAAP, and accounting procedures adopted in other countries.

Unless otherwise indicated, (i) information included in this annual report is as of December 31, 2012 and (ii) references to Ps. or Pesos in this annual report are to Mexican Pesos and references to Dollars, U.S. Dollars, U.S. dollars, \$, or U.S.\$ are to United States dollars.

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

Table of Contents**Part I****Item 1. Identity of Directors, Senior Management and Advisers**

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information**Selected Financial Data**

The following tables present our selected consolidated financial information as of and for each of the periods indicated. This information is qualified in its entirety by reference to, and should be read together with, our audited consolidated year-end financial statements. The following data for each of the years ended December 31, 2012 and 2011 has been derived from our audited consolidated year-end financial statements, including the consolidated statements of financial position as of December 31, 2012, 2011 and January 1, 2011, the related consolidated statements of income, comprehensive income, changes in stockholders' equity and cash flows for the years ended December 31, 2012 and 2011, and the accompanying notes appearing elsewhere in this annual report. As required by regulations issued by the Mexican Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*) for listed companies in Mexico, beginning on January 1, 2012, we discontinued using Mexican Financial Reporting Standards (Mexican FRS) as issued by the Mexican Financial Reporting Standards Board (*Consejo Mexicano de Normas de Información Financiera*) and began using International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) for financial reporting purposes.

The financial information as of December 31, 2012, 2011 and January 1, 2011 (the date of transition to IFRS), and for the years ended December 31, 2012 and 2011, was prepared in accordance with IFRS as issued by the IASB. Through December 31, 2011, our consolidated financial information was reported previously in accordance with Mexican FRS. Accordingly, the financial information as of and for the year ended December 31, 2011, included in this annual report is not directly comparable to previously reported financial information as of and for the year ended on that date. This data should also be read together with Operating and Financial Review and Prospects .

In preparing our opening IFRS statement of financial position as of January 1, 2011, we adjusted amounts previously reported in our consolidated financial statements prepared in accordance with Mexican FRS. Information relating to certain differences between Mexican FRS and IFRS as they relate to the initial adoption of IFRS in our consolidated financial statements for the year ended December 31, 2011, as well as an explanation of how the transition from Mexican FRS to IFRS affected our financial position, financial performance and cash flows, are presented in Note 27 to our audited consolidated year-end financial statements. Pursuant to an accommodation from the SEC with respect to an issuer's first-time application of IFRS, we only include selected financial data as of December 31, 2012, 2011 and January 1, 2011 and for the years ended December 31, 2012 and 2011.

The exchange rate used in translating Pesos into U.S. Dollars for calculating the convenience translations included in the following tables is determined by reference to the interbank free market exchange rate, or the Interbank Rate, as reported by Banco Nacional de México, S.A., or Banamex, as of December 31, 2012, which was Ps.12.85 per U.S. Dollar. This annual report contains translations of certain Peso amounts into U.S. Dollars at specified rates solely for the convenience of the reader. The exchange rate translations contained in this annual report should not be construed as representations that the Peso amounts actually represent the U.S. Dollar amounts presented or that they could be converted into U.S. Dollars at the rate indicated.

	Year Ended December 31,		
	2012	2012	2011
	(Millions of U.S. Dollars or millions of Pesos)(1)		

Income Statement Data:

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Net sales	U.S.\$ 5,392	Ps. 69,290	Ps. 62,582
Operating income	1,412	18,140	16,274
Finance expense, net (2)	261	3,350	4,641
Net income	784	10,069	7,957
Net income attributable to the stockholders of the Company	682	8,761	6,666
Net income attributable to the non-controlling interests	102	1,308	1,291
Basic earnings per CPO attributable to the stockholders of the Company (3)		3.08	2.37
Diluted earnings per CPO attributable to the stockholders of the Company (3)		2.83	2.24
Weighted-average number of shares outstanding (in millions)(3)(4)		333,372	329,463
Cash dividend per CPO(3)		0.35	0.35

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	2012	As of December 31, 2012	2011	As of January 1, 2011
Financial Position Data:				
Cash and cash equivalents	U.S.\$ 1,484	Ps. 19,063	Ps. 16,276	Ps. 20,943
Temporary investments	414	5,317	5,423	10,447
Total assets	12,846	165,066	153,300	135,962
Current portion of long-term debt and other notes payable(5)	29	375	1,170	1,468
Long-term debt, net of current portion(6)	4,095	52,616	54,795	45,580
Customer deposits and advances	1,711	21,985	21,386	19,083
Capital stock	387	4,978	5,041	4,884
Total equity (including non-controlling interest)	5,333	68,535	59,089	53,241
Shares outstanding (in millions)(4)		333,898	330,862	325,023
			Year Ended December 31,	
		2012	2012	2011
Cash Flow Data:				
Net cash provided by operating activities		U.S.\$ 1,755	Ps. 22,556	Ps. 23,004
Net cash used in investing activities		(947)	(12,167)	(25,232)
Net cash used in financing activities		(587)	(7,548)	(2,543)
Increase (decrease) in cash and cash equivalents		217	2,787	(4,667)
Other Financial Information:				
Capital expenditures(7)		U.S.\$ 881	Ps. 11,428	Ps. 9,669
Other Data (unaudited):				
Average prime time audience share (TV broadcasting)(8)				66.9%
Average prime time rating (TV broadcasting)(8)				32.5
Magazine circulation (millions of copies)(9)			129	132
Number of employees (at year end)			28,600	26,300
Number of Sky subscribers (in thousands at year end)(10)			5,153	4,008
Number of Cablevisión RGUs (in thousands at year end)(11)			1,615	1,387
Number of Cablemás RGUs (in thousands at year end)(11)			2,016	1,818
Number of TVI RGUs (in thousands at year end)(11)			738	694

Notes to Selected Consolidated Financial Information:

- (1) Except per *Certificado de Participación Ordinario*, or CPO, average audience share, average rating, magazine circulation, employee, subscriber and Revenue Generating Units, or RGUs.
- (2) Includes interest expense, interest income, foreign exchange loss or gain, net, and other finance expense. See Note 22 to our consolidated year-end financial statements.
- (3) For further analysis of net income per CPO (as well as corresponding amounts per A Share not traded as CPOs), see Note 24 to our consolidated year-end financial statements. In April 2012 and 2011, our stockholders approved the payment of a dividend of Ps.0.35 per CPO, respectively.
- (4) As of December 31, 2012 and 2011 and January 1, 2011 we had four classes of common stock: A Shares, B Shares, D Shares and L Shares. Our shares are publicly traded in Mexico, primarily in the form of CPOs, each CPO representing 117 shares comprised of 25 A Shares, 22 B Shares, 35 D Shares and 35 L Shares; and in the United States in the form of Global Depositary Shares, or GDSs, each GDS representing 5 CPOs. As of December 31, 2012, for legal purposes, there were approximately 2,573.9 million CPOs issued and outstanding, each of which was represented by 25 A Shares, 22 B Shares, 35 D Shares and 35 L Shares, and an additional number of approximately 58,926.6 million A Shares and 2,357.2 million B Shares (not in the form of CPO units). See Note 16 to our consolidated

year-end financial statements.

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- (5) See Note 13 to our consolidated year-end financial statements.
- (6) See Operating and Financial Review and Prospects Results of Operations Liquidity, Foreign Exchange and Capital Resources Indebtedness and Note 13 to our consolidated year-end financial statements.
- (7) Capital expenditures are those investments made by us in property, plant and equipment. The exchange rate used in translating Pesos into U.S. Dollars for calculating the convenience translation for capital expenditures is determined by reference to the Interbank Rate on the dates on which a given capital expenditure was made. See Information on the Company Capital Expenditures .
- (8) Average prime time audience share for a period refers to the average daily prime time audience share for all of our networks and stations during that period, and average prime time rating for a period refers to the average daily rating for all of our networks and stations during that period, each rating point representing one percent of all television households. As used in this annual report, prime time in Mexico is 4:00 p.m. to 11:00 p.m., seven days a week, and weekday prime time is 7:00 p.m. to 11:00 p.m., Monday through Friday. Data for all periods reflects the average prime time audience share and ratings nationwide as published by the Mexican subsidiary of the Brazilian Institute of Statistics and Public Opinion, or *Instituto Brasileiro de Opinião Pública y Estadística*, or IBOPE. The Mexican subsidiary of IBOPE is referred to as IBOPE AGB Mexico in this annual report. Due to a June 2012 leak of confidential data related to the location of IBOPE's people meters, we currently use IBOPE's measurements only as a point of reference to analyze trends. No IBOPE statistical data in respect of periods after June 16, 2012 is or will be included in our public reports until this is resolved. In the meantime, we are billing our advertising customers based on fixed pricing rather than on a cost-per-rating-point basis. For further information regarding audience share and ratings information and IBOPE AGB Mexico, see Information on the Company Business Overview Television Content .
- (9) The figures set forth in this line item represent total circulation of magazines that we publish independently and through joint ventures and other arrangements and do not represent magazines distributed on behalf of third parties.
- (10) Sky commenced operations in Mexico in 1996, and in Central America and the Dominican Republic in 2007. The figures set forth in this line item represent the total number of gross active residential and commercial subscribers for Innova, S. de R.L. de C.V., or Innova, at the end of each year presented. For a description of Innova's business and results of operations and financial condition, see Information on the Company Business Overview DTH Ventures .
- (11) An RGU is defined as an individual service subscriber who generates recurring revenue under each service provided by Empresas Cablevisión, S.A.B. de C.V., or Cablevisión, Cablemás, S.A. de C.V., or Cablemás, and Televisión Internacional, S.A. de C.V., or TVI, (pay television, or pay-TV, broadband internet and digital telephony). For example, a single subscriber paying for cable television, broadband internet and digital telephony services represents three RGUs. We believe it is appropriate to use the number of RGUs as a performance measure for Cablevisión, Cablemás and TVI given that these businesses provide other services in addition to pay-TV. See Operating and Financial Review and Prospects Results of Operations Total Segment Results Cable and Telecom and Information on the Company Business Overview Cable and Telecom .

Dividends

Decisions regarding the payment and amount of dividends are subject to approval by holders of a majority of the A Shares and B Shares voting together, generally, but not necessarily, on the recommendation of the Board of Directors, as well as a majority of the A Shares voting separately. Emilio Azcárraga Jean indirectly controls the voting of the majority of the A Shares and, as a result of such control, both the amount and the payment of dividends require his affirmative vote. See Major Stockholders and Related Party Transactions The Major Stockholders . On March 25, 2004, our Board of Directors approved a dividend policy under which we currently intend to pay an annual ordinary dividend of Ps.0.35 per CPO. On April 30, 2008, at a general stockholders' meeting, our stockholders approved a cash distribution to stockholders of up to Ps.2,276.3 million, which includes the payment of an extraordinary dividend of Ps.0.40 per CPO, which is in addition to our ordinary dividend of Ps.0.35 per CPO, for a total dividend of Ps.0.75 per CPO, equivalent to Ps.0.00641025641 per share. On April 30, 2009, at a general stockholders' meeting, our stockholders approved a cash distribution to stockholders of up to Ps.5,204.6 million, which includes the payment of an extraordinary dividend of Ps.1.40 per CPO, which is in addition to our ordinary dividend of Ps.0.35 per CPO, for a total dividend of Ps.1.75 per CPO, equivalent to Ps.0.014957264957 per share. In addition to the dividend payment approved by our stockholders on April 30, 2009, and based on a proposal by our Board of Directors, on December 10, 2009, at a general stockholders' meeting, our stockholders approved a cash distribution to stockholders of up to Ps.4.0 billion, which includes the payment of an extraordinary dividend of Ps.1.0 per CPO, which is in addition to our ordinary dividend of Ps.0.35 per CPO, for a total dividend of Ps.1.35 per CPO, equivalent to Ps.0.011538461538 per share. The dividend approved on December 10, 2009 was in lieu of the annual dividend for 2010 that would otherwise typically have been paid in April 2010. Accordingly, we did not pay any dividends during 2010. On April 29, 2011, at a general stockholders' meeting, our stockholders approved a cash distribution to stockholders of up to Ps.1,036.7 million, which represents the payment of our ordinary dividend of Ps.0.35 per CPO, equivalent to Ps.0.002991452991 per share. On April 27, 2012, at a general stockholders' meeting, our stockholders approved a cash distribution to stockholders of up to Ps.1,097.8 million, which represents the payment of our ordinary dividend of Ps.0.35 per CPO, equivalent to Ps.0.002991452991 per share. On April 2, 2013, at a general stockholders' meeting, our stockholders approved a cash distribution to stockholders of up to Ps.1,084.2 million, which represents the payment of our ordinary dividend of Ps.0.35 per CPO, equivalent to Ps.0.002991452991 per share. All of the recommendations of the Board of Directors related to the payment and amount of dividends were voted on and approved at the applicable general stockholders' meetings.

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Since 1991, Mexico has had a free market for foreign exchange and, since 1994, the Mexican government has allowed the Peso to float freely against the U.S. Dollar. There can be no assurance that the government will maintain its current policies with regard to the Peso or that the Peso will not depreciate or appreciate significantly in the future.

The following table sets forth, for the periods indicated, the high, low, average and period end noon buying rate in New York City for cable transfers in Pesos published by the Federal Reserve Bank of New York, expressed in Pesos per U.S. Dollar. The rates have not been restated in constant currency units and therefore represent nominal historical figures.

Period	High	Low	Average(1)	Period End
2008	13.9350	9.9166	11.1425	13.8320
2009	15.4060	12.6318	13.4979	13.0576
2010	13.1940	12.1556	12.6237	12.3825
2011	14.2542	11.5050	12.4270	13.9510
2012	14.3650	12.6250	13.1539	12.9635
October	13.0925	12.7054	12.8976	13.0877
November	13.2531	12.9171	13.0639	12.9171
December	13.0125	12.7202	12.8651	12.9635
2013 (through April 5, 2013)	12.8798	12.2390	12.6123	12.2390
January	12.7891	12.5857	12.6964	12.7344
February	12.8798	12.6260	12.7249	12.7788
March	12.7956	12.3155	12.5000	12.3155
April (through April 5, 2013)	12.3404	12.2390	12.3031	12.2390

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

The above rates may differ from the actual rates used in the preparation of the financial statements and the other financial information appearing in this annual report.

In the past, the Mexican economy has had balance of payment deficits and decreases in foreign exchange reserves. While the Mexican government does not currently restrict the ability of Mexican or foreign persons or entities to convert Pesos to U.S. Dollars, we cannot assure you that the Mexican government will not institute restrictive exchange control policies in the future, as has occurred from time to time in the past. To the extent that the Mexican government institutes restrictive exchange control policies in the future, our ability to transfer or to convert Pesos into U.S. Dollars and other currencies for the purpose of making timely payments of interest and principal of indebtedness, as well as to obtain foreign programming and other goods, would be adversely affected. See Risk Factors Risk Factors Related to Mexico Currency Fluctuations or the Devaluation and Depreciation of the Peso Could Limit the Ability of Our Company and Others to Convert Pesos into U.S. Dollars or Other Currencies, Which Could Adversely Affect Our Business, Financial Condition or Results of Operations .

On April 5, 2013 the noon buying rate was Ps.12.2390 per U.S.\$1.00.

Risk Factors

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

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Risk Factors Related to Mexico

Economic and Political Developments in Mexico May Adversely Affect Our Business

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

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

Mexico has historically experienced uneven periods of economic growth. Mexican gross domestic product, or GDP, increased by 5.5% in 2010, increased by 3.9% in 2011, and increased by 3.9% in 2012. Mexican GDP growth surpassed Mexican government forecasts in 2012 and, according to Mexican government forecasts, Mexican GDP is expected to increase by approximately 3.5% in 2013. We cannot assure you that these estimates and forecasts will prove to be accurate.

Any future economic downturn, including downturns in the United States, Europe and/or Asia, could affect our financial condition and results of operations. For example, demand for advertising may decrease both because consumers may reduce expenditures for our advertisers' products and because advertisers may reduce advertising expenditures and demand for publications, cable television, direct-to-home, or DTH, satellite services, pay-per-view programming, telecommunications services and other services and products may decrease because consumers may find it difficult to pay for these services and products.

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

The market value of securities of Mexican companies, the social, economic and political situation in Mexico and our financial condition and results of operations are, to varying degrees, affected by economic and market conditions in other emerging market countries and in the United States and other developed economies. Although economic conditions in other emerging market countries and in the United States and other developed economies may differ significantly from economic conditions in Mexico, investors' reactions to developments in any of these other countries may have an adverse effect on the market value or trading price of securities of Mexican issuers, including our securities, or on our business.

Our operations, including the demand for our products or services, and the price of our securities, have also historically been adversely affected by increases in interest rates in the United States and elsewhere. Economic downturns in the United States often have a significant adverse effect on the Mexican economy and other economies globally, which in turn, could affect our financial condition and results of operations.

Our profitability is affected by numerous factors, including changes in viewing preferences, priorities of advertisers and reductions in advertisers' budgets. Historically, advertising in most forms of media has correlated positively with the general condition of the economy and thus, is subject to the risks that arise from adverse changes in domestic and global economic conditions, consumer confidence and spending. The demand for our products and services in Mexico, the U.S. and in the other countries in which we operate may be adversely affected by the tightening of credit markets and economic downturns. As a global media company, we depend on the demand from customers in Mexico, the U.S. and the other countries in which we operate, and reduced consumer spending that falls short of our projections could adversely impact our revenues and profitability.

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

The global financial markets continue to be uncertain, and many companies have limited access to funding. This risk has been exacerbated by concerns over the higher levels of public debt, wider fiscal deficit and recent credit rating downgrades on public debt of European countries such as the Republic of Ireland, Greece, Portugal, Italy, France, Spain, Cyprus and the United States credit rating downgrade announced in August 2011, as well as credit deterioration of the U.S. economy. It is uncertain how long the effects of this global financial stress in the markets will persist and what impact it will have on the global economy in general, or the economies in which we operate, in particular, and whether slowing economic growth in any such countries could result in decreased consumer spending affecting our products and services. If access to credit tightens further and borrowing costs rise, our borrowing costs could be adversely affected. Difficulties in financial markets may also adversely affect some of our customers. In addition, we enter into derivative transactions with large financial institutions, including contracts to hedge our

exposure to interest rates and foreign exchange, and we could be affected by severe financial difficulties faced by our counterparties.

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

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

Severe devaluation or depreciation of the Peso may also result in governmental intervention, or disruption of international foreign exchange markets. This may limit our ability to transfer or convert Pesos into U.S. Dollars and other currencies for the purpose of making timely payments of interest and principal on our indebtedness and adversely affect our ability to obtain foreign programming and other imported goods. The Mexican economy has suffered current account balance of payment deficits and shortages in foreign exchange reserves in the past. While the Mexican government does not currently restrict, and for more than 18 years has not restricted, the right or ability of Mexican or foreign persons or entities to convert Pesos into U.S. Dollars or to transfer other currencies outside of Mexico, there can be no assurance that the Mexican government will not institute restrictive exchange control policies in the future. To the extent that the Mexican government institutes restrictive exchange control policies in the future, our ability to transfer or convert Pesos into U.S. Dollars or other currencies for the purpose of making timely payments of interest and principal on indebtedness, as well as to obtain imported goods would be adversely affected. Devaluation or depreciation of the Peso against the U.S. Dollar or other currencies may also adversely affect U.S. Dollar or other currency prices for our debt securities or the cost of imported goods.

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

In the past Mexico has experienced high levels of inflation, although the rates have been lower for more than a decade. The annual rate of inflation, as measured by changes in the Mexican National Consumer Price Index, or NCPI, was 4.4% in 2010, 3.8% in 2011, 3.6% in 2012 and is projected to be 3.7% in 2013. An adverse change in the Mexican economy may have a negative impact on price stability and result in higher inflation than its main trading partners, including the United States. High inflation rates can adversely affect our business and results of operations in the following ways:

inflation can adversely affect consumer purchasing power, thereby adversely affecting consumer and advertiser demand for our services and products; and

to the extent inflation exceeds our price increases, our prices and revenues will be adversely affected in real terms.

High Interest Rates in Mexico Could Increase Our Financing Costs

Mexico historically has had, and may continue to have, high real and nominal interest rates. The interest rates on 28-day Mexican government treasury securities averaged 4.4%, 4.2% and 4.3% for 2010, 2011 and 2012, respectively. High interest rates in Mexico could increase our financing costs and thereby impair our financial condition, results of operations and cash flow.

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

On July 1, 2012, Presidential and Federal Congress elections were held in Mexico. The candidate of the *Partido Revolucionario Institucional*, or the PRI, Enrique Peña Nieto, won the Presidential elections and consequently, the PRI reclaimed the Mexican presidency after 12 years. After the 2012 elections, the Mexican Federal Congress is not controlled by any single political party. However, the PRI holds a significant position both in the Senate and in the *Cámara de Diputados*, or the Chamber of Representatives.

It is possible that the new administration will pursue significant amendments to Mexico's laws, regulations, public policies and government programs. Mexico's current President Enrique Peña Nieto and the three main political parties of Mexico (i.e. PRI, *Partido Acción Nacional*, or PAN, and the *Partido de la Revolución Democrática*, or PRD) have signed the *Pacto por México*, or Pact for Mexico, in which they have agreed to pursue amendments to applicable laws in order to achieve, among others, the following purposes: (i) provide the *Comisión Federal de Competencia*, CFC, or Mexican Antitrust Commission, with the necessary authority to prevent and stop monopolist practices; (ii) achieve increased competition in the telecommunications business; and (iii) open public bids to grant new concessions to offer television broadcasting services. Consequently, changes in laws and regulations, public policies and government programs may occur in the future. Such changes may have a material adverse effect on the Mexican economic, social and political situation, and on our business, financial condition and results of operations. See *Mexican Antitrust Laws May Limit Our Ability to Expand Through Acquisitions or Joint Ventures*, Existing Mexican Laws and

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Regulations or Changes Thereto or the Imposition of New Ones May Negatively Affect Our Operations and Revenue and The Recent Constitutional Bill Being Debated at the Mexican Federal Congress, if Approved, May Have an Adverse Effect on Our Business, Results of Operations and Financial Condition .

In addition, any effects on the social and political situation in Mexico could adversely affect the Mexican economy, including the stability of its currency. We cannot ascertain, at this time, how any material adverse effect on Mexican economic policy, Mexico's economic situation, the stability of Mexico's currency or market conditions may affect our business or the price of our securities.

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Mexico has Experienced a Period of Increased Criminal Activity and Such Activities Could Adversely Affect Our Financing Costs and Exposure to Our Customers and Counterparties

During recent years, Mexico has experienced a period of increased criminal activity and violence, primarily due to organized crime. These activities, their escalation and the violence associated with them could have a negative impact on the business environment in which we operate, and therefore on our financial condition and results of operations.

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

Mexico's *Ley Federal de Competencia Económica*, or Mexico's Federal Antitrust Law, and related regulations may affect some of our activities, including our ability to introduce new products and services, enter into new or complementary businesses or joint ventures and complete acquisitions. See [Information on the Company](#) [Business Overview](#) [Investments](#) [Cablemás](#) .

In addition, Mexico's Federal Antitrust Law and related regulations or conditions imposed by the *Comisión Federal de Competencia*, CFC, or Mexican Antitrust Commission, may adversely affect our ability to determine the rates we charge for our services and products or the manner in which we provide our products or services. Approval of the Mexican Antitrust Commission is required for us to acquire certain businesses or enter into certain joint ventures. There can be no assurance that in the future the Mexican Antitrust Commission will authorize certain acquisitions or joint ventures related to our businesses, the denial of which may adversely affect our business strategy, financial condition and results of operations. Although, in such event, we would be entitled to pursue the various remedies provided by law, including administrative or judicial procedures, there can be no assurance that the outcome of such procedures would be favorable to us.

The Mexican Antitrust Commission may also impose conditions, obligations and fines that could adversely affect some of our activities, our business strategy, our financial condition and results of operations. See [Imposition of Fines by Regulators and Other Authorities Could Adversely Affect Our Financial Condition and Results of Operations](#) .

See [Information on the Company](#) [Business Overview](#) [Regulation](#) [Mexican Antitrust Law](#) .

Imposition of Fines by Regulators and Other Authorities Could Adversely Affect Our Financial Condition and Results of Operations

A significant portion of our business, activities and investments occur in heavily regulated sectors. Recently, Mexican regulators and other authorities, including tax authorities, have increased their supervision and the frequency and amounts of fines and assessments have increased significantly. Although we intend to defend our positions vigorously when procedures are brought or fines are imposed by authorities, there can be no assurance that we will be successful in such defense. Accordingly, we may in the future be required to pay fines and assessments that could be significant in amount, which could materially and adversely affect our financial condition and results of operations.

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

Our business, activities and investments are subject to various Mexican federal, state and local statutes, rules, regulations, policies and procedures, which are subject to change and are affected by the actions of various Mexican federal, state and local government authorities. In that regard, existing laws and regulations, including among others, tax and social security laws, could be amended, the manner in which laws and regulations are enforced or interpreted could change, and new laws or regulations could be adopted. Such changes could materially adversely affect our operations and our revenue.

Certain amendments to the existing *Ley Federal de Radio y Televisión*, or Radio and Television Law, and the *Ley Federal de Telecomunicaciones*, or Telecommunications Law, have been enacted. In May 2006, several members of the Senate of the Mexican Federal Congress filed a complaint before the Supreme Court of Justice of Mexico, seeking a declaration that such amendments were unconstitutional and therefore null and void. This complaint was resolved by the Supreme Court of Justice in June 2007, declaring several provisions of the amendments to the Radio and Television Law and to the Telecommunications Law unconstitutional and therefore null and void. Among the provisions declared as unconstitutional by the Supreme Court of Justice are the ones referred to in former Article 28 of the Radio and Television Law, pursuant to which holders of concessions had the ability to request authorization to provide additional telecommunications services within the same spectrum covered by a current concession without having to participate in a public bid to offer such services pursuant to a concession, and Article 16 of the Radio and Television Law, pursuant to which concessions were granted for a fixed term of 20 years with the possibility to renew such concessions by obtaining from the *Secretaría de Comunicaciones y Transportes*, or SCT, a certification of compliance with the obligations under the concession. As a result of the Supreme Court of Justice's ruling, once the transition to digital television and digital radio broadcasting is completed, if we want to provide additional telecommunications services within the same spectrum granted for digital television

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or digital radio broadcasting, respectively, we will have to follow the provisions of Article 24 of the Telecommunications Law to obtain the concession therefor. Also, there is uncertainty as to how radio and television concessions will be renewed in the future, since the Supreme Court of Justice's ruling has resulted in requiring that the renewal of the concessions be subject to a public bid process, with a right of preference over other participating bidders given to the incumbent concessionaire. Additionally, if the bill to amend and add several provisions to the Mexican Federal Constitution with respect to telecommunications, television, radio and antitrust matters is approved, concessions for use of spectrum will only be granted through a public bidding process. The bill does not provide for the terms and conditions to renew broadcasting and telecommunications services.

In September 2010, Mexico's former President Felipe Calderon Hinojosa, published through the SCT in the *Diario Oficial de la Federación*, or the Official Gazette of the Federation, a decree establishing the actions to be taken to expedite the transition to digital television and digital radio broadcasting, which intends to end analog broadcasting by 2015 (referred to in this annual report as the 2010 Decree).

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The 2010 Decree modifies the policy published by the SCT in July 2004 which established procedures and set forth other applicable provisions for the transition to digital television. The constitutionality of the 2010 Decree has been challenged before the Supreme Court of Justice of Mexico by the Mexican Federal Congress, alleging that Mexico's former President Felipe Calderon Hinojosa, pursuant to the Radio and Television Law, overstepped his authority when issuing the 2010 Decree, and that the 2010 Decree therefore is unconstitutional. In November 2011, the Supreme Court of Justice of Mexico dismissed the constitutional challenge brought by the Mexican Federal Congress, confirming the validity of the 2010 Decree. In early 2012, the *Comisión Federal de Telecomunicaciones*, or Federal Telecommunications Commission, or Cofetel, made public its intent to issue amendments to the necessary policies to complete the transition to digital television and radio broadcasting, which is currently scheduled to be completed in December 2015. In 2006, Baja California began a pilot program to be the first State in Mexico to complete its transition to digital broadcasting. The pilot program is currently scheduled to be completed in May 2013. Cofetel will assess the results of the pilot program, including the level of penetration of Digital Terrestrial Television, or DTT, and will provide information to the public about the end of analog broadcasting and the benefits of DTT. Based on the results of the pilot program, Cofetel will review its plan of action for the coming years with respect to the transition to digital broadcasting. As a result, it is not possible to determine with certainty the impact or effect that the digital transition will have on our business and results of operations.

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

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

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

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

At this time, the Constitutional Amendment has not had an impact on the results of our radio and television businesses, however we are unable to predict what impact or effect, if any, the Constitutional Amendment may have on our operating results in the future. A decrease in paid advertising of the nature described above could lead to a decrease in our television and/or radio revenues. At this time, only seven out of a total of ten legal actions brought by the Company against the Constitutional Amendment have been resolved. In three of these cases, the action was dismissed by the judge; in the other four cases, the action was denied. We cannot predict the outcome of the remaining three legal actions brought by the Company against the Constitutional Amendment.

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

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In addition to the foregoing, certain provisions of the *Ley Federal del Trabajo*, or Federal Labor Law, could materially adversely affect our financial condition and results of operations. The Federal Labor Law, as amended in November 2012, provides, among other things, that personnel outsourcing agreements must meet certain requirements. If these requirements are not met, the company that receives the benefit of the outsourced services might be deemed to be the employer of the personnel performing the services and thus required to comply with all the obligations applicable to employers pursuant to the Federal Labor Law in respect of such personnel.

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In December 2009, the Mexican Government enacted certain amendments to the Mexican tax laws related to income tax, value added tax and excise tax that became effective as of January 1, 2010. The main provisions of these amendments are as follows: (i) the corporate income tax rate was increased from 28% to 30% for the years 2010 through 2012, and was expected to be reduced to 29% and 28% in 2013 and 2014, respectively; (ii) under certain circumstances, the deferred income tax benefit derived from tax consolidation of a parent company and its subsidiaries is limited to a period of five years; therefore, the resulting deferred income tax has to be paid starting in the sixth year following the fiscal year in which the deferred income tax benefit was received; (iii) the payment of this tax has to be made in installments of 25% in the first and second year, 20% in the third year and 15% in the fourth and fifth year; (iv) taxpayers paid in 2010 the first installment of the cumulative amount of the deferred tax benefits determined as of December 31, 2004; (v) revenues from telecommunications and pay-TV services (except access to Internet services, interconnection services between public networks of telecommunications and public telephone services) became subject to a 3% excise tax; (vi) the excise tax rate on gaming (including bets and drawings) was increased from 20% to 30%; and (vii) the general value added tax rate was increased from 15% to 16%, and the rate on the border region was increased from 10% to 11%. We believe that the provisions for the tax consolidation regime have a retroactive application and we are therefore challenging the constitutionality of these provisions.

In December 2012, the Mexican Government enacted additional amendments to the Mexican tax laws. As a result of these amendments, the corporate income tax rate will be 30% in 2013 and is expected to be 29% in 2014 and 28% in 2015 and thereafter.

Some of the laws and regulations discussed above may be superseded, amended or modified when the Mexican Federal Congress passes legislation to implement the Telecom and Antitrust Bill, if that bill is approved. See [The Recent Constitutional Bill Being Debated at the Mexican Federal Congress, if Approved, May Have an Adverse Effect on Our Business, Results of Operations and Financial Condition](#).

The Recent Constitutional Bill Being Debated at the Mexican Federal Congress, if Approved, May Have an Adverse Effect on Our Business, Results of Operations and Financial Condition

If, as expected, the bill submitted in March 2013 by the House of Representatives (*Camara de Diputados*) to the Senate to amend the Mexican Federal Constitution with respect to the radio, television and telecommunications industries and the strengthening of the competition and telecommunications authorities (the Telecom and Antitrust Bill) is approved by two-thirds of the members in attendance of both Chambers of the Mexican Federal Congress and a majority of the State legislatures of Mexico and published by the President, some of these amendments and the implementing legislation may materially and adversely impact our business, results of operations and financial condition.

Pursuant to the Telecom and Antitrust Bill, we may, among other things, (i) be required to offer our over-the-air TV signals to some pay-TV operators, free of charge, until IFETEL (as described below) determines that effective competition conditions in these markets have been achieved, and as a result thereof we may lose substantial revenues derived from licensing our over-the-air TV signals; (ii) be subject to additional competition from new over-the-air TV networks private and public once they enter into operation, including the proposed new networks, discussed below, and from existing participants and new entrants in the pay-TV, broadband and/or telephony services markets, including cable and/or DTH television providers, telephone operators and/or other participants that may use new, available and/or existing spectrum and/or infrastructure; and (iii) be subject to additional competition resulting from the elimination of foreign investment restrictions in satellite services and the increase of permitted foreign ownership up to 49% in broadcasting (television and radio services).

The Telecom and Antitrust Bill calls for a public auction for the purpose of granting concessions to establish at least two new nationwide over-the-air TV networks in Mexico. These new networks, if established, will compete with our existing networks, and some broadcasters with existing concessions that meet certain criteria, including us, will be barred from participating in the proposed auction.

Pursuant to the Telecom and Antitrust Bill, any telephone operator, such as Teléfonos de México, S.A. de C.V., or Telmex, could enter into the pay-TV market if it pays the Mexican government the required fee and complies with any other applicable obligations that the implementing legislation or the IFETEL may impose. However, if IFETEL declares any such telephone operator to be a preponderant economic agent (*agente economico preponderante*) (which could be the case for Telmex), such telephone operator would have to comply with all of the measures determined by the IFETEL through general guidelines, which may include, without limitation, rate and infrastructure asymmetric regulation and local loop unbundling as a condition for the authorization to provide pay-TV services. For additional information on the measures that may be imposed by IFETEL on a company considered to be a preponderant economic agent (*agente economico preponderante*), see [Information on the Company Business Overview Regulation Telecom and Antitrust Constitutional Bill](#).

The Telecom and Antitrust Bill provides for certain new constitutional rights related to access to information and communication technologies, as well as radio, television and telecommunications services (including broadband). Accordingly, future implementing legislation could further limit our capacity to operate our concessions. In particular, additional restrictions may be imposed with respect to the time, type, and content of advertising in our over-the-air and pay-TV services.

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The constitutional autonomy and authority granted under the Telecom and Antitrust Bill to the *Instituto Federal de Telecomunicaciones*, or IFETEL, or the Federal Telecommunications Institute (a new telecommunications regulator which will oversee the Mexican telecommunications and broadcasting (television and radio) industries, including all antitrust matters relating to such industries), may adversely affect some of our activities, including our ability to introduce new products and services, enter into new or complementary businesses, and complete acquisitions or joint ventures, and may adversely affect our ability to determine the rates we charge for our services and products. Under the Telecom and Antitrust Bill, IFETEL may impose limits on concentration of national and regional frequencies, cross-ownership of telecommunications, television or radio businesses that serve the same market or geographical zone and may order the divestment of assets, rights or investments to ensure the compliance of the limits determined by it. However, it is uncertain how these limits may affect us since it is not yet known how these limits will be determined by IFETEL.

Moreover, the Telecom and Antitrust Bill also provides that no stay or injunction will suspend measures or other actions taken by the IFETEL. Therefore, until any ruling, action or omission of IFETEL is declared null and void by a final judgment issued by a competent specialized court, such ruling, action or omission will be in full force and effect.

We will be subject to new potential liabilities for broadcasting third party content. Details of such potential liabilities will be outlined in the implementing legislation of the Telecom and Antitrust Bill.

It is uncertain how our concessions will be renewed in the future, since it is unknown how this matter will be addressed in the implementing legislation of the Telecom and Antitrust Bill.

In general, the Telecom and Antitrust Bill, if approved, may increase our cost of doing business and may interfere with our ability to offer, or prevent us from offering, our current or future services. Moreover, the penetration of new competitive markets and introduction of new products could require us to reduce the prices of our products and/or increase our costs and thus could reduce our gross profit in future periods.

For additional information relating to the recent Telecom and Antitrust Bill, see [Information on the Company](#) [Business Overview](#) [Regulation](#) [Telecom and Antitrust Constitutional Bill](#) and [Business Strategy](#) [Expanding Our Business in the Mexican Telecommunications Markets by Taking Advantage of Prospective Telecom and Antitrust Constitutional Bill and Implementing Legislation](#) .

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Risk Factors Related to Our Major Stockholders

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

We have four classes of common stock: A Shares, B Shares, D Shares, and L Shares. Until June 17, 2009, approximately 45.6% of the outstanding A Shares, 2.7% of the outstanding B Shares, 2.8% of the outstanding D Shares and 2.8% of the outstanding L Shares of the Company were held through a trust, or the Stockholder Trust, including shares in the form of CPOs. On June 17, 2009, the Stockholder Trust was terminated and the shares and CPOs which were formerly held through such trust, were delivered to the corresponding beneficiaries. The largest beneficiary of the Stockholder Trust was a trust for the benefit of Emilio Azcárraga Jean, or the Azcárraga Trust. Such trust currently holds 43.0% of the outstanding A shares, 0.1% of the outstanding B shares, 0.1% of the outstanding D shares and 0.1% of the outstanding L shares of the Company. As a result, Emilio Azcárraga Jean controlled until June 17, 2009, the voting of the shares held through the Stockholder Trust, and currently controls the vote of most of such shares through the Azcárraga Trust. The A Shares held through the Azcárraga Trust constitute a majority of the A Shares whose holders are entitled to vote because non-Mexican holders of CPOs and GDSs are not permitted by law to vote the underlying A Shares. Accordingly, and so long as non-Mexicans own more than a minimal number of A Shares, Emilio Azcárraga Jean will have the ability to direct the election of 11 out of 20 members of our Board of Directors, as well as prevent certain actions by the stockholders, including dividend payments, mergers, spin-offs, changes in corporate purpose, changes of nationality and amendments to the anti-takeover provisions of our bylaws. See [Major Stockholders and Related Party Transactions](#) [The Major Stockholders](#) .

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

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

Risk Factors Related to Our Business

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

Under Mexican law, we need concessions from the SCT to broadcast our programming over our television and radio stations, cable and DTH satellite systems and to provide telephony services. In July 2004, in connection with the adoption of a release issued by the SCT for the transition to digital television, all of our television concessions were renewed until 2021. The expiration dates for the concessions for our radio stations range from 2015 to 2020, after the recent renewal of three concessions. (See [Risk Factors Related to Mexico Existing Mexican Laws and Regulations or Changes Thereto or the Imposition of New Ones May Negatively Affect Our Operations and Revenue](#)). The expiration dates of our Cable and Telecommunications concessions range from 2013 to 2039 and our DTH concessions expire in 2020 and 2026. The expiration dates for the concessions for our telephone services range from 2018 to 2026. Cablevisión obtained a telecommunications concession, which expires in 2029, and its concession to transmit an over-the-air ultra-high frequency, or UHF, restricted television service through channel 46, which expired in November 2010 (the [Channel 46 Concession](#)). We filed for a renewal of the Channel 46 Concession and, in February 2010, the SCT notified Cablevisión that it would not be renewed; however, we are contesting the resolution of the SCT. In the past, the SCT has typically renewed the concessions of those concessionaires that complied with the applicable renewal procedures under Mexican law and with their obligations under the concession. However, there is uncertainty as to how radio and television concessions will be renewed in the future, since the Supreme Court ruling has resulted in requiring the renewal of the concessions to be subject to a public bid process, with a right of preference over other participating bidders given to the incumbent concessionaire.

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

See [Risk Factors Related to Mexico Existing Mexican Laws and Regulations or Changes Thereto or the Imposition of New Ones May Negatively Affect Our Operations and Revenue](#) .

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

We face competition in all of our businesses, including broadcasting, advertising sales, telecommunications and all other businesses. The entities in which we have strategic investments and the joint ventures in which we participate also face competition. We expect that competition in our different businesses will intensify.

In broadcasting, we face substantial competition from TV Azteca, S.A. de C.V., or TV Azteca. See [Information on the Company Business Overview Television Television Industry in Mexico](#) and [Information on the Company Business Overview Television Content](#).

We will also face additional competition in broadcasting from at least two new over-the-air networks proposed to be established pursuant to the Telecom and Antitrust Bill, if that bill is approved. See [The Recent Constitutional Bill Being Debated at the Mexican Federal Congress, if Approved, May Have an Adverse Effect on Our Business, Results of Operations and Financial Condition](#).

At the end of 2008, Dish México, S. de R.L. de C.V., or Dish Mexico, a competitor in the DTH market, launched its services in Mexico.

At the beginning of 2009, TV Azteca began offering HiTV, a television service which consists of the transmission of digital television channels through the technology known as Digital Terrestrial Television, or DTT, in Mexico City and its metropolitan area using the radioelectric spectrum in the mirror concessions granted to them pursuant to the decree issued by the SCT for the transition to digital television. HiTV currently offers approximately 21 channels and charges for the decoder box. This service has not affected our pay-TV business in a material way. In addition, the decoder box that TV Azteca is utilizing to allow viewers to access its HiTV channels also allows the viewers access to our digital over-the-air networks without our permission.

At the end of 2012, Axtel launched a new product called Axtel TV, which offers up to 77 standard definition channels, 8 HD channels, 50 audio channels, and 50 hours of virtual recording, in addition to internet and voice services. We are not certain how this service will affect our pay-TV services.

In addition, the entertainment and telecommunications industries in which we operate are changing rapidly because of new participants and evolving distribution technologies, including the internet. As Mexico makes the transition to digital television, it is likely that competition will also increase.

The telecommunications industry in Mexico has become highly competitive and we face significant competition. Most cable operators are authorized to provide pay-TV, internet broadband services and voice services, including Voice over Internet Protocol, or VoIP, which poses a risk to us. Competition may prevent us from growing.

In October 2006, the Mexican federal government enacted a new set of regulations known as Convergence Regulations, or *Acuerdo de Convergencia de Servicios Fijos de Telefonía Local y Televisión y/o Audio Restringidos que se Proporcionan a Través de Redes Públicas Alámbricas e Inalámbricas*. The Convergence Regulations allow certain concessionaires of telecommunications services to provide other services not included in their original concessions. Cable television providers have been allowed to provide internet and telephone services if certain requirements and conditions are met. In addition, telephone operators such as Axtel and Maxcom are allowed to provide cable television services if they meet certain requirements and conditions. We are facing significant competition from new entrants providing telephony services or pay-TV services, including cable television providers and telephone operators. See [Information on the Company Business Overview Cable and Telecom](#).

Our future success will be affected by the changes in the entertainment and telecommunications industries, which we cannot predict and consolidation in such industries could further intensify competitive pressures. We expect to face competition from an increasing number of sources in Mexico, including emerging technologies that provide new services to pay-TV customers, new entrants in the public and pay-TV industries which will require us to make significant capital expenditures in new technologies and result in higher costs in the acquisition of content (whether exclusive or not) or may impair our ability to renew rights to special events including sporting and entertainment events.

Our principal competitors in the gaming industry are Codere S.A., or Codere, Corporación Interamericana de Entretenimiento, S.A.B. de C.V., or CIE, and Grupo Caliente S.A. de C.V., or Grupo Caliente.

We also face competition in our publishing business, where each of our magazine publications competes for readership and advertising revenues with other magazines of a general character and with other forms of print and non-print media.

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Our radio stations compete with other radio stations in their respective markets, as well as with other advertising media, such as television, newspapers, magazines and outdoor advertising. Among our principal competitors in the radio broadcast business are Grupo Radio Centro, S.A. de C.V and Grupo Acir.

Our business for production and distribution of feature films is a highly competitive business in Mexico. The various producers compete for the services of recognized talent and for film rights to scripts and other literary property. We compete with other feature film producers, Mexican and non-Mexican, and distributors in the distribution of films in Mexico and in the U.S. We also face competition in our other businesses. See Information on the Company Business Overview Competition .

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

Our business reflects seasonal patterns of advertising expenditures, which is common in the television broadcast industry, as well as cyclical patterns in periodic events such as the World Cup, the Olympic Games and political elections. We typically recognize a disproportionately large percentage of our Content advertising net sales in the fourth quarter in connection with the holiday shopping season. For example, in 2011 and 2012 we recognized 32.1% and 32.2%, respectively, of our net sales in the fourth quarter of the year. Accordingly, a significant reduction in fourth quarter advertising revenue could adversely affect our business, financial condition and results of operations.

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DIRECTV Has Certain Governance and Veto Rights Over Some Operations of Innova

We own a 58.7% interest in Innova, our DTH venture in Mexico, Central America and the Dominican Republic. The balance of Innova's equity is indirectly owned by The DIRECTV Group, Inc., or DIRECTV, through its subsidiaries DTH (Mexico) Investment, LTD, DIRECTV Latin America Holdings, Inc., or DIRECTV Holdings, and DIRECTV Latin America LLC, or DTVLA. Although we hold a majority of Innova's equity and designate a majority of the members of Innova's Board of Directors, DIRECTV has certain governance and veto rights in Innova, including the right to block certain transactions between us and Innova.

Loss of Transmission or Loss of the Use of Satellite Transponders Could Cause a Business Interruption in Innova, Which Would Adversely Affect Our Net Income

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

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

Any Incidents Affecting Our Network and Information Systems or Other Technologies Could Have an Adverse Impact on Our Business, Reputation and Results of Operations

Our business operations rely heavily on network and information systems and other technology systems. Incidents affecting these systems, including cyber-attacks, viruses, other destructive or disruptive software or activities, process breakdowns, outages, or accidental release of information, could result in a disruption of our operations, improper disclosure of personal data or other privileged or confidential information, or unauthorized access to our digital content or any other type of intellectual property. Any such incident could cause damage to our reputation and may require us to expend substantial resources to remedy the situation and could therefore have a material adverse effect on our business and results of operations. In addition, there can be no assurance that any efforts we make to prevent these incidents will be successful in avoiding harm to our business.

The Results of Operations of Broadcasting Media Partners, Inc. and GSF Telecom Holdings, S.A.P.I. de C.V., May Affect Our Results of Operations and the Value of Our Investments in Those Companies

In December 2010, we made a substantial investment in Broadcasting Media Partners, Inc., or BMP, the parent company of Univision Communications, Inc., or Univision. However, we do not control and do not consolidate the results of BMP. Most of our investment in BMP is currently held in the form of convertible debentures. Our conversion of the debentures into shares of common stock of BMP is subject to certain conditions, and any delay in such conversion could materially affect the value of the debentures. After the conversion, we will remain a minority equity holder of BMP. The results of operations of BMP and Univision may affect the value of our investment in BMP and our results of operations. The business, financial condition and results of operations of Univision could be materially and adversely affected by risks including, but not limited to: (i) failure to service debt, (ii) cancellation, reductions or postponements of advertising, (iii) possible strikes or other union job actions, (iv) changes in the rules and regulations of the U.S. Federal Communications Commission, or FCC, (v) an increase in the cost of, and decrease in the supply or quality of, programming, (vi) an increase in the preference among Hispanics for English-language programming, (vii) competitive pressures from other broadcasters and other entertainment and news media and (viii) the impact of new technologies.

In April 2011, we made a substantial investment for the acquisition of equity and convertible debentures issued by GSF Telecom Holdings, S.A.P.I. de C.V., or GSF, which indirectly owns 100% of the outstanding shares of Grupo Iusacell, S.A. de C.V., or Iusacell. Most of our investment in GSF was initially held in the form of debentures mandatorily convertible into shares of stock of GSF. The conversion of the GSF convertible debentures was subject to approvals by the Mexican Antitrust Commission. On February 2, 2012, we were notified of the resolution by which the Mexican Antitrust Commission did not approve the conversion of the debentures into equity. We subsequently filed an appeal requesting that this resolution be reversed. On June 14, 2012, we were notified that the Mexican Antitrust Commission approved the conversion of the debentures into equity, subject to our acceptance of certain conditions, including (i) the implementation of certain corporate governance standards at GSF, (ii) the offering by us to all cable and DTH platforms in Mexico of a new pay television programming package comprising only our four over-the-air channels, (iii) the offering by us to sell advertising time to participants in the Mexican telecommunications industry, (iv) the divestment by GSF of all of its equity interest in Total Play to GSF's current controlling shareholder and (v) the undertaking by us to follow certain rules of conduct regarding a potential public bid of spectrum designated for a new entrant related to the broadcast of free

television signals with national coverage.

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On June 15, 2012, we accepted the conditions of the Mexican Antitrust Commission and converted the debentures into common stock of GSF. As a result, we now hold a 50% equity stake in GSF. However, we do not consolidate the results of GSF and we share governance rights with the other owner of GSF.

The results of operations of GSF and Iusacell may affect the value of our investment in GSF and our results of operations. The business, financial condition and results of operations of Iusacell could be materially and adversely affected by risks including, but not limited to: (i) technology becoming obsolete, (ii) the inability to renew concessions and existing arrangements for roaming and other services, (iii) litigation being resolved against Iusacell, (iv) the dependence on revenues from subsidiaries to repay debt, (v) the loss of subscribers as a result of changes in the telecommunications industry and (vi) changes in the regulatory environment.

There can be no assurance that the results of operations of BMP, GSF and their respective subsidiaries will be sufficient to maintain or increase the value of our investments in such companies, or that such results will not materially and adversely affect our results of operations. See Risk Factors Related to Mexico Mexican Antitrust Laws May Limit Our Ability to Expand Through Acquisitions or Joint Ventures .

Risk Factors Related to Our Securities

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

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

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

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

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

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

Non-Mexican Holders of Our Securities Have Limited Voting Rights

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

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

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

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

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

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

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

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

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

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

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

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

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

Forward-Looking Statements

This annual report and the documents incorporated by reference into this annual report contain forward-looking statements. In addition, we may from time to time make forward-looking statements in reports to the Securities and Exchange Commission, or SEC, on Form 6-K, in annual reports to stockholders, in prospectuses, press releases and other written materials and in oral statements made by our officers, directors or employees to analysts, institutional investors, representatives of the media and others. Words such as believe , anticipate , plan , expect , intend , seek , potential , target , estimate , project , predict , forecast , guideline , may , should , could , will and similar words and expressions identify forward-looking statements, but are not the exclusive means of identifying these statements. Examples of these forward-looking statements include, but are not limited to:

estimates and projections of financial results, cash flows, capital expenditures, dividends, capital structure, financial position or other financial items or ratios;

statements of our plans, objectives or goals, including those relating to anticipated trends, competition, regulation and rates;

statements concerning our current and future plans regarding our online and wireless content division, Televisa Interactive Media, or TIM;

statements concerning our current and future plans regarding our investment in and other arrangements with Imagina Media Audiovisual S.L., or Imagina;

statements concerning our current and future plans regarding our arrangements with Netflix, Inc., or Netflix;

statements concerning our current and future plans regarding our investment in Grupo de Telecomunicaciones de Alta Capacidad, S.A.P.I. de C.V., or GTAC;

statements concerning our current and future plans regarding our gaming business;

statements concerning our future plans, including capital expenditures, regarding the pay-TV, broadband and/or telephony services provided by our subsidiaries;

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statements concerning our transactions with Univision and our current and future plans regarding our investment in BMP, the parent company of Univision;

statements concerning our current and future plans, including capital expenditures, regarding our investment in GSF, the controlling company of Iusacell;

statements concerning our current and future plans, including capital expenditures, regarding our investment in Innova and our transactions and relationship with DIRECTV;

statements concerning our transactions with NBC Universal's Telemundo Communications Group, or Telemundo;

statements about our future economic performance or statements concerning general economic, political or social conditions in the United Mexican States, or Mexico, or other countries in which we operate or have investments; and

statements or assumptions underlying these statements.

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We have based these forward-looking statements on our current expectations, assumptions, estimates and projections. While we believe these expectations, assumptions, estimates and projections are reasonable, such forward-looking statements are only predictions and involve known and unknown risks and uncertainties, many of which are beyond our control. We caution you that a number of important factors, including those discussed under Risk Factors, could cause actual results to differ materially from those expressed in or implied by these forward-looking statements. Some of the factors that could cause actual results to differ materially from those expressed in or implied by the forward-looking statements include:

economic and political developments and conditions and government policies in Mexico or elsewhere;

uncertainty in global financial markets;

currency fluctuations or the devaluation and depreciation of the Peso;

changes in inflation rates;

changes in interest rates;

the impact of existing laws and regulations, changes thereto or the imposition of new laws and regulations affecting our business, activities and investments;

the risk that our concessions may not be renewed;

the risk of loss of transmission or loss of the use of satellite transponders or incidents affecting our network and information systems or other technologies;

changes in customer demand; and

effects of competition.

We caution you that the foregoing list of factors is not exhaustive and that other risks and uncertainties may cause actual results to differ materially from those in forward-looking statements. You should evaluate any statements made by us in light of these important factors and you are cautioned not to place undue reliance on any forward-looking statements. Forward-looking statements speak only as of the date they are made, and we do not undertake any obligation to update them in light of new information, future developments or other factors.

Item 4. Information on the Company

History and Development of the Company

Grupo Televisa, S.A.B. is a *sociedad anónima bursátil*, or limited liability stock corporation, which was organized under the laws of Mexico in accordance with the *Ley General de Sociedades Mercantiles*, or Mexican Companies Law. Grupo Televisa was incorporated under Public Deed Number 30,200, dated December 19, 1990, granted before Notary Public Number 73 of Mexico City, and registered with the Public Registry of Commerce in Mexico City on Commercial Page (*folio mercantil*) Number 142,164. Pursuant to the terms of our *estatutos sociales*, or bylaws,

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our corporate existence continues through 2106. Our principal executive offices are located at Avenida Vasco de Quiroga, No. 2000, Colonia Santa Fe, 01210 México, D.F., México. Our telephone number at that address is (52) (55) 5261-2000.

Table of Contents**Capital Expenditures**

The table below sets forth our projected capital expenditures for the year ended December 31, 2013 and our actual capital expenditures, investments in jointly controlled entities and associates, and acquisitions for the years ended December 31, 2012 and 2011. For a discussion of how we intend to fund our projected capital expenditures, investments and acquisitions for 2013, as well as a more detailed description of our capital expenditures, investments and acquisitions in prior years, see Operating and Financial Review and Prospects Results of Operations Liquidity, Foreign Exchange and Capital Resources Liquidity and Operating and Financial Review and Prospects Results of Operations Liquidity, Foreign Exchange and Capital Resources Capital Expenditures, Acquisitions and Investments, Distributions and Other Sources of Liquidity .

	Year Ended December 31,(1)		
	2013 (Forecast)	2012 (Actual)	2011 (Actual)
	(Millions of U.S. Dollars)		
Capital expenditures(2)	U.S.\$ 1,000.0	U.S.\$ 881.1	U.S.\$ 791.0
BMP(3)		22.5	49.1
GTAC(4)	3.6	7.8	6.6
Iusacell(5)	20.4		1,602.5
Other acquisitions and investments(6)		5.7	51.4
Total capital expenditures and investments	U.S.\$ 1,024.0	U.S.\$ 917.1	U.S.\$ 2,500.6

- (1) Amounts in respect of some of the capital expenditures, investments and acquisitions we made in 2012 and 2011 were paid for in Pesos. These Peso amounts were translated into U.S. Dollars at the Interbank Rate in effect on the dates on which a given capital expenditure, investment or acquisition was made. See Key Information Selected Financial Data .
- (2) Reflects capital expenditures for property, plant and equipment, in all periods presented. Includes U.S.\$455.4 million in 2012 and U.S.\$406.1 million in 2011 for the expansion and improvement of our Cable and Telecom segment; U.S.\$292.1 million in 2012 and U.S.\$241.6 million in 2011 for the expansion and improvement of our Sky segment; U.S.\$16.9 million in 2012 and U.S.\$13.8 million in 2011 for our Gaming business; and U.S.\$116.7 million in 2012 and U.S.\$129.5 million in 2011 for our Content segment and other businesses. In the fourth quarter of 2012 we recognized a satellite transponder lease agreement as an addition to property, plant and equipment and a related finance lease obligation in the amount of U.S.\$326.3 million (Ps.4,203.0 million) in connection with the commencement of the service agreement for the use of transponders on Intelsat IS-21 satellite by our Sky business segment. The forecast amount for 2013 totaling U.S.\$1,000 million includes capital expenditures of U.S.\$565 million and U.S.\$300 million for the expansion and improvements of our Cable and Telecom and Sky segments, respectively, and the remaining U.S.\$135 million is for our Content segment and other businesses.
- (3) In August 2012, we made an additional investment of U.S.\$22.5 million in cash, by which we increased our interest in BMP from 7.1% to 8.0%. In December 2011, we made an additional investment of U.S.\$49.1 million in cash in common stock of BMP, the parent company of Univision, by which we increased our interest in BMP from 5% to 7.1%.
- (4) In 2012, we provided financing to GTAC, in connection with a long-term credit facility in the aggregate principal amount of Ps.103 million (U.S.\$7.8 million). In 2011, we provided financing to GTAC in connection with a long-term credit facility and our 33.3% interest in GTAC in the aggregate principal amount of Ps.87 million (U.S.\$6.6 million).
- (5) In the second quarter of 2011, we made an investment of U.S.\$37.5 million in equity and U.S.\$1,565 million in convertible debt of GSF, the parent company of Iusacell, as described in the following sentences. The convertible debt of GSF was divided into two tranches, the Series 1 Debentures and the Series 2 Debentures. The Series 1 Debentures were the 364,996 registered unsecured debentures of GSF, par value U.S.\$1,000 each, representing in the aggregate U.S.\$365.0 million, issued against the payment we made in cash on April 7, 2011. The Series 2 Debentures were the 1,200,000 registered unsecured debentures of GSF, par value U.S.\$1,000 each, representing in the aggregate U.S.\$1,200.0 million, which we paid in cash in multiple installments from April through October 2011. On June 18, 2012, we converted the debentures into common stock of GSF. As a result, we now hold a 50% equity stake in GSF. See Key Information Risk Factors Risk Factors Related to Our Business The Results of Operations of Broadcasting Media Partners, Inc. and GSF Telecom Holdings, S.A.P.I. de C.V., May Affect Our Results of Operations and the Value of Our Investments in Those Companies .
- (6) In 2011, we made other investments in the aggregate amount of Ps.713.6 million (U.S.\$51.4 million). In the first half of 2011, we agreed with the other stockholders of Cablemás the terms for us to acquire all of their equity interest in Cablemás for an aggregate amount of U.S.\$390.9 million (Ps.4,603.0 million), which was paid with cash and 24.8 million CPOs issued by us on April 29, 2011.

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In 2012 and 2011, we relied on a combination of operating revenues, borrowings and net proceeds from dispositions to fund our capital expenditures, acquisitions and investments. We expect to fund our capital expenditures in 2013 and potential capital expenditures, investments and/or acquisitions going forward, which could be substantial in size, through a combination of cash from operations, cash on hand, equity, and/or borrowings. The amount of borrowings required to fund these cash needs in 2013 will depend upon the timing of cash payments from advertisers under our advertising sales plan.

Business Overview

Grupo Televisa, S.A.B., is the largest media company in the Spanish-speaking world based on its market capitalization and a major participant in the international entertainment business. We operate four broadcast channels in Mexico and complement our network coverage through affiliated stations throughout the country. From January 1, 2012 to June 16, 2012, our broadcast television channels had an average sign-on to sign-off audience share of 69.6%. We produce pay-TV channels with national and international feeds, which reach subscribers throughout Latin America, the United States, Canada, Europe and Asia Pacific. We export our programs and formats to television networks around the world. In 2012, we exported 92,887 hours of programming to approximately 51 countries, excluding the United States. In the United States, we have granted Univision the exclusive right to broadcast certain of our content pursuant to a program license agreement.

We believe we are the most important Spanish-language magazine publisher in the world, as measured by circulation, with an annual circulation of approximately 129 million magazines publishing 186 titles in approximately 20 countries.

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We own 58.7% of Sky, a DTH satellite television provider in Mexico, Central America and the Dominican Republic. We are also a shareholder in two Mexican cable companies, Cablevisión and Televisión Internacional, S.A. de C.V. and its subsidiaries, collectively TVI, and in 2011 we merged a third Mexican cable company, Cablemás, into the Company. We own 100% of Cablemás, 51% of Cablevisión and 50% of TVI.

We also own Televisa.com as well as Esmas.com, one of the leading digital entertainment web portals in Latin America, a gaming business which includes bingo parlors, a 50% stake in a radio company that as of December 31, 2012 reached 74% of the Mexican population, a feature film production and distribution company, soccer teams and a stadium in Mexico.

We also own an unconsolidated equity stake in Ocesa Entretenimiento, S.A. de C.V., or OCEN, one of the leading live entertainment companies in Mexico.

In February 2012, we exchanged our 40.7680% equity interest in La Sexta, a free-to-air television channel in Spain, for equity participations equivalent to 14.5% of the capital stock of Imagina, which at the time was the indirect owner of the majority equity interest in La Sexta. La Sexta has subsequently merged with Antena 3 Television, or A3TV. The transaction consisted in a swap of La Sexta stock for equity participation of Imagina and involved no cash payments.

In December 2010, we made a substantial investment in BMP, the parent company of Univision, the leading Spanish-language media company in the United States.

In April 2011, we made a substantial investment for the acquisition of equity and convertible debentures issued by GSF, which indirectly owns 100% of the outstanding shares of Iusacell. We subsequently converted the convertible debentures into equity interests and, as a result, we now hold a 50% equity stake in GSF. Iusacell is a provider of telecommunications services primarily engaged in providing mobile services throughout Mexico.

Business Strategy

We intend to leverage our position as a leading media company in the Spanish-speaking world to continue expanding our business while maintaining profitability and financial discipline. We intend to do so by maintaining our leading position in the Mexican television market, by continuing to produce high quality programming and by improving our sales and marketing efforts while maintaining high operating margins.

By leveraging all our business segments and capitalizing on their synergies to extract maximum value from our content, we also intend to continue expanding our pay-TV networks business, increasing our international programming sales worldwide and strengthening our position in the growing U.S.-Hispanic market. We also intend to continue developing and expanding Sky, our DTH platform. We will continue to strengthen our position and will continue making additional investments, which could be substantial in size, in the pay-TV and telecommunications industry in accordance with the consolidation of the telecommunications market in Mexico, and we will also continue developing our publishing business and maintain our efforts to become an important player in the gaming industry.

We intend to continue to expand our business by developing new business initiatives and/or through business acquisitions and investments in Mexico, the United States and elsewhere.

Maintaining Our Leading Position in the Mexican Television Market

Continuing to Produce High Quality Programming. We aim to continue producing the type of high quality television programming that has propelled many of our programs to the top of the national ratings and audience share in Mexico. In 2011 and from January 1, 2012 to June 16, 2012, our networks aired 69% and 71%, respectively, of the 200 most-watched television programs in Mexico, according to IBOPE AGB Mexico. See *Television Industry in Mexico Ratings and Audience Share*. We have launched a number of initiatives in creative development, program scheduling and on-air promotion. These initiatives include improved production of our highly rated telenovelas, new comedy and game show formats and the development of reality shows and new series. We have improved our scheduling to be better aligned with viewer habits by demographic segment while improving viewer retention through more dynamic on-air graphics and pacing. We have enhanced tune-in promotion both in terms of creative content and strategic placement. In addition, we plan to continue expanding and leveraging our Spanish-language video library, rights to soccer games and other events, as well as cultural, musical and show business productions.

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In April 2008, we began broadcasting more than 1,000 hours per year of NBC Universal's Telemundo's original programming on Channel 9. We currently, and through December 2013, pay Telemundo a fixed license fee for the broadcast of Telemundo's programming on our Channel 9 Network. Beginning January 2014 we will pay Telemundo a license fee based on a percentage of all revenues generated from sales related to Telemundo programming. In addition, since 2010 we distribute, via Sky and Cablevisión, a new pay-TV channel in Mexico produced by Telemundo principally featuring Telemundo branded content. See [Television Programming](#) [Foreign-Produced Programming](#). As a result of the strategic alliance agreement entered into with Telemundo, we distribute Telemundo content in Mexico on an exclusive basis across multiple platforms including broadcast television, pay television and our emerging digital platforms. In October 2008, we entered into license agreements to distribute Telemundo's original content through digital and wireless platforms in Mexico. As part of the agreements, Telemundo provides us with Telemundo's original content, including its highly popular telenovelas currently broadcast on our Channel 9, on all of our digital platforms. Moreover, we also offer mobile wall papers, ring tones and text messaging services based on Telemundo branded content to mobile phone subscribers in Mexico through our mobile business unit Esmas Móvil, the leading mobile premium content provider in Mexico. The agreements complement and are part of the strategic alliance to distribute Telemundo's original content in Mexico across multiple platforms, including broadcast television, pay-TV and emerging digital platforms.

Improving Our Sales and Marketing Efforts. Over the past few years we have improved our television broadcasting advertising sales strategy in the following ways:

- (i) We have developed strategies for monetizing Televisa's greatest asset, its content by, for example, increasing special events prices;
- (ii) Although our sales force is organized in teams focusing on each of our divisions, we are working to create opportunities for our clients across our media assets;
- (iii) We are emphasizing a performance-based compensation policy for sales people such that a larger portion of total compensation comprises variable incentives tied to year-end results; and
- (iv) We are continuing to provide our customers with increased opportunities for product placement and branded entertainment.

Maintaining High Operating Segment Income Margins. Our content operating segment income margins for 2011 and 2012 were 47.2% and 46.9%, respectively. We intend to continue maintaining high operating segment income margins in our content businesses by increasing revenues and controlling costs and expenses.

Advertising Sales Plan. Our sales force is organized into separate teams, each of which focuses on a particular segment of our business. We sell commercial time in two ways: upfront and scatter basis. Advertisers that elect the upfront option lock in prices for the upcoming year, regardless of future price changes. Advertisers that choose the upfront option make annual prepayments, with cash or short-term notes, and are charged the lowest rates for their commercial time, given the highest priority in schedule placement, and given a first option in advertising during special programs. Scatter advertisers, or advertisers who choose not to make upfront payments but rather advertise from time to time, risk both higher prices and lack of access to choice commercial time slots. All advertisers are billed for actual minutes used; the amount billed depends on the calendar quarter, channel, and hour in which the spot is transmitted. Due to a June 2012 leak of confidential data related to the location of IBOPE's people meters, we currently use IBOPE's measurements only as a point of reference to analyze trends. No IBOPE statistical data in respect of periods after June 16, 2012 is or will be included in our public reports until this is resolved. In the meantime, we are billing our advertising customers based on fixed pricing rather than on a cost-per-rating-point basis. For a description of our advertising sales plan, see [Operating and Financial Review and Prospects](#) [Results of Operations](#) [Total Segment Results](#) [Advertising Rates and Sales](#).

We currently sell a significant portion of our available television advertising time. We use the remaining portion of our television advertising time primarily to satisfy our legal obligation to the Mexican government to provide up to 18 minutes per day of our broadcast time between 6:00 a.m. and midnight for public service announcements and 30 minutes per day for public programming (referred to in this annual report as Official Television Broadcast Time), and our remaining available television advertising time to promote, among other things, our products. We sold approximately 63%, 54% and 46% of total available national advertising time on our networks during prime time broadcasts in 2010, 2011 and 2012, respectively, and approximately 50%, 44% and 39% of total available national advertising time during all time periods in 2010, 2011 and 2012, respectively. See [Operating and Financial Review and Prospects](#) [Results of Operations](#) [Total Segment Results](#) [Content](#).

Continue Building Our Pay Television Platforms

DTH. We believe that Ku-band DTH satellite services offer an enhanced opportunity for expansion of pay television services into cable households seeking to upgrade reception of our broadcasting and in areas not currently serviced by operators of cable or multi-channel, multi-point distribution services. We own a 58.7% interest in Innova, or Sky, our venture with DIRECTV. Innova is a DTH company with

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services in Mexico, Central America and the Dominican Republic with approximately 5.2 million subscribers, of which 3.2% were commercial subscribers as of December 31, 2012.

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In the fourth quarter of 2012, IS-21, a new satellite of Intelsat, our primary satellite provider, started service, replacing Intelsat's IS-9 satellite. For a description of our satellites, see Property, Plant and Equipment - Satellites .

The key components of our DTH strategy include:

Offering high quality programming, including rights to our four over-the-air broadcast channels, exclusive broadcasts of sporting events, such as the largest coverage of the Olympic Games, the Mexican Soccer League and the Spanish Soccer League, including La Liga and La Copa del Rey, the FA Cup, the NFL Sunday Ticket, NBA Pass, MLB Extra Innings, the NHL, WTA, bullfighting from Spain, World Equestrian Games, marathons, Diamond League, Capital One Cup, Rolex World Cup Jumping and the largest coverage of the Mexican Baseball League (LMB), ATP & TT tournaments and the Basketball Euroleague;

Capitalizing on our relationship with DIRECTV and local operators in terms of technology, distribution networks, infrastructure and cross-promotional opportunities;

Capitalizing on the low penetration of pay-TV services in Mexico;

Providing superior digital Ku-band DTH satellite services and emphasizing customer service quality;

Providing aggressive HD offerings and continuously expanding our programming in HD; and

Continuing to leverage our strengths and capabilities to develop new business opportunities and expand through acquisitions.

Network Subscription. Through our 22 pay-TV brands and 41 national and international feeds, we reached more than 33 million subscribers throughout Latin America, the United States, Canada, Europe and Asia Pacific in 2012. Our pay-TV channels include, among others, three music, four movie, seven variety and entertainment channels, and two sports channels, Televisa Deportes Network, or TDN, and TDN 2.0 (launched in January 2012), which was rebranded as UTDN in May 2012. Both of our sports channels offer 24-hour-a-day programming 365 days a year. The TDN sports content is provided pursuant to a license agreement with Barra Deportiva, S.A. de C.V., or Barra Deportiva. Barra Deportiva was incorporated in July 2009 and, at that time, we owned a 49% interest in such company. On December 20, 2011, we acquired the remaining 51% of Barra Deportiva, which, as a result, became a wholly-owned subsidiary of the Company. Our license agreement with Barra Deportiva is still in force after that transaction. One of our entertainment channels, Clásico TV, was rebranded as Distrito Comedia in October 2012. Beginning with the first quarter of 2012, the results of our former Pay Television Networks segment (currently identified as Networks Subscription) are included in our new Content segment, which also includes the results of our former Television Broadcasting and Programming Exports segments and our Internet business.

Cable. We are a shareholder of several Mexican cable companies. We have a controlling stake of Cablevisión and TVI. In 2011 we merged a cable company, Cablemás, into the Company. With a subscriber base of 787,054 cable television, or video subscribers (all of which were digital subscribers), as of December 31, 2012 and 2.5 million homes passed as of December 31, 2012, Cablevisión, one of the cable systems in Mexico City and surrounding areas in the state of Mexico in which we own a 51% interest, is one of the most important cable television operators in Mexico. As used in this annual report, homes passed refers to any residential homes or businesses that are connected to cable television systems, or that are prepared to be connected to cable television systems but are not currently connected or that require some type of investment in order for these to be connected. For instance, each apartment located in a building that is prepared to be connected to cable television systems represents one home passed. It is generally understood that a home or business counts as a home passed when it can be connected to a cable network without additional extensions to the main transmission lines. Our cable strategy aims to increase our subscriber base, average monthly revenues per subscriber and penetration rate by:

continuing to offer high quality programming;

continuing to upgrade our existing cable network into a broadband bidirectional network;

maintaining our 100% digital service in order to stimulate new subscriptions, substantially reduce piracy and offer new value-added services;

increasing the penetration of our high-speed and bidirectional internet access and other multimedia services as well as providing a platform to offer internet protocol, or IP, and telephony services;

continuing the roll out of advanced digital set-top boxes which allow the transmission of high definition programming and recording capability; and

continuing to leverage our strengths and capabilities to develop new business opportunities and expand through additional investments and/or acquisitions, which can be substantial in size.

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Cablevisión has introduced a variety of new multimedia communications services over the past few years, such as interactive television and other enhanced program services, including high-speed internet access through cable modem as well as IP telephony. As of December 31, 2012, Cablevisión had 509,137 cable modem, or broadband subscribers compared to 408,408 at December 31, 2011. The growth we have experienced in Cablevisión has been driven primarily by the conversion of our system from analog to digital format. In addition, Cablevisión introduced video on demand, or VOD, services and, in May 2007, received governmental approval to introduce telephony services. In July 2007, Cablevisión began to offer IP telephony services in certain areas of Mexico City, and as of December 31, 2012, it had 318,927 IP telephone lines in service, or voice subscribers. As of December 31, 2012, Cablevisión offers the service in every area in which its network is bidirectional.

Cablemás operates in 59 cities. As of December 31, 2012, the Cablemás cable network served 1,147,007 cable television, or video subscribers, 567,247 high-speed internet, or broadband subscribers and 302,197 IP-telephony lines, or voice subscribers, with 3.3 million homes passed. In May 2008, we converted all of our convertible long-term notes into 99.99% of the capital stock of Alvafig, S.A. de C.V., or Alvafig, the holding company of a 49% interest in the voting stock of Cablemás.

On April 1, 2011, we announced an agreement reached with the minority stockholder of Cablemás to obtain the 41.7% equity interest in Cablemás that we did not own. The acquisition of that equity stake resulted from a series of capital distributions, the capitalization of certain debt and receivables, and the subsequent merger of Cablemás into the Company in exchange for 24.8 million CPOs which were issued in connection with that transaction. The execution of the merger agreement between Cablemás and the Company was authorized at our stockholders' meeting held on April 29, 2011, and regulatory approvals for the merger were obtained on February 24, 2011 and June 17, 2011.

In March 2006, our wholly-owned subsidiary, Corporativo Vasco de Quiroga, S.A. de C.V., or CVQ, acquired a 50% interest in TVI. TVI is a telecommunications company offering pay-TV, data and voice services in the metropolitan area of Monterrey and other areas in northern Mexico. As of December 31, 2012, TVI had 1.7 million homes passed, served 374,733 cable television, or video subscribers, 229,720 high-speed internet, or broadband subscribers and 133,178 telephone lines, or voice subscribers.

Our conversion of the convertible long-term notes into 99.99% of the capital stock of Alvafig, and our acquisition by CVQ of a 50% interest in TVI, were authorized by the Mexican Antitrust Commission subject to compliance with certain conditions. Some of these conditions have already been met and others must continue to be complied with going forward. Such conditions include: (1) to make available, subject to certain conditions, our over-the-air channels to pay-TV operators on non-discriminatory terms (" must offer ") and (2) that our pay-TV platforms carry, upon request and subject to certain conditions, over-the-air channels operating in the same geographic zones where such pay-TV platforms provide their services (" must carry "). See **Key Information** **Risk Factors** **Risk Factors Related to Mexico** **Mexican Antitrust Laws May Limit Our Ability to Expand Through Acquisitions or Joint Ventures** .

The cable market in Mexico continues to consolidate. We have actively participated and intend to continue actively participating in such consolidation. We have made and will continue to make further investments and/or acquisitions controlling or non-controlling directly or indirectly, in cable and/or telecommunications related assets, which have been and can be substantial in size, that complement our telecommunications strategy, either through debt, equity, or a combination thereof, and/or other financial instruments.

Expanding Our Publishing Business

With a total approximate circulation of 129 million magazines during 2012, we believe our subsidiary, Editorial Televisa, S.A. de C.V., or Editorial Televisa, is the most important Spanish-speaking publishing company in the world in number of magazines distributed. Editorial Televisa publishes 186 titles; 104 are wholly-owned and produced in-house and the 82 remaining titles are licensed from world renowned publishing houses, including Spanish language editions of some of the most prestigious brands in the world. Editorial Televisa distributes its titles to approximately 20 countries, including Mexico, the United States and countries throughout Latin America.

We believe that Editorial Televisa leads at least 18 of the 21 markets in which we compete in terms of readership.

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

We license our programs to television broadcasters and pay-TV providers in the United States, Latin America, Asia, Europe and Africa. Excluding the United States, in 2012, we licensed 92,887 hours of programming in approximately 51 countries throughout the world. We intend to continue exploring ways of expanding our international programming sales.

In November 2005, the government of Spain granted a concession for a nationwide free-to-air analog television channel and two nationwide free-to-air digital television channels to La Sexta, a consortium that included the Company. La Sexta began broadcasting in March 2006. During 2010, we made loans to La Sexta of 21.5 million, which were capitalized on January 31, 2011. On December 14, 2011, we agreed to exchange our 40.7680% equity interest in La Sexta for equity participations equivalent to 14.5% of the capital stock of Imagina, which at the time was the indirect owner of the majority equity interest in La Sexta. La Sexta has subsequently merged with Antena 3 Television, or A3TV, as discussed below. The transaction consisted in a swap of La Sexta stock for equity participations of Imagina and involved no cash payments. The transaction was subject to certain conditions, all of which have been satisfied, and closed on February 29, 2012. As a result of the transaction, we became a shareholder of Imagina, one of the main providers of content and audiovisual services for the media and entertainment industry in Spain. Imagina was created in 2006 with the merger of Mediapro and Grupo Arbol. Imagina is a leading distributor of sports rights and is the current owner of the Spanish Soccer League distribution rights worldwide. Through Globomedia, part of the Grupo Arbol Companies, it is also a leading producer of series, dramas and comedies in Spain. Imagina is also a provider of satellite transmission services as well as on location production and post-production services for third parties. The terms of the agreement improve the potential for synergies between us and Imagina and opportunities to create value. The transaction also includes commercial agreements between the parties to explore collaboration in content production projects. Additionally, the transaction grants us certain rights of first refusal to acquire formats and audiovisual content, as well as transmission rights for sport events in certain territories. As part of the transaction, we named two directors of Imagina's board, which is now composed of 12 members.

Also on December 14, 2011, in a separate transaction, La Sexta agreed to merge with A3TV, a publicly traded company on the Madrid Stock Exchange. A3TV is the second largest private television national network in Spain. Under the terms of the agreement, Imagina and other shareholders of La Sexta received a 7% equity stake in A3TV. An additional 7% equity stake is conditioned on A3TV achieving certain profitability goals.

The U.S.-Hispanic population, estimated to be 50 million, or approximately 16% of the U.S. population, according to U.S. Census estimates published in the 2011 Current Population Survey, Annual Social and Economic Supplement, is currently one of the fastest growing segments in the U.S. population, with the growth among Hispanics responsible for over half of the U.S. population gains between 2000 and 2010. The U.S. Census Bureau projects that the Hispanic population will be approximately 20.5% of the U.S. population by the year 2025. Hispanics are expected to account for U.S.\$1.5 trillion of U.S. consumer spending, or 11.1% of the U.S. total disposable income, by 2015, outpacing the expected growth in total U.S. consumer expenditures.

We intend to leverage our unique and exclusive content, media assets and long-term associations with others to benefit from the growing demand for entertainment among the U.S.-Hispanic population.

We supply television programming for the U.S.-Hispanic market through Univision, the leading Spanish-language media company in the United States. In exchange for this programming, during 2010, 2011 and 2012, Univision paid us U.S.\$156.1 million, U.S.\$224.9 million and U.S.\$247.6 million, respectively, in royalties. In December 2010, we completed a net cash investment of U.S.\$1.2 billion in Univision and certain other transactions related to that investment and to the Program License Agreement, or PLA, between Televisa, S.A. de C.V. and Univision. In December 2011, we made an additional investment of U.S.\$49.1 million in cash in common stock of BMP, the parent company of Univision, by which we increased our interest in BMP from 5% to 7.1%. In August 2012, we made an additional investment of U.S.\$22.5 million in cash in common stock of BMP by which we increased our interest in BMP from 7.1% to 8.0%. For a description of our arrangements with Univision, see Univision .

Under a license agreement with Netflix, effective as of July 12, 2011, we make available to certain video-on-demand subscribers of Netflix, on a non-exclusive basis, around 3,000 hours annually of telenovelas, series, and other general entertainment programming from our library for the territories of Mexico, Latin America and the Caribbean. As part of the agreement, current content will be made available to Netflix not earlier than one year after its broadcast through free-to-air television. This agreement increases our availability of programming in Latin America and the Caribbean, where Netflix launched subscription streaming at the end of 2011 and is an important first step of our plan to monetize our library of over 50,000 hours of content via digital distribution.

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Developing New Businesses and Expanding through Acquisitions

We plan to continue growing our gaming business, which consists of bingo and sports books halls, and a national lottery. As of December 31, 2012, we had 18 bingo and sports books halls in operation, under the brand name Play City. In accordance with our permit, we plan to continue opening bingo and sports books halls. In addition, during 2007 we launched Multijuegos, an online lottery with access to a nationwide network of approximately 4,000 electronic terminals. The bingo and sports books halls and Multijuegos are operated under the Gaming Permit obtained from the Mexican Ministry of the Interior, to establish, among other things, up to 55 bingo and sports books halls and number draws throughout Mexico.

In August 2009, we entered into a strategic alliance agreement with Genomma Lab Internacional, S.A.B. de C.V., or Genomma Lab, to sell and distribute personal care and over the counter pharmaceuticals in the United States and Puerto Rico. The strategic alliance operates through Televisa Consumer Products USA, or TCP, a company owned 51% by Televisa and 49% by Genomma Lab. The sale and distribution of Genomma Lab's products is an integral part of the activities of TCP. As part of this alliance, in October 2009, TCP entered into, among others, an exclusive commercial supply agreement with Genomma Lab. We make available our different media platforms in the United States and Puerto Rico to TCP, which provides Genomma Lab's brands with significant advertising in the targeted markets corresponding to Genomma Lab's business model. This will enable Genomma Lab to expand the extensive success of its brands beyond Mexico and Latin America by accessing a Hispanic market of approximately 50 million consumers with an estimated purchasing power of over U.S.\$1 trillion annually while leveraging Televisa's reach and name recognition in the Hispanic market. The transaction closed in October 2009 and we launched operations in March 2010. During 2010, 2011 and 2012, TCP sold and distributed Genomma Lab's products such as over-the-counter pharmaceutical and cosmetic products, and certain commemorative coins of Mexico's 200 years as an independent nation.

In March 2010, Grupo de Telecomunicaciones Mexicanas, S.A. de C.V., or Telefónica, Editora Factum, S.A. de C.V., or Editora Factum, a wholly-owned subsidiary of the Company, and Mega Cable, S.A. de C.V., or Megacable, agreed to jointly participate, through a consortium, in the public bid for a pair of dark fiber wires held by the Mexican Federal Electricity Commission, or CFE (*Comisión Federal de Electricidad*). In June 2010, the SCT granted the consortium a favorable award in the bidding process for a 20 year contract for the lease of approximately 19,457 kilometers of dark fiber-optic capacity, along with a corresponding concession, granted in July 2010, to operate a public telecommunications network using dense wavelength division multiplexing, or DWDM, technology. The consortium, through GTAC, in which each of Telefónica, Editora Factum and Megacable has an equal equity participation, paid Ps.883.8 million as consideration for the concession plus additional payments in an aggregate amount of Ps.79.4 million for nine additional network segments, in accordance with the terms of the public bid. GTAC established the first link for operations in June 2011, in accordance with the terms and conditions of its concession. By April 2012, GTAC brought to full operation 128 links and 141 nodes nationwide. The overall capacity per link is approximately 3.2 Tbps (80 optical channels x 40 Gbps each). By the end of 2012, 475 long distance high capacity services were active, two GTAC routes were completed (500 kilometers), four GTAC routes were under construction (1,003 kilometers) and three third party dark fiber IRUs had been approved (692 kilometers). In order to achieve this, GTAC executed with its technological partner, Huawei Technologies Mexico, S.A. de C.V., a supply agreement for U.S.\$15.6 million. The total investment made by GTAC in 2010, 2011 and 2012 was Ps.1.1 billion, Ps.340 million and Ps.362 million, respectively, and there will be further investments in 2013. This new fiber optic network will represent for us a new alternative to access data transportation services, increasing competition in the Mexican telecommunications market and therefore improving the quality of the services offered. The fiber optic network will aim to increase broadband internet access for businesses as well as households in Mexico.

In April 2011, we entered into a transaction pursuant to which CVQ, our wholly-owned subsidiary, acquired (i) the trust beneficiary rights to 1.093875% of the outstanding shares of GSF, which indirectly owns 100% of the outstanding shares of Iusacell for an aggregate purchase price of approximately U.S.\$37.5 million; and (ii) Unsecured Convertible Debentures 2010 issued by GSF, or the GSF convertible debentures, which were mandatorily convertible into shares of stock of GSF, in an aggregate principal amount of approximately U.S.\$365 million of the Series 1 tranche thereof and U.S.\$1,200 million of the Series 2 tranche thereof, for an aggregate investment in the GSF convertible debentures of approximately U.S.\$1,565 million. The trust beneficiary rights and the Series 1 Debentures were paid in cash in April 2011, and the Series 2 Debentures were paid in cash in multiple installments during 2011. The trust beneficiary rights and the GSF convertible debentures were transferred to CVQ by México Media Investments S.L., or MMI, a single-stockholder corporation (*sociedad unipersonal*) organized in Spain.

We also agreed to make an additional payment of U.S.\$400 million to Iusacell if cumulative earnings before interest, taxes, depreciation and amortization, or EBITDA, of Iusacell reaches U.S.\$3,472 million any time from January 1, 2011 and up to December 31, 2015.

On February 2, 2012, we were notified of the resolution by which the Mexican Antitrust Commission did not approve the conversion of the debentures into equity. We subsequently filed an appeal requesting that this resolution be reversed. On June 14, 2012, we were notified that the Mexican Antitrust Commission approved the conversion of the debentures into equity, subject to our acceptance of certain conditions, including (i) the implementation of certain corporate governance standards at GSF, (ii) the offering by us to all cable and DTH platforms in Mexico of a new pay programming package comprising only our four over-the-air channels, (iii) the offering by us to sell advertising time to participants in the Mexican telecommunications industry, (iv) the divestment by GSF of all of its equity interest in Total Play to GSF's current controlling

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shareholder and (v) the undertaking by us to follow certain rules of conduct regarding a potential public bid of spectrum designated for a new entrant related to the broadcast of free television signals with national coverage.

On June 15, 2012, we accepted the conditions of the Mexican Antitrust Commission and converted the debentures into common stock of GSF. As a result, CVQ owns 50% of the outstanding shares of stock of GSF and, indirectly, 50% of the outstanding shares of Iusacell, and we and Grupo Salinas Telecom, S.A. de C.V., or GSTelecom, the beneficial owner of the remaining 50% of the GSF stock, have equal corporate governance rights. See [Key Information](#) [Risk Factors](#) [Risk Factors Related to Our Business](#) [The Results of Operations of Broadcasting Media Partners, Inc. and GSF Telecom Holdings, S.A.P.I. de C.V., May Affect Our Results of Operations and the Value of Our Investments in Those Companies](#) .

Iusacell is a provider of telecommunications services primarily engaged in the provision of mobile services throughout Mexico. As of December 31, 2012, Iusacell had 7,385,000 mobile wireless subscribers. In addition, Iusacell holds and operates concessions for the 800 MHz band, which allow it to provide wireless cellular services in five adjacent regions in Central and Southern Mexico, and for the 1900 MHz band, which allow it to provide PCS wireless services nationwide. Iusacell also provides other telecommunications services, such as fixed-line telephony, broadband services and links leasing to corporate customers.

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Iusacell offers mobile telephony services using the CDMA technology, which is the highest capacity digital technology available for the 800 MHz and 1900 MHz frequency bands. In 2007 and 2008, Iusacell upgraded its network in certain regions through the implementation of the EVDO-3G Rev A technology, which enables users to transfer data signals at high speeds of up to 3.1 megabits per second. In addition to its basic wireless mobile services, Iusacell also offers a broad range of other telecommunications services, including long distance telephony, wireless local telephony, and data transmission. In 2010, Iusacell completed the installation of a GSM/HSDPA+ network, which enables it to provide mobile telephony and high-speed data transmission services in Mexico's nine cellular/PCS regions. As a result, Iusacell became the only mobile provider in Mexico to operate both CDMA2000 and GSM/HSPA+ technology networks.

Within its primary line of business, which is the provision of mobile telephony services, Iusacell competes with other cellular telephony and personal communication service providers in each of the markets in which it operates. Iusacell competes nationwide with Radiomóvil Dipsa, S.A. de C.V., a subsidiary of América Móvil, S.A.B. de C.V., which operates under the brand name Telcel. Telcel holds spectrum concessions and provides services throughout Mexico, and is the largest wireless operator in the country. Iusacell also competes nationwide with Telefónica Móviles de México, S.A. de C.V., which is the second largest wireless operator in Mexico and offers wireless services under the brand name Movistar, and with Comunicaciones Nextel de Mexico, S.A. de C.V., which offers wireless services under the Nextel brand name.

We plan to continue leveraging our strengths and capabilities to develop new business opportunities and expand through acquisitions in Mexico, the United States and elsewhere. Any such acquisition or investment could be funded using cash on hand, our equity securities and/or the incurrence of debt, or a combination thereof, and could be substantial in size. We are constantly seeking investment opportunities that complement our telecommunications strategy. We may identify and evaluate opportunities for strategic acquisitions of complementary businesses, technologies or companies. We may also consider joint ventures, minority investments and other collaborative projects and investments, which can be substantial in size.

Expanding Our Business in the Mexican Telecommunications Markets by Taking Advantage of Prospective Telecom and Antitrust Constitutional Bill and Implementing Legislation

If the Telecom and Antitrust Bill becomes law (see Regulation Telecom and Antitrust Constitutional Bill), a preponderant economic agent (*agente economico preponderante*) in the telecommunications market would mean an economic agent that has, directly or indirectly, more than 50% of the national market share in telecommunications services, calculated based on the number of users, subscribers, or installed capacity or usage according to the data available to IFETEL. According to such criteria, the current incumbent carrier, among others, on fixed, mobile telephony and Internet services in Mexico could be considered as a preponderant economic agent (*agente economico preponderante*). As a result, IFETEL could impose, among other measures, asymmetric regulation on that incumbent carrier to foster competition. Such measures could be related to information, service offerings (such as package bundling of services, tied sales), quality of services, exclusive arrangements, end-user equipment (such as unblocking of cellular phones), other asymmetric regulation in tariffs and network infrastructure, including accounting, functional or structural separation of such agent. Such regulation would be implemented within 180 days of the establishment of IFETEL and its members having taken office.

IFETEL would also be authorized to order local loop unbundling of the network of any preponderant economic agent (*agente economico preponderante*) in the telephony, pay-TV and fixed-line Internet industries, thereby granting other market participants access to the local loop of the preponderant economic agent. These measures, if properly implemented, will represent an opportunity for us to increase our coverage and product diversity, while reducing our costs and capital expenditures requirements as a result of the access to the network of the preponderant economic agent (*agente economico preponderante*) and the regulation of the terms and conditions, on competitive terms, of such access. Moreover, asymmetric regulations may create a beneficial economic and regulatory environment in the telephony and broadband markets and may further enhance our ability to compete in the telecommunications industry. Such regulation would be implemented within 180 days of the establishment of IFETEL and its members having taken office, and without the need of further implementing legislation.

All of these measures, if properly implemented, could create a beneficial economic and regulatory environment, level the playing field for all participants in the telecommunications market and foster competition, representing an opportunity for the growth of our telecommunications business.

Additionally, the Telecom and Antitrust Bill permits 100% foreign ownership in satellite and telecommunications services, lifting the current restrictions, and increases to up to 49% the level of permitted foreign ownership in television and radio services, subject to reciprocity of the originating foreign investment country and provides that the Mexican government will build a national network to facilitate effective access for the Mexican population to broadband and other telecommunications services. These amendments, if approved, may provide opportunities for us to enter into joint ventures with foreign investors with proven international experience in these markets and also to work with the Mexican government in the development of this new network.

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The bill also calls for the National Development Plan (*Plan Nacional de Desarrollo*) to include a program for installing broadband connections in public facilities, which would identify the number of sites to be connected per year to promote access to broadband in public buildings dedicated to investigation, health, education, social services and in other facilities owned by the government. We believe our potential participation in this program could result in business opportunities while improving the quality of the telecommunications services to be provided by the Mexican government.

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Commitment to Sustainability

We have made sustainable development part of our offerings and commercial strategy, in order to continue meeting the expectations of, and creating added value for, our stockholders. As part of our commitment to sustainability, we have established a committee comprising some of our high-level executive officers as well as independent consultants, which will reinforce our efforts related to sustainability. As a result of our commitment, we were named one of the six new members of the *IPC Sustentable*, or Sustainability Index, of the *Bolsa Mexicana de Valores*, or Mexican Stock Exchange, effective as of February 1, 2013. The Sustainability Index currently includes 29 issuers, which have been selected based on their commitment to corporate governance, social responsibility and environmental management.

Television

Television Industry in Mexico

General. There are twelve television stations operating in Mexico City and approximately 478 other television stations elsewhere in Mexico. Most of the stations outside of Mexico City retransmit programming originating from the Mexico City stations. We own and operate four of the twelve television stations in Mexico City, Channels 2, 4, 5 and 9. These stations are affiliated with 221 repeater stations and 33 local stations outside of Mexico City. See Content . We also own a station that has a digital subchannel that transmits in the English language on the California border. Our major competitor, TV Azteca, owns and operates Channels 7 and 13 in Mexico City, which we believe are affiliated with 84 and 94 stations, respectively, outside of Mexico City. Televisora del Valle de Mexico, S.A. de C.V., or Televisora del Valle de Mexico, owns the concession for CNI Channel 40, a UHF channel that broadcasts throughout the Mexico City metropolitan area. The Mexican government currently operates four stations in Mexico City, Channel 11, which has 19 repeater stations, Channel 21 in Mexico City (transmitting only DTV), Channel 22, and Channel 30, an anchor station of OPMA (Organismo Promotor de Medios Audiovisuales) which, we believe, has 15 repeater stations outside Mexico City. There are three local television stations affiliated with Channel 28, outside of Mexico City. There are also 15 independent stations outside of Mexico City which are unaffiliated with any other stations. See Content .

We estimate that approximately 27 million Mexican households have television sets, representing approximately 91.0% of all households in Mexico as of December 31, 2012. We believe that approximately 96.4% of all households in Mexico City and the surrounding area have television sets.

Ratings and Audience Share. All television ratings and audience share information included in this annual report relate to data supplied by IBOPE AGB Mexico, a privately owned market research firm based in Mexico City. IBOPE AGB Mexico is one of the 15 global branch offices of IBOPE. IBOPE AGB Mexico conducts operations in Mexico City, Guadalajara, Monterrey and 25 other Mexican cities with a population over 500,000, and the survey data provided in this annual report covers data collected from national surveys. IBOPE AGB Mexico reports that its television surveys have a margin of error of plus or minus 5%. Due to a June 2012 leak of confidential data related to the location of IBOPE's people meters, we currently use IBOPE's measurements only as a point of reference to analyze trends. No IBOPE statistical data in respect of periods after June 16, 2012 is or will be included in our public reports until this is resolved. In the meantime, we are billing our advertising customers based on fixed pricing rather than on a cost-per-rating-point basis.

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

Programming

Programming We Produce. We produce a significant part of the Spanish-language television programming in the world. In 2010, 2011 and 2012, we produced approximately 74,900 hours, 79,100 hours and 90,500 hours, respectively, of programming for broadcast on our network stations and through our cable operations and DTH satellite ventures, including programming produced by our local stations.

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We produce a variety of programs, including telenovelas, newscasts, situation comedies, game shows, reality shows, children's programs, comedy and variety programs, musical and cultural events, movies and educational programming. Our telenovelas are broadcast either dubbed or subtitled in a variety of languages throughout the world.

Our programming also includes broadcasts of special events and sports events in Mexico promoted by us and others. Among the sports events that we broadcast are soccer games and professional wrestling matches. See [Other Businesses Sports and Show Business Promotions](#). In 2010, we broadcast the UEFA Champions League, the 2010 FIFA World Cup South Africa, the 2010 FIFA Under-17 Women World Cup, the 2010 FIFA Under-20 Women World Cup and the 2010 UEFA Super Cup. In 2011, we broadcast the 2011 Guadalajara Pan American Games. In 2012, we broadcast the 2012 London Olympic Games. We have also acquired the rights to broadcast the 2014 FIFA World Cup Brasil for the territory of Mexico and the rights to broadcast the 2018 FIFA World Cup Russia and the 2022 FIFA World Cup Qatar for Mexico and other territories in Latin America.

Our programming is produced primarily at our 30 studios in Mexico City. We also operate 18 fully equipped remote control units. Some of our local television stations also produce their own programming. These local stations operate 43 studios and 35 fully equipped remote control units. See [Content Local Affiliates](#).

Foreign-Produced Programming. We license and broadcast television programs produced by third parties outside Mexico. Most of this foreign programming is from the United States and includes television series, movies and sports events, including coverage of Major League Baseball games and National Football League games. Foreign-produced programming represented approximately 37%, 33% and 35% of the programming broadcast on our four television networks in 2010, 2011 and 2012, respectively. A substantial majority of the foreign-produced programming aired on our networks was dubbed into Spanish and was aired on Channels 4 and 5, with the remainder aired on Channel 9.

Talent Promotion. We operate Centro de Educación Artística, a school in Mexico City, to develop and train actors and technicians. We provide instruction free of charge, and a substantial number of the actors appearing on our programs have attended the school. We also promote writers and directors through a writers' school as well as various contests and scholarships.

Content

At the beginning of 2012, we adjusted our segment reporting structure. Beginning with the first quarter of 2012, the results of our Television Broadcasting, Pay Television Networks and Programming Exports businesses, which were previously reported as separate segments, and the Internet business, which was previously reported as part of the Other Businesses segment, are reported as a single segment, Content.

We operate four television networks that can be viewed throughout Mexico on our affiliated television stations through Channels 2, 4, 5 and 9 in Mexico City. The following table indicates the total number of operating television stations in Mexico affiliated with each of our four networks, as well as the total number of local affiliates, as of December 31, 2012.

	Wholly Owned Mexico City Anchor Stations	Wholly Owned Affiliates	Majority Owned Affiliates	Minority Owned Affiliates	Independent Affiliates	Total Stations
Channel 2	1	123	2		1	127
Channel 4	1					1
Channel 5	1	63			3	67
Channel 9	1	15			14	30
Subtotal	4	201	2		18	225
Border Stations						
Local (Stations) Affiliates		18		1	14	33
Total	4	219	2	1	32	258

The programs shown on our networks are among the most watched television programs in Mexico. Based on IBOPE AGB Mexico surveys during 2010, 2011 and from January 1, 2012 to June 16, 2012, our networks aired 134, 137 and 142, respectively, of the 200 most watched television programs throughout Mexico and produced 17, 23 and 21, respectively, of the 25 most watched television programs in Mexico. Most

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of the remaining top 25 programs in those periods were soccer games and special feature films that were not aired on our networks.

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The following charts compare the average audience share and average ratings during prime time hours, weekday prime time hours and from sign-on to sign-off hours, of our television networks as measured by the national audience, from January 2010 to June 16, 2012, shown on a bimonthly basis.

Average Audience Share

January 2010 June 16, 2012(1)(2)

(1) Source: IBOPE AGB Mexico.

(2) See Television Television Industry in Mexico Ratings and Audience Share .

Average Ratings

January 2010 June 16, 2012(1)(2)

(1) Source: IBOPE AGB Mexico.

(2) See Television Television Industry in Mexico Ratings and Audience Share .

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Channel 2 Network. Channel 2, which is known as *El Canal de las Estrellas*, or *The Channel of the Stars*, together with its affiliated stations, is the leading television network in Mexico and the leading Spanish-language television network in the world, as measured by the size of the audience capable of receiving its signal. Channel 2's programming is broadcast 24 hours a day, seven days a week, on 127 television stations located throughout Mexico. The affiliate stations generally retransmit the programming and advertising transmitted to them by Channel 2 without interruption. Such stations are referred to as *repeater stations*. We estimate that the Channel 2 Network reaches approximately 26.6 million households, representing 98.3% of the households with television sets in Mexico. The Channel 2 Network accounted for a majority of our national television advertising sales in each of 2010, 2011 and 2012.

According to the *Política Nacional para la Introducción de los Servicios de Televisión Digital Terrestre* or the National Policy for the Introduction of Terrestrial Digital Television Services in Mexico dictated by the SCT, in May 2005, Mexico City's Channel 2 obtained a license to transmit DTV services on Channel 48 as its second channel throughout the transition period from analog to digital television. Also, 22 repeaters of the Channel 2 Network located outside of Mexico City and along the border with the United States have obtained similar licenses. Since December 2005, these DTV stations have been in place and fully operational.

The following table shows the average audience share of the Channel 2 Network during prime time hours, weekday prime time hours and sign-on to sign-off hours for the periods indicated:

	Year Ended December 31, 2010(1)	Year Ended December 31, 2011(1)	January 1, 2012 to June 16, 2012(1)(2)
Prime time hours	33.3%	32.6%	37.4%
Weekday prime time hours	37.9%	35.7%	41.2%
Sign-on to sign-off hours	30.8%	30.4%	34.2%

(1) Source: IBOPE AGB Mexico.

(2) See *Television Industry in Mexico - Ratings and Audience Share*.

The Channel 2 Network targets the average Spanish-speaking family as its audience. Its programs include soap operas (telenovelas), news, entertainment, comedy and variety programs, movies, game shows, reality shows and sports. The telenovelas make up the bulk of the prime time lineup and consist of romantic dramas that unfold over the course of 120 to 200 half-hour episodes. Substantially all of Channel 2's programming is aired on a first-run basis and virtually all of it, other than Spanish-language movies, is produced by us.

Channel 5 Network. In addition to its anchor station, Channel 5 is affiliated with 66 repeater stations located throughout Mexico. We estimate that the Channel 5 Network reaches approximately 24.6 million households, representing approximately 91.2% of households with television sets in Mexico. We believe that Channel 5 offers the best option to reach the 18-34 year old demographic, and we have extended its reach into this key group by offering new content.

According to the National Policy for the Introduction of Terrestrial Digital Television Services in Mexico dictated by the SCT, in September 2005, Mexico City's Channel 5 obtained a license to transmit digital television, or DTV, services in Channel 50 as its second channel during the transition period. Also, 19 repeaters of the Channel 5 Network have obtained a similar license. Since December 2005, these DTV stations have been in place and fully operational.

The following table shows the average audience share of the Channel 5 Network during prime time hours, weekday prime time hours and sign-on to sign-off hours during the periods indicated:

	Year Ended December 31, 2010(1)	Year Ended December 31, 2011(1)	January 1, 2012 to June 16, 2012(1)(2)
Prime time hours	16.9%	18.0%	16.7%

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Weekday prime time hours	13.8%	14.4%	13.5%
Sign-on to sign-off hours	19.4%	20.1%	18.3%

(1) Source: IBOPE AGB Mexico.

(2) See Television Industry in Mexico Ratings and Audience Share .

We believe that Channel 5 has positioned itself as the most innovative television channel in Mexico with a combination of reality shows, sitcoms, dramas, movies, cartoons and other children's programming. The majority of Channel 5's programs are produced outside of Mexico, primarily in the United States. Most of these programs are produced in English. In 2012, we aired 32 of the 50 top-rated movies.

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Channel 4 Network. Channel 4 broadcasts in the Mexico City metropolitan area and, according to our estimates, reaches over 5.8 million households, representing approximately 21.6% of television households in Mexico in 2012. As described above, as part of our plan to attract medium-sized and local Mexico City advertisers, we focused the reach of this network throughout Mexico and revised the format of Channel 4 to create ForoTV in an effort to target viewers in the Mexico City metropolitan area. We currently sell local advertising time on ForoTV to medium-sized and local advertisers at rates comparable to those charged for advertising on local, non-television media, such as radio, newspapers and billboards. However, by purchasing local advertising time on ForoTV, medium-sized and local advertisers are able to reach a wider audience than they would reach through local, non-television media.

According to the National Policy for the Introduction of Terrestrial Digital Television Services in Mexico dictated by the SCT, in September 2005, Mexico City's Channel 4 obtained a license to transmit DTV services in Channel 49 as its second channel during the analog to digital transition period. Since December 2005, this DTV station has been fully operational.

The following table shows the average audience share of the Channel 4 Network during prime time hours, weekday prime time hours and sign-on to sign-off hours during the periods indicated, including audience share for local stations:

	Year Ended December 31, 2010(1)	Year Ended December 31, 2011(1)	Year Ended January 1, 2012 to June 16, 2012(1)(2)
Prime time hours	5.8%	5.7%	6.4%
Weekday prime time hours	6.5%	5.7%	6.3%
Sign-on to sign-off hours	8.0%	7.8%	9.2%

(1) Source: IBOPE AGB Mexico.

(2) See *Television Industry in Mexico*.

ForoTV targets young adults between 30 and 40 years old, and adults more than 55 years old. Its programs consist primarily of journalist content, news, and round table programs in which the participants analyze the national and international news. ForoTV has succeeded in attracting a larger share of the Mexico City television audience.

Channel 9 Network. In addition to its anchor station, Channel 9 is affiliated with 29 repeater stations, approximately 37% of which are located in central Mexico. We estimate that Channel 9 reaches approximately 19.9 million households, representing approximately 73.7% of households with television sets in Mexico. Channel 9 broadcasts in 27 of the 27 cities other than Mexico City that are covered by national surveys.

According to the National Policy for the Introduction of Terrestrial Digital Television Services in Mexico dictated by the SCT, in October 2006, Mexico City's Channel 9 obtained a license to transmit DTV services in Channel 44 as its second channel during the transition period. In addition, nine repeaters of the Channel 9 Network have obtained a similar license. Since January 2007, this DTV station has been operational. Also, as disclosed above, in April 2008, we began broadcasting Telemundo's original programming on Channel 9.

The following table shows the average audience share of the Channel 9 Network during prime time hours, weekday prime time hours and sign-on to sign-off hours during the periods indicated:

	Year Ended December 31, 2010(1)	Year Ended December 31, 2011(1)	Year Ended January 1, 2012 to June 16, 2012(1)(2)
Prime time hours	12.0%	10.6%	7.7%
Weekday prime time hours	12.3%	10.8%	7.0%
Sign-on to sign-off hours	11.3%	10.2%	8.0%

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(1) Source: IBOPE AGB Mexico.

(2) See Television Television Industry in Mexico Ratings and Audience Share .

The Channel 9 Network targets families as its audience. Its programs principally consist of movies, sports, sitcoms, game shows, telenovelas produced by third parties, news and re-runs of popular programs from Channel 2. In April 2008, we began broadcasting more than 1,000 hours per year of Telemundo s original programming on Channel 9. See Business Strategy Maintaining Our Leading Position in the Mexican Television Market Continuing to Produce High Quality Programming .

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Local Affiliates. There are currently 33 local television stations affiliated with our networks, of which 18 stations are wholly owned, one station is minority owned and 14 stations are independent affiliated stations. These stations receive part of their programming from Channels 4 and 9. See Channel 4 Network . The remaining programs aired consist primarily of programs licensed from our program library and locally produced programs. The locally produced programs include news, game shows, musicals and other cultural programs and programs offering professional advice. In 2010, 2011 and 2012, the local television stations owned by us produced 48,900 hours, 50,400 hours and 57,200 hours, respectively, of programming. Each of the local affiliates maintains its own sales department and sells advertising time during broadcasts of programs that it produces and/or licenses. Generally, we pay the affiliate stations that we do not wholly own a fixed percentage of advertising sales for network affiliation.

According to the National Policy for the Introduction of Terrestrial Digital Television Services in Mexico dictated by the SCT, 13 of the 18 wholly owned local stations have obtained licenses to transmit DTV services in their service area during the transition period. These 13 DTV stations are in place and fully operational.

Border Stations. We currently own XETV, or the Border Station, a Tijuana based television station which operates under a concession from the SCT from Mexico on the Mexico/U.S. border and broadcasts English-language programs pursuant to a permit granted by The Ministry of the Interior, which is renewed annually. The Border Station is affiliated with the Tijuana/San Diego market, under an affiliation agreement with The CW Network LLC, or CW Network. CW Network was formed as a joint venture between Warner Bros. Entertainment and CBS Corporation. The Border Station broadcasts under renewable permits issued by the FCC to the station and to CW Network, which authorize electronic cross-border programming transmissions. The Border Station is operated through a station operating agreement with Bay City Television, a U.S. corporation indirectly owned by us. The Border Station's FCC cross-border permit was renewed on June 30, 2008 for a five-year term expiring on June 30, 2013. CW Network's cross-border FCC permit became effective on August 8, 2008 for a five-year term and will expire on August 8, 2013.

Network Subscription. We produce or license a suite of Spanish and English-language television channels for pay-TV systems in Mexico, Latin America, the Caribbean, Asia, Europe, the United States, Canada and Australia. These channels include programming such as general entertainment, telenovelas, movies and music-related shows, interviews and videos. Some of the programming included in these channels is produced by us while other programming is acquired or commissioned from third parties. As of December 2012, we had over 33 million subscribers worldwide.

In 2010, 2011 and 2012, we produced approximately 15,700 hours, 15,900 hours and 20,900 hours, respectively, of programming and videos, for broadcast on our pay-TV channels. The names and brands of our standard definition channels include: *Telehit*, *Ritmoson Latino*, *Bandamax*, *De Película*, *De Película Clásico*, *Unicable*, *Golden*, *Golden Edge*, *Golden Latinoamérica*, *Canal de Telenovelas*, *Tiin*, *Canal de las Estrellas Latinoamérica*, *Canal de las Estrellas Europa*, *Canal 2 Delay-2hrs*, *Canal de las Estrellas Delay-1hr*, *Distrito Comedia* (formerly *Clásico TV*), *TDN* and *UTDN* (formerly *TDN2.0*). The brands of our high definition channels include: *Golden HD*, *Telehit HD*, *TDN HD* and *De Película HD*.

In addition to our investment in BMP in December 2010, we sold to Univision our entire interest in TuTv, our former venture with Univision, which represented 50% of TuTv's capital stock, for an aggregate cash amount of U.S.\$55 million. See Univision .

Licensing and Syndication. We license our programs and our rights to programs produced by other television broadcasters and pay-TV providers in the United States, Canada, Latin America, Asia, Europe and Africa. We collect licensing fees based on the size of the market for which the license is granted or on a percentage of the advertising sales generated from the programming. In addition to the programming licensed to Univision, we licensed 74,209 hours, 73,165 hours and 92,887 hours of programming in 2010, 2011 and 2012, respectively. See Univision and Operating and Financial Review and Prospects Results of Operations Total Segment Results Content . As of December 31, 2012, we had 242,965 half-hours of television programming in our library available for licensing. Beginning with the first quarter of 2012, the results of our former Programming Exports segment (currently identified as Licensing and Syndication) are included in our new Content segment, which also includes the results of our former Television Broadcasting and Pay Television Networks segments and our Internet business.

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

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SVOD Licensing. Under a license agreement with Netflix, effective as of July 12, 2011, we make available to certain video-on-demand subscribers of Netflix, on a non-exclusive basis, around 3,000 hours annually of telenovelas, series, and other general entertainment programming from our library for the territories of Mexico, Latin America and the Caribbean. As part of the agreement, current content will be made available to Netflix not earlier than one year after its broadcast through free-to-air television. This agreement increases our availability of programming in Latin America and the Caribbean, where Netflix launched subscription streaming at the end of 2011 and is an important first step of our plan to monetize our library of over 50,000 hours of content via digital distribution.

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

With a wide range of content channels, online and mobile services, and more than 349.41 million page views per month and more than 30.58 million monthly unique users in 2012, we believe that TIM has positioned itself as one of the leading digital entertainment portals in Mexico and Hispanic territories. Currently, 70.9% of TIM's page views come from Mexico and the rest comes from the U.S. and Latin America.

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

Since April 2004, Esmas.com has been offering premium content service to mobile phones while leveraging the cell phone networks in Mexico, the U.S. and Latin America. In 2012, Esmas Móvil sent more than 35.7 million premium messages to approximately 4.3 million mobile subscribers. Most of the content demanded by users consists of news and sports text alerts, interactive TV promotions, lotteries, wallpapers games and music. We believe that due to the Mexican public's affinity for the high quality and wide range of our programming content, TIM has become one of the leading premium content mobile service providers in Mexico and in Latin America.

Beginning with the first quarter of 2012, the results of our Internet business, which was previously reported as part of the Other Businesses segment, are included in our new Content segment, which also includes the results of our former Television Broadcasting, Pay Television Networks and Programming Exports segments.

Publishing

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

With a total circulation of approximately 129 million copies in 2012, we publish 186 titles that are distributed in approximately 20 countries, including the United States, Mexico, Colombia, Chile, Venezuela, Puerto Rico, Argentina, Ecuador, Peru and Panama, among others. See Other Businesses Publishing Distribution. Our main publications in Mexico include *TV y Novelas*, a weekly entertainment and telenovelas magazine; *Vanidades*, a popular bi-weekly magazine for women; *Caras*, a monthly leading lifestyle and socialite magazine; *Eres*, a monthly magazine for teenagers; *Conozca Más*, a monthly science and culture magazine; and *Furia Musical*, a monthly musical magazine that promotes principally *Banda* and *Onda Grupera* music performers. Our other main publications in Latin America and the United States include *Vanidades*, *TV y Novelas U.S.A.* and *Caras*.

We publish the Spanish-language edition of several magazines, including *Cosmopolitan*, *Good Housekeeping*, *Harper's Bazaar*, *Seventeen*, and *Esquire* through a joint venture with Hearst Communications, Inc.; *Maxim*, pursuant to a license agreement with Alpha Media Group, Inc.; *Marie Claire*, pursuant to a license agreement with Marie Claire Album; *Men's Health*, *Prevention*, *Women's Health* and *Runner's World*, pursuant to a license agreement with Rodale Press, Inc.; *Sport Life* and *Automóvil Panamericano*, as well as other special editions of popular automotive magazines, through a joint venture with Motorpress Iberica, S.A.; *Muy Interesante* and *Padres e Hijos* pursuant to a joint venture with GyJ España Ediciones, S.L.C. en C.; and *Disney Princesas*, *Disney Winnie Pooh*, *Disney Hadas*, *Disney Cars*, *Disney Toy Story* and *Disney Junior*, pursuant to a license agreement with Disney Consumer Products Latin America, Inc. and WDC, México, S. de R.L. de C.V. We also publish a Spanish-language edition of *National Geographic* and *National Geographic Traveler* in Latin America and in the United States

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through a licensing agreement with National Geographic Society. In addition, we publish a Spanish-language edition of *OK!* pursuant to a license agreement with Northern & Shell Luxembourg Branch as well as several comics pursuant to license agreements with Marvel Characters, B.V. and DC Entertainment.

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During 2011, we launched several Disney-Marvel comic magazines in Mexico and Argentina pursuant to a license agreement with Disney Consumer Products Latin America, Inc., and *Top Teens* in Argentina, a wholly owned teenager monthly magazine.

During 2012, we launched several DC Comics magazines in Mexico, pursuant to a license agreement with DC Entertainment.

Cable and Telecom

Cablevisión

The Cable Television Industry in Mexico. Cable television offers multiple channels of entertainment, news and informational programs to subscribers who pay a monthly fee. These fees are based on the package of channels the subscribers receive. See [Digital Cable Television Services](#) . According to the SCT and Cofetel, there were approximately 1,500 cable concessions in Mexico as of December 31, 2012, serving approximately 5.7 million subscribers.

Mexico City Cable System. We own a 51% interest in Cablevisión, one of the most important cable television operators in Mexico, which provides cable television services to subscribers in Mexico City and surrounding areas. As of December 31, 2012, Cablevisión had 787,054 cable television, or video subscribers, all of which were digital subscribers. CPOs, each representing two series A shares and one series B share of Cablevisión, are traded on the Mexican Stock Exchange, under the ticker symbol [CABLE](#) .

Digital Cable Television Services. Cablevisión was the first multi-system operator in Mexico to offer an on-screen interactive programming guide, video on demand, high definition channels as well as Motorola and TiVo® DVR services throughout Mexico City. Along with its digital cable service, Cablevisión also offers high speed internet and a competitive digital telephone service. Through its world class network, Cablevisión is able to distribute high quality video content, unique video services, last generation interactivity with [Cablevisión On Demand](#) , 1080i high definition, impulse and order pay-per-view, a-la-carte programming, among other products and services, with added value features and premium solutions for consumers. Cablevisión s 100% digital cable service offers six main programming packages which as of December 31, 2012, ranged in price from Ps.169.00 to Ps.679.00 (VAT included), and included up to 302 linear channels: 231 video channels (including 10 over-the-air channels, Fox, ESPN, CNN International, HBO, Disney Channel, TNT, and others), 56 audio channels and 9 pay-per-view channels.

Video-on-Demand and Pay-Per-View Channels. Cablevisión currently offers its Video-On-Demand platform as well as 9 pay-per-view cable television channels in each of its digital service packages. The Video-On-Demand Service and the pay-per-view channels show films and special events programs, including sports and musical events among other content.

Cablevisión Revenues. Cablevisión s revenues are generated from subscriptions for its pay-TV, broadband and telephony services and from sales of advertising to local and national advertisers. Subscriber revenues come from monthly service and rental fees and, to a lesser extent, one-time installation fees. As of December 31, 2012, its current monthly service fees range in price from Ps.169.00 to Ps.679.00. See [Digital Cable Television Services](#) . The Mexican government does not currently regulate the rates Cablevisión charges for its basic and digital premium service packages, but there can be no assurance that the Mexican government will not regulate Cablevisión s rates in the future. If the SCT were to determine that the size and nature of Cablevisión s market presence was significant enough so as to have an anti-competitive effect, then the SCT could regulate the rates Cablevisión charges for its various services.

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

enhanced programming services, including video games, video on demand, subscription video on demand, high definition, impulse pay per view;

Broadband internet services; and

IP telephony services.

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In May 2007, Cablevisión received a concession to offer fixed telephony services through its network. In July 2007, Cablevisión began to offer IP telephony services in certain areas of Mexico City and by the end of 2012 offered the service in every area in which its network is bidirectional, which represents 99.91% of its total network.

In order to provide these multimedia communications services, Cablevisión requires a cable network with bi-directional capability operating at a speed of at least 750 MHz and a digital set-top box. Cablevisión's cable network currently consists of more than 19,800 kilometers with 2.5 million homes passed in Mexico City and surrounding areas in the State of Mexico. As of December 31, 2012, 0.66% of Cablevisión's network runs at 450 MHz, approximately 0.33% of its network runs at 550 MHz, approximately 0.69% of its network runs at 750 MHz, approximately 4.83% runs at 870 MHz, approximately 93.48% of its network runs at 1 GHz, and approximately 99.91% of its network has bidirectional capability.

Cablemás

Cablemás Cable System. Cablemás operates in 59 cities. As of December 31, 2012, the Cablemás cable network served 1,147,007 cable television, or video subscribers, 567,247 high-speed internet, or broadband subscribers and 302,197 IP-telephony lines, or voice subscribers, with 3.3 million homes passed.

As of December 31, 2012, Cablemás' cable network consisted of 19,754 kilometers of cable. Cablemás is in the final stage of converting its existing cable network into a broadband bidirectional network, operating from 550MHz to 860MHz with the ability to provide video, broadband and telephony services. As of December 31, 2012, 95.1% of Cablemás' cable network had bidirectional capability, of which 99.2% was operating at or greater than 550 MHz and 91.6% was operating at or greater than 750 MHz.

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

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

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

Digital signal, Video-on-Demand, and high-definition programming among others;

Broadband internet services; and

IP telephony services.

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

Cablemás Services. Since its beginning as a cable system concessionaire Cablemás has grown to offer cable television services, high-speed internet access and telephony services. As of December 31, 2012, Cablemás offers three types of video packages to its customers, which include: Minibasic (U.S.\$13.93), Basic (U.S.\$26.38) and Plus (basic rate plus up to U.S.\$37.98). Cablemás packages include up to 150 video channels. In addition, Cablemás offers high speed internet services ranging from 3 Mbps (U.S.\$14.63) to 100 Mbps (U.S.\$155.56) and telephony services, including unlimited local calls and 30 cell phone minute packages (U.S.\$16.89).

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

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As of December 31, 2012, TVI had 1.7 million homes passed, served 374,733 cable television, or video subscribers, 229,720 high-speed internet, or broadband subscribers and 133,178 telephone lines, or voice subscribers.

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Bestel. In December 2007, our indirect majority-owned subsidiary, Cablestar, S.A. de C.V., or Cablestar, completed the acquisition of shares of companies owning the majority of the assets of Letseb, S.A. de C.V. and its subsidiaries and Bestel (USA), Inc., collectively Bestel, a privately held, facilities-based telecommunications company in Mexico. Currently, Cablevisión and the Company hold 69.2% and 30.8% of the equity of Cablestar, respectively. Bestel provides voice, data, and managed services to domestic and international carriers and to the enterprise, corporate, and government segments in Mexico. Through Bestel (USA), Inc., Bestel provides cross-border services to U.S. carriers including internet protocol, or IP, transit, collocation, international private lines, virtual private networks, or VPNs, and voice services, as well as access to the Internet backbone via companies or carriers classified as TIER 1 which are networks that can reach every other network on the internet without purchasing internet protocol address transit or paying settlements and TIER 2 which are networks that peer with some networks, but purchase internet protocol address transit or pay settlements to reach at least some portion of the internet. Bestel owns a fiber-optic network of approximately 25,000 kilometers that covers several important cities and economic regions in Mexico and has direct crossing of its network into Dallas, Texas, Nogales, Arizona, and San Diego, California in the United States. This enables the company to provide high capacity connectivity between the United States and Mexico.

Other Businesses

Publishing Distribution. We estimate that we distribute approximately 40%, in terms of volume, of the magazines circulated in Mexico through our subsidiary, Distribuidora Intermex, S.A. de C.V., or Intermex. We believe that our distribution network reaches over 300 million Spanish-speaking people in approximately 20 countries, including Mexico, Colombia, Argentina, Ecuador, Peru and Panama. We also estimate that our distribution network reaches over 50,000 points of sale in Mexico and over 75,000 points of sale outside of Mexico. We also own publishing distribution operations in five countries. Our publications are also sold in the United States, the Caribbean and elsewhere through independent distributors. In 2010, 2011 and 2012, 63.3%, 62.6% and 63.6%, respectively, of the publications distributed by our company were published by our Publishing division. In addition, our distribution network sells a number of publications published by joint ventures and independent publishers, as well as DVD s, calling cards, sticker albums, novelties and other consumer products.

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

Soccer. We own two of Mexico s professional soccer teams. One of these teams, America, currently plays in the Mexican First Division and is one of the most popular and successful teams in Mexico. The other team, Necaxa, currently plays in the Liga de Ascenso. In the Mexican First Division, each team plays two tournaments of 17 games per regular annual season. The best teams of each regular season engage in post-season championship play.

We own the Azteca Stadium which has a seating capacity of approximately 105,000 people. Azteca Stadium has hosted two World Cup Soccer Championships. In addition, América and the Mexican National Soccer team generally play their home games at this stadium. We have exclusive rights to broadcast the home games of certain Mexican First Division soccer teams.

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

Feature Film Production and Distribution. We produce and co-produce first-run Spanish- and English-language feature films, some of which are among Mexico s top films based on box office receipts. We produced no feature films in 2010, we co-produced one feature film in 2011 and we produced four feature films in 2012, three of which were co-produced with third parties. We have previously established co-production arrangements with Mexican film production companies, as well as with major international companies such as Miravista, Warner Bros., Plural Entertainment and Lions Gate Films. We will continue to consider entering into co-production arrangements with third parties in the future, although no assurance can be given in this regard.

We distribute our films to Mexican movie theaters and later release them on video for broadcast on cable and network television. In 2010 we did not release any feature films, in 2011 we released our co-produced feature film *Así es la Suerte*, and in 2012 we released three of our co-produced feature films: *Viaje de Generación*, *Casa de mi Padre* and *Girl in Progress*. We also distribute our feature films outside of Mexico.

We distribute feature films produced by non-Mexican producers in Mexico. Under an agreement with Warner Bros., we were the exclusive distributor in Mexico of their feature films from January 1, 1999, until December 31, 2009. As of January 1, 2010, Warner Bros decided to grant the distribution rights of its films in Mexico to Universal Pictures. In 2010, 2011, 2012 and up to February 28, 2013, we distributed 19, 17, 23 and 3 feature films, respectively, including several U.S. box office hits. We also distribute independently produced non-Mexican and Mexican

films in Mexico, the United States and Latin America.

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At December 31, 2012, we owned or had rights to 280 Spanish-language theatrical films, 145 theatrical films in other languages, 25 Spanish-language video titles and 27 video titles in other languages. Many of these films and titles have been shown on our television networks, cable system and DTH services.

Gaming Business. In 2006, we launched our gaming business which consists of bingo and sports books halls, and a national lottery. As of December 31, 2012, we had 18 bingo and sports books halls in operation, under the brand name Play City. In accordance with our Gaming Permit, we plan to continue opening bingo and sports books halls. In addition, during 2007 we launched Multijuegos, an online lottery with access to a nationwide network of approximately 4,000 electronic terminals. The bingo and sports books halls and Multijuegos are operated under the Gaming Permit obtained from the Mexican Ministry of the Interior, to establish, among other things, up to 55 bingo and sports books halls and number draws throughout Mexico.

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

Radiópolis owns and operates 17 radio stations in Mexico, including three AM and three FM radio stations in Mexico City, five AM and two FM radio stations in Guadalajara, one AM station in Monterrey, one FM radio station in Mexicali, one AM/FM combination station in San Luis Potosí and one AM/FM combination station in Veracruz. Some Radiópolis stations transmit powerful signals which reach beyond the market areas they serve. For example, XEW-AM and XEWA-AM transmit signals that under certain conditions may reach the southern part of the United States. XEW-AM may also reach most of southern Mexico. In June 2004, Radiópolis entered into an agreement with Radiorama, S.A. de C.V., or Radiorama, one of Mexico's leading radio networks, which has added as of December 31, 2012, 38 affiliate stations (1 AM, 11 FM and 26 combination stations) to Radiópolis' existing network, expanding its total network, including owned and operated and affiliate stations, to 91 stations (including 56 combination stations). After giving effect to the transaction with Radiorama, we estimate that Radiópolis' radio stations reach 29 states in Mexico. Our programs aired through our radio stations network reach approximately 75 percent of Mexico's population. We plan to continue to explore ways to expand the reach of our radio programming and advertising through affiliations with third parties and through acquisitions.

According to Investigadores Internacionales Asociados, S.C., or INRA, in 2010, 2011 and 2012, XEW-AM ranked, on average, thirteenth, eleventh and eighteenth, respectively, among the 33 stations in the Mexico City metropolitan area AM market, XEQ-FM, ranked, on average, third, second and third, respectively, among the 30 stations in the Mexico City metropolitan area FM market, and XEBA ranked, on average, second, third and fifth, respectively, among the 25 stations in the Guadalajara City metropolitan FM market. INRA conducts daily door-to-door and automobiles interviews in the Mexico City metropolitan area to determine radio listeners' preferences. Outside Mexico City, INRA conducts periodic surveys. We believe that no other independent surveys of this nature are routinely conducted in Mexico.

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

The successful exclusive radio broadcasting of the 2012 Olympic Games, UEFA Euro Championship, Concacaf Soccer Games and Copa Libertadores placed Radiópolis among the highest rating sports-broadcasting radio stations in Mexico.

During the last five years, Radiópolis has organized 20 massive live musical events with leading artists in both musical formats, gathering an attendance of approximately 155,000 people in aggregate for the last two events, which were performed at the Estadio Azteca in Mexico City. The events organized by Radiópolis have become among the most popular music-related events among the musical radio stations in Mexico.

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We sell both national and local advertising on our radio stations. Our radio advertising sales force sells advertising time primarily on a scatter basis. See Business Strategy Maintaining our Leading Position in the Mexican Television Market Advertising Sales Plan . In addition, we use some of our available radio advertising time to satisfy our legal obligation to the Mexican government to provide up to 35 minutes per day of our broadcast time, between 6:00 a.m. and midnight for public service announcements, and 30 minutes per day for official programming (referred to in this annual report as Official Radio Broadcast Time).

Investments

OCEN. We own a 40% stake in OCEN, a subsidiary of CIE, which owns all of the assets related to CIE’s live entertainment business unit in Mexico. OCEN’s business includes the production and promotion of concerts, theatrical, family and cultural events, as well as the operation of entertainment venues, the sale of entrance tickets (under an agreement with Ticketmaster Corporation), food, beverages and merchandising, and the booking and management of Latin artists. OCEN also promotes the largest racing series in the country (NASCAR Mexico) and special events related to athletic and sporting competitions (in 2011 OCEN organized and operated the 2011 Pan-American Games in Guadalajara).

During 2010, 2011 and 2012, OCEN promoted 3,891, 4,334 and 4,541 events, respectively, and managed 15 entertainment venues in Mexico City, Guadalajara and Monterrey, providing an entertainment platform that established OCEN as one of the principal live entertainment companies in Mexico.

During 2012, 21.52 million entrance tickets were sold by OCEN’s subsidiary Ticketmaster, compared to 22.89 million in 2011.

La Sexta and Imagina. In November 2005, the government of Spain granted a concession for a nationwide free-to-air analog television channel and two nationwide free-to-air digital television channels to La Sexta, a consortium that includes the Company. La Sexta began broadcasting in March 2006. During 2009, we made additional capital contributions to La Sexta of 35.7 million. During 2010, we made loans to La Sexta of 21.5 million which were capitalized on January 31, 2011.

On December 14, 2011, we agreed to exchange our 40.7680% equity interest in La Sexta for equity participations equivalent to 14.5% of the capital stock of Imagina, which at the time was the indirect owner of the majority equity interest in La Sexta. La Sexta has subsequently merged with A3TV, as discussed below. The transaction consisted in a swap of La Sexta stock for equity participations of Imagina and involved no cash payments. The transaction was subject to certain conditions, all of which have been satisfied, and closed on February 29, 2012. As a result of the transaction, we became a shareholder of Imagina, one of the main providers of content and audiovisual services for the media and entertainment industry in Spain. Imagina was created in 2006 with the merger of Mediapro and Grupo Arbol. Imagina is a leading distributor of sports rights and is the current owner of the Spanish Soccer League distribution rights worldwide. Through Globomedia, part of the Grupo Arbol Companies, it is also a leading producer of series, dramas and comedies in Spain. Imagina is also a provider of satellite transmission services as well as on location production and post-production services for third parties.

The terms of the agreement improve the potential for synergies between us and Imagina and opportunities to create value. The transaction also includes commercial agreements between the parties to explore collaboration in content production projects. Additionally, the transaction grants us certain rights of first refusal to acquire formats and audiovisual content, as well as transmission rights for sport events in certain territories. As part of the transaction, we named two directors of Imagina’s board, which is now composed of 12 members.

Also on December 14, 2011, in a separate transaction, La Sexta agreed to merge with A3TV, a publicly traded company on the Madrid Stock Exchange. A3TV is the second largest private television national network in Spain. Under the terms of the agreement, Imagina and other shareholders of La Sexta received a 7% equity stake in A3TV. An additional 7% equity stake is conditioned on A3TV achieving certain profitability goals.

Cablemás. In May 2008, we converted all of the convertible long-term notes into 99.99% of the capital stock of Alvafig, the holding company of a 49% interest in the voting stock of Cablemás. On April 1, 2011, we announced an agreement reached with the minority stockholder of Cablemás to obtain the 41.7% equity interest that we did not own in Cablemás. The acquisition of such equity stake resulted from a series of capital distributions, the capitalization of certain debt and receivables, and the subsequent merger of Cablemás into the Company. On April 29, 2011, our stockholders approved the merger of Cablemás into the Company, as surviving company. As a result of this merger, a capital increase was approved by our stockholders, and consequently 24.8 million CPOs were issued in favor of Cablemás non-controlling stockholders. Regulatory approvals for the transaction were obtained on February 24, 2011 and June 17, 2011. Cablemás operates in 50 cities.

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Grupo de Telecomunicaciones de Alta Capacidad, S.A.P.I. de C.V. In March 2010, Telefónica, Editora Factum, S.A. de C.V., a wholly-owned subsidiary of the Company, and Megacable agreed to jointly participate, through a consortium, in the public bid for a pair of dark fiber wires held by the CFE (*Comisión Federal de Electricidad*). In June 2010, the SCT granted the consortium a favorable award in the bidding process for a 20 year contract for the lease of approximately 19,457 kilometers of dark fiber-optic capacity, along with a corresponding concession, granted in July 2010, to operate a public telecommunications network using DWDM technology. The consortium, through GTAC, in which each of Telefónica, Editora Factum and Megacable has an equal equity participation, paid Ps.883.8 million as consideration for the concession plus additional payments in an aggregate amount of Ps.79.4 million for nine additional network segments, in accordance with the terms of the public bid. GTAC established the first link for operations in June 2011, in accordance with the terms and conditions of its concession. By April 2012, GTAC brought to full operation 128 links and 141 nodes nationwide. The overall capacity per link is approximately 3.2 Tbps (80 optical channels x 40 Gbps each). By the end of 2012, 475 long distance high capacity services were active, two GTAC routes were concluded (500 kilometers), four GTAC routes were under construction (1,003 kilometers) and three third parties dark fiber IRUs had been approved (692 kilometers). In order to achieve this, GTAC executed with its technological partner, Huawei Technologies Mexico, S.A. de C.V., a supply agreement for U.S.\$15.6 million. The total investment made by GTAC in 2010, 2011 and 2012 was Ps.1.1 billion, Ps.340 million and Ps.362 million, respectively, and there will be further investments in 2013. This new fiber optic network will represent for us a new alternative to access data transportation services, increasing competition in the Mexican telecommunications market and therefore improving the quality of the services offered. The fiber optic network will aim to increase broadband internet access for businesses as well as households in Mexico.

We have investments in several other businesses. See Notes 3 and 10 to our consolidated year-end financial statements.

DTH Ventures

Background. We own a 58.7% interest in Innova, a DTH company with services in Mexico, Central America, and the Dominican Republic. The remaining 41.3% of Innova is owned by DIRECTV.

For a description of capital contributions and loans we have made to Innova, see Operating and Financial Review and Prospects Results of Operations Liquidity, Foreign Exchange and Capital Resources Capital Expenditures, Acquisitions and Investments, Distributions and Other Sources of Liquidity .

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

Innova's Social Part Holders Agreement provides that neither we nor News Corp. nor DIRECTV may directly or indirectly operate or acquire an interest in any business that operates a DTH satellite system in Mexico, Central America and the Dominican Republic (subject to limited exceptions).

Sky. We operate Sky , our DTH satellite venture in Mexico, Central America and the Dominican Republic, through Innova. We indirectly own 58.7% of this venture. As of December 31, 2010, 2011 and 2012, Innova's DTH satellite pay-TV service had approximately 3,044,000, 4,008,400 and 5,153,445 gross active subscribers, respectively. Innova primarily attributes its successful growth to its superior programming content, its exclusive transmission of the largest coverage sporting events such as soccer tournaments and special events such as reality shows, its high quality customer service and its nationwide distribution network with approximately 1,850 points of sale. In addition to the above, Innova also experienced growth during 2010, 2011 and 2012 due to the success of VeTV, our low-end package in Mexico. Sky continues to offer the highest quality and exclusive content in the Mexican pay-TV industry. Its programming packages combine our over-the-air channels with other exclusive content.

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During 2012, Sky offered exclusive content, which included the whole or portions of the Olympic Games, the Mexican Soccer League and the Spanish Soccer League, including La Liga and La Copa de Rey, the FA Cup, the NFL Sunday Tickets, NBA Pass, MLB Extra Innings, the NHL, WTA, bullfighting from Spain, World Equestrian Games, marathons, Diamond league, Capital One Cup, Rolex World Cup Jumping and the largest coverage of the Mexican Baseball League (LMB), ATP & TT tournaments, soccer tournaments and Basketball Euroleague. Sky also added new channels, such as Comedy Central, Nick HD, Max HD, Discovery H&H HD and Trace Sports HD. In addition to new programming contracts, Sky continues to operate under arrangements with a number of third party programming providers to provide additional channels to its subscribers. Sky also has arrangements with the major programming studios and sports federations.

In 2012, the Sky HD Package comprised 41 channels, as well as 10 additional channels for exclusive events such as Spanish League, Capital One Cup, Berlin Marathon, bullfights from Spain, NHL, NBA, Basketball Euroleague and some WTA games among other HD transmissions. We expect to continue broadening our HD offering in the coming years for which we may need additional transponder capacity.

In 2012, Sky also broadened its product offering by launching Access, a new lower-priced package that is highly attractive to customers with lower budgets,

As of February 28, 2013, programming package monthly fees for residential subscribers, net of a prompt payment discount if the subscriber pays within 12 days of the billing date, are the following: Basic Ps.159, Fun Ps.279, Movie City Ps.394, HBO/Max Ps.444 and Universe Ps.584. Monthly fees for each programming package do not reflect a monthly rental fee in the amount of Ps.164 for the decoder necessary to receive the service (or Ps.150 if the subscriber pays within 12 days of the billing date) and a one-time activation fee which depends on the number of decoders and payment method.

Sky devotes 20 pay-per-view channels to family entertainment and movies and eight channels are devoted to adult entertainment. In addition, Sky assigns five extra channels exclusively for special events, known as Sky Events, which include concerts and sports. Sky provides some Sky Events at no additional cost while it sells others on a pay-per-view basis.

In order to more effectively compete against cable operators in the Mexican pay-TV market, in 2010, SKY launched two new set-top boxes for HD programming: SKY+ HD, a personal video recorder, or PVR, set-top box that allows up to 400 hours of standard definition, or SD, programming or 100 hours of HD programming recorded on its 500 GB drive, and SKY HD, a set-top box designed to view both HD and SD programming. Both set-top boxes come with our new and enhanced programming guide and new functionalities.

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

In June 2012, Sky launched Blue to Go, an internet service for customers in the Mexico City area.

Programming. We are a major source of programming content for our DTH venture and have granted our DTH venture DTH satellite service broadcast rights to most of our existing and future program services (including pay-per-view services on DTH), subject to some pre-existing third party agreements and other exceptions and conditions. Through its relationships with us and DIRECTV, we expect that the DTH satellite service in Mexico will be able to continue to negotiate favorable terms for programming both with third parties in Mexico and with international suppliers from the United States, Europe and Latin America. At the end of 2008, Dish Mexico, a new competitor in the DTH market, launched its services in Mexico. Since 2010, there is a fiber to the home, or FTTH, pay-TV service called Total Play, which offers more than 260 channels, Video on Demand, HD and other applications. This service also includes bundle discounts for their interactive TV, internet and voice services. At the end of 2012, Axtel launched a new product called Axtel TV, which offers up to 77 standard definition channels, 8 HD channels, 50 audio channels, and 50 hours of virtual recording, in addition to internet and voice services.

Univision

We have a number of arrangements with Univision, the leading Spanish-language media company in the United States, which owns and operates the Univision Network, the most-watched Spanish-language television network in the United States, UniMás Network, and Galavision satellite/cable television networks, and the Univision.com website and other Univision-branded online experiences. UniMás Network was the result of the transformation of Univision's former Telefutera network, which is part of Univision's expansion and investment efforts that in 2012 included the launch of three new networks Univision Deportes, Univision tlnovelas and FORO TV as well as a digital videonetwork called UVideos.

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On December 20, 2010, Univision, we, Univision's parent company, and other parties affiliated with the investor groups that own Univision's parent company entered into various agreements and completed certain transactions previously announced in October 2010. As a result, in December 2010, we (1) made a cash investment of U.S.\$1,255 million in BMP, the parent company of Univision, in exchange for an initial 5% equity stake in BMP, and U.S.\$1,125 million aggregate principal amount of 1.5% Convertible Debentures of BMP due 2025 which are convertible at our option into additional shares currently equivalent to a 30% equity stake of BMP, subject to existing laws and regulations in the United States and other conditions, (2) acquired an option to purchase at fair value an additional 5% equity stake in BMP, subject to existing laws and regulations in the United States, and other terms and conditions, and (3) sold to Univision our 50% equity interest in TuTv, previously our joint venture with Univision engaged in satellite and cable pay-TV programming distribution in the United States, for an aggregate cash amount of U.S.\$55 million. In connection with this investment, (1) we entered into an amended program license agreement, or PLA, with Univision, pursuant to which Univision has the exclusive right to broadcast certain Televisa content in the United States for a term that commenced on January 1, 2011 and ends on the later of 2025 or seven and one-half years after we have sold two-thirds of our initial investment in BMP, (2) we entered into a new program license agreement with Univision, the Mexico License Agreement, or MLA, under which we have received the exclusive Spanish-language broadcast and digital rights to Univision's audiovisual programming (subject to certain exceptions) in Mexico during the term of the new PLA and (3) four representatives of the Company joined Univision's Board of Directors, which was increased to 22 members.

In connection with this transaction, we and Univision terminated the prior program license agreement as of December 31, 2010.

Under the new PLA, we have granted Univision exclusive Spanish-language broadcast and digital rights to our audiovisual programming (subject to certain exceptions) in the United States and all territories and possessions of the United States, including Puerto Rico, which includes the right to use our online, network and pay-television programming in all Spanish-language media (with certain exceptions), including Univision's three current Spanish television networks (the Univision, UniMás and Galavisión television networks), future Spanish-language networks owned or controlled by Univision and current and future Univision Spanish-language online and interactive platforms (such as Univision.com). Univision also has rights under the new PLA to broadcast in the United States Mexican soccer games for which we own or control the United States rights, beginning with select teams in 2011 and expanding in 2012 to all teams to which we own or control United States rights.

Under the terms of the new PLA, Univision's royalty payments to us increased, effective as of January 1, 2011, from 9.36% of television revenue, excluding certain major soccer events, to 11.91% of substantially all of Univision's audiovisual and online revenues through December 2017, at which time royalty payments to us will increase to 16.22%. Additionally, we will receive an incremental 2% in royalty payments on any Univision audiovisual revenues above U.S.\$1.65 billion. The royalty base generally includes all Univision revenues from the exploitation or operation of its Spanish-language audiovisual platforms, sublicensing arrangements, licenses of content to network affiliates or multichannel video programming distributors, and Univision-branded online platforms, whether those revenues are derived on an advertising, subscription, distribution, interactive media, or transactional basis. We have agreed to provide Univision with at least 8,531 hours of programming per year for the term of the PLA.

In connection with the December 20, 2010 transactions with Univision, we and Univision entered into the MLA, under which we have received the exclusive Spanish-language broadcast and digital rights to Univision's audiovisual programming (subject to certain exceptions) in Mexico during the term of the new PLA.

We have an international program right agreement, or IPRA, with Univision that previously required Univision to grant us and Venevision International Corporation, or Venevision, the right to broadcast outside the United States programs produced by Univision for broadcast on the Univision Network or the Galavisión Network under this agreement. On December 20, 2010, we and Univision entered into an amendment to the IPRA pursuant to which, subject to the MLA, our broadcast rights over Univision programs reverted back to Univision without affecting Venevision's rights under the IPRA. We also entered into an international sales agency agreement with Univision, pursuant to which Univision grants us the right to act as Univision's sales agent during the term of the MLA to sell or license worldwide outside the United States and Mexico (and with respect to certain programming, outside of Venezuela and certain other territories) Univision's Spanish-language programming, to the extent Univision makes such programming available in other territories and Univision owns or controls rights in these territories, and subject to limited exceptions.

In December 2011, we made an additional investment of U.S.\$49.1 million in cash in common stock of BMP, the parent company of Univision, by which we increased our interest in BMP from 5% to 7.1%. In August 2012, we made an additional investment of U.S.\$22.5 million in cash in common stock of BMP by which we increased our interest in BMP from 7.1% to 8.0%.

On March 19, 2013, Univision and DirecTV LLC and DirecTV Puerto Rico, Ltd. (the "DirecTV Entities") announced a comprehensive multi-year agreement that includes carriage of, among other programming services, the network feeds for Univision, UniMás, Galavisión, Univision Deportes Network, Univision tlnovelas and ForoTV (the "Distribution Agreement") whereby the parties thereto included, as part of the agreement,

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the release by us and Mr. Emilio Azcarraga Jean of certain carriage rights that we and Mr. Emilio Azcarraga Jean held, respectively, with the DirectTV Entities for the United States of America. As consideration for the release by us of certain carriage rights held by us, Univision agreed to pay us an amount equal to U.S.\$30.0 million and to provide us, at no cost, with 15% of all unsold advertising inventory for our promotion of our businesses in the Univision Deportes Network and in another advertising supported programming service that will be distributed by the DirectTV Entities pursuant to the Distribution Agreement and by other distribution platforms pursuant to the respective distribution agreements. As consideration for the release by Mr. Emilio Azcarraga Jean of the basic tier carriage rights held by him, Univision agreed to pay a net amount equal to U.S.\$35.7 million. As a result of the execution of the Distribution Agreement, we expect an increase in Univision's revenues, and therefore in the corresponding royalties pursuant to the PLA.

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Competition

We compete with various forms of media and entertainment companies in Mexico, both Mexican and non-Mexican. See **Key Information Risk Factors Risk Factors Related to Our Business We Face Competition in Each of Our Markets That We Expect Will Intensify** .

Content

Our television stations compete for advertising revenues and for the services of recognized talent and qualified personnel with other television stations (including the stations owned by TV Azteca) in their markets, as well as with other advertising media, such as radio, newspapers, outdoor advertising, cable television and a multi-channel, multi-point distribution system, or MMDS, and DTH satellite services. Our content also competes with other forms of entertainment and leisure time activities. We generally compete with 199 channels throughout Mexico, including the channels of our major competitor, TV Azteca, which owns and operates Channels 7 and 13 in Mexico City, which we believe are affiliated with 183 stations outside of Mexico City. Televisora del Valle de Mexico owns the concession for Channel 40, a UHF channel that broadcasts in the Mexico City metropolitan area. Based upon IBOPE AGB Mexico surveys, during 2010, 2011 and from January 1, 2012 to June 16, 2012 the combined average audience share throughout Mexico of both the Channel 7 and 13 networks was 32.0%, 33.1% and 31.8%, respectively, during prime time, and 30.4%, 31.5% and 30.4%, respectively, during sign-on to sign-off hours. See **Television Television Industry in Mexico** .

In addition to the foregoing channels, there are additional operating channels in Mexico with which we also compete, including Channel 11, which has 32 repeater stations, and Channel 22, which has 16 repeater stations in Mexico City, which are operated by the Mexican government. Our television stations are the leading television stations in their respective markets. See **Television Content** .

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

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

Publishing

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

Cable and Telecom

According to information from the SCT and Cofotel, there were approximately 1,500 cable concessions in Mexico as of December 31, 2012, serving approximately 5.7 million subscribers. Cablevisión, Cablemás and TVI compete with Innova, our DTH venture. See **DTH Satellite Services** . Cablevisión also faces competition from Dish Mexico, a joint venture between MVS Comunicaciones and set-top box provider EchoStar. Dish Mexico is a DTH operator and competes in some segments against Cablevisión in Mexico City and the surrounding areas mainly driven by its Ps.149 basic package. Dish Mexico has been in operation since 2008 and offers 53 channels to its subscribers in its basic package. Furthermore, since Cablevisión, Cablemás and TVI operate under non-exclusive franchises, other companies may obtain permission to build cable television systems, DTH, IPTV and MMDS systems in areas where they presently operate. In addition, pursuant to the Telecommunications Law, Cablevisión, Cablemás and TVI are required to provide access to their cable network to the extent they have available capacity on their respective networks.

In addition, in connection with internet access services and other new products and multimedia communications services, cable operators, who were already authorized to provide bidirectional data and internet broadband services, have been authorized by the Mexican government to also provide voice services, including VoIP services.

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

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

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Radio

The radio broadcast business is highly competitive in Mexico. Our radio stations compete with other radio stations in their respective markets, as well as with other advertising media, such as television, newspapers, magazines and outdoor advertising. Among our principal competitors in the radio broadcast business are Grupo Radio Centro, S.A. de C.V., which owns or operates approximately 118 radio stations throughout Mexico, 11 of which are located in Mexico City, and Grupo Acir, which owns or operates approximately 80 radio stations in Mexico, six of which are located in Mexico City.

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

Feature Film Production and Distribution

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

DTH Satellite Services

Innova presently competes with, or expects to compete with, among others, cable systems (including Cablevisión), MMDS systems, national broadcast networks (including our four networks), regional and local broadcast stations, other DTH concessions, unauthorized C-band and Ku-band television signals obtained by Mexican viewers on the gray market, radio, movie theaters, video rental stores, internet and other entertainment. If, as expected, the bill submitted by the President of Mexico to amend the Mexican Constitution is approved, we may face significant competition from new entrants in pay-TV services as well as from the new public television networks.

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

In October 2008, Dish Mexico, a U.S. based DTH company operating with certain arrangements with Telmex, started operations in Mexico through a DTH concession. Dish Mexico currently operates nationwide.

Since 2010, there is a fiber to the home, or FTTH, pay-TV service called Total Play, which offers more than 260 channels, Video on Demand, HD and other applications. This service also includes bundle discounts for their interactive TV, internet and voice services. In the end of 2012, Axtel launched a new product called Axtel TV, which offers up to 77 standard definition channels, 8 HD channels, 50 audio channels, and 50 hours of virtual recording in addition to internet and voice services.

Gaming Business

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

Regulation

Our business, activities and investments are subject to various Mexican federal, state and local statutes, rules, regulations, policies and procedures, which are constantly subject to change, and are affected by the actions of various Mexican federal, state and local governmental authorities. See **Key Information** **Risk Factors** **Risk Factors Related to Mexico** **Imposition of Fines by Regulators and Other Authorities Could Adversely Affect Our Financial Condition and Results of Operations** , **Existing Mexican Laws and Regulations or Changes Thereto or the Imposition of New Ones May Negatively Affect Our Operations and Revenue** and **The Recent Constitutional Bill Being Debated at the Mexican Federal Congress, if Approved, May Have an Adverse Effect on Our Business, Results of Operations and Financial Condition** . The material Mexican federal, state and local statutes, rules, regulations, policies and procedures to which our business, activities and investments are subject are summarized below. Station XETV, Tijuana, which broadcasts CW Network television programming in the San Diego television

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market, is also subject to certain regulatory requirements of the FCC, including the obligation to obtain permits for cross-border transmission of programming broadcast to the United States and to obtain licenses to operate microwave and/or satellite earth station transmitting equipment within the U.S. These summaries do not purport to be complete and should be read together with the full texts of the relevant statutes, rules, regulations, policies and procedures described therein.

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Television

Mexican Television Regulations

Concessions. Certain amendments to the existing Radio and Television Law and the Telecommunications Law have been enacted. In May 2006, several members of the Senate of the Mexican Federal Congress filed a complaint before the Supreme Court of Justice of Mexico, seeking a declaration that such amendments were unconstitutional and therefore null and void. This complaint was resolved by the Supreme Court of Justice in June 2007, declaring several provisions of the amendments to the Radio and Television Law and to the Telecommunications Law unconstitutional and therefore null and void. Among the provisions declared as unconstitutional by the Supreme Court of Justice are the ones referred to in former Article 28 of the Radio and Television Law, pursuant to which holders of concessions had the ability to request authorization to provide additional telecommunications services within the same spectrum covered by a current concession without having to participate in a public bid therefor and Article 16 of the Radio and Television Law, pursuant to which concessions were granted for a fixed term of 20 years with the possibility to renew such concessions by obtaining from the SCT a certification of compliance with the obligations of the concessionaire under the concession. As a result of the Supreme Court of Justice's ruling, once the transition to digital television and digital radio broadcasting is completed, if we want to provide additional telecommunications services within the same spectrum granted for digital television or digital radio broadcasting, respectively, we will have to follow the provisions of Article 24 of the Telecommunications Law to obtain the concession therefor. Also, there is uncertainty as to how radio and television concessions will be renewed in the future, since the Supreme Court of Justice ruling has resulted in requiring the renewal of the concessions to be subject to a public bid process, with a right of preference over other participating bidders given to the incumbent concessionaire. Additionally, on March 11, 2013, the Telecom and Antitrust Bill was submitted by the President of Mexico jointly with representatives of the main political parties to the Mexican Federal Congress. As of the date of this annual report, the Telecom and Antitrust Bill has been approved by the House of Representatives and is currently under review by the Senate. Once approved by the Senate, it will be sent to the State legislatures for their review and approval. If approved by the majority of such legislatures, it will be effective once published by the President. The Telecom and Antitrust Bill does not provide for the terms and conditions to renew broadcasting and telecommunication concessions, as such matter will have to be included in the corresponding implementing legislation. See *Key Information Risk Factors Risk Factors Related to Mexico The Recent Constitutional Bill Being Debated at the Mexican Federal Congress, if Approved, May Have an Adverse Effect on Our Business, Results of Operations and Financial Condition and Risk Factors Related to Our Business The Operation of Our Business May Be Terminated or Interrupted if the Mexican Government Does Not Renew or Revokes Our Broadcast or Other Concessions*. Also, either the SCT or the *Comision Federal de Telecomunicaciones*, or Federal Telecommunications Commission, shall provide notice in the *Diario Oficial de la Federación*, or the Official Gazette of the Federation, of the call for bids and the available television frequencies, and make available the prerequisites for bids from interested parties for a maximum of 30 days.

The bidders shall comply with the following requirements:

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

submission of plans for production and programming;

receipt of a guaranty to ensure the continuation of the process until the concession is granted or denied; and

a request for a favorable opinion from the Mexican Antitrust Commission.

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

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

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

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

failure to construct broadcasting facilities within a specified time period;

changes in the location of the broadcasting facilities or changes in the frequency assigned without prior governmental authorization;

direct or indirect transfer of the concession, the rights arising therefrom or ownership of the broadcasting facilities without prior governmental authorization;

transfer or encumbrance, in whole or in part, of the concession, the rights arising therefrom, the broadcasting equipment or any assets dedicated to the concessionaire's activities, to a foreign government, company or individual, or the admission of any such person as a partner in the concessionaire's business;

failure to broadcast for more than 60 days without reasonable justification;

any amendment to the bylaws of the concessionaire that is in violation of applicable Mexican law; and

any breach to the terms of the concession title.

None of our over-the-air television concessions has ever been revoked or otherwise terminated.

We believe that we have operated our television concessions substantially in compliance with their terms and applicable Mexican law. If a concession is revoked or terminated, the concessionaire could be required to forfeit to the Mexican government all of its assets or the Mexican government could have the right to purchase all the concessionaire's assets. In our case, the assets of our licensee subsidiaries generally consist of transmitting facilities and antennas. See [Key Information Risk Factors Risk Factors Related to Our Business The Operation of Our Business May Be Terminated or Interrupted if the Mexican Government Does Not Renew or Revokes Our Broadcast or Other Concessions](#) .

In July 2004, in connection with the adoption of a policy issued by the SCT for the transition to digital television, all of our television concessions were renewed until 2021. DTH concessions expire in 2020 and 2026. The expiration dates for the concessions for our telephone services range from 2018 to 2026. See [Key Information Risk Factors Risk Factors Related to Mexico Existing Mexican Laws and Regulations or Changes Thereto or the Imposition of New Ones May Negatively Affect Our Operations and Revenue](#) . We are unable to predict when we will obtain the renewal to such concessions. See [Key Information Risk Factors Risk Factors Related to Our Business The Operation of Our Business May Be Terminated or Interrupted if the Mexican Government Does Not Renew or Revokes Our Broadcast or Other Concessions](#) .

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

Television programming is subject to various regulations, including prohibitions on foul language and programming which is offensive or is against the national security or against public order. Under Mexican regulations, the Mexican Ministry of the Interior reviews most television programming and classifies the age group for which the programming is acceptable for viewing. Programs classified for adults may be broadcast only after 10:00 p.m.; programs classified for teenagers over 15 years old may be broadcast only after 9:00 p.m.; programs classified for teenagers under 15 years old may be broadcast only after 8:00 p.m.; and programs classified for all age groups may be shown at any time.

Television programming is required to promote Mexico's cultural, social and ideological identity. Each concessionaire is also required to transmit each day, free of charge, up to 30 minutes of programming regarding cultural, educational, family counseling and other social matters using programming provided by the Mexican government. Historically, the Mexican government has not used a significant portion of this time.

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

Restrictions on Advertising. Mexican law regulates the type and content of advertising broadcast on television. Concessionaires may not broadcast misleading advertisements. Under current law, advertisements of alcoholic beverages (other than beer and wine) may be broadcast only after 9:00 p.m. and advertisements for tobacco products are prohibited. Advertising for alcoholic beverages must not be excessive and must be combined with general promotions of nutrition and general hygiene. The advertisements of some products and services, such as medicine and alcohol, require approval of the Mexican government prior to their broadcast. Moreover, the Mexican government must approve any advertisement of lotteries and other games.

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No more than 18% of broadcast time may be used for advertisements on any day. The SCT approves the minimum advertising rates. There are no restrictions on maximum rates. See [Key Information Risk Factors Risk Factors Related to Mexico Existing Mexican Laws and Regulations or Changes Thereto or the Imposition of New Ones May Negatively Affect Our Operations and Revenue](#) .

Government Broadcast Time. Radio and television stations are obligated to provide to the Mexican Government up to 18 minutes per day of our television broadcast time and 35 minutes per day of our radio broadcast time between 6:00 a.m. and midnight, in each case distributed in an equitable and proportionate manner. Any time not used by the Mexican government on any day is forfeited. Generally, the Mexican government uses all or substantially all of the broadcast time available to it under this tax.

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

Radio

The regulations applicable to the operation of radio stations in Mexico are identical in all material respects to those applicable to television stations. The expiration dates of our radio concessions range from 2015 to 2020. See [Television , Other Businesses Radio Stations and Key Information Risk Factors Risk Factors Related to Our Business The Operation of Our Business May Be Terminated or Interrupted if the Mexican Government Does Not Renew or Revokes Our Broadcast or Other Concessions](#) .

Cable Television

Concessions. Cable television operators now apply for a public telecommunications network concession from the SCT in order to operate their networks and provide cable television services and other multimedia communications services. Applications are submitted to the SCT and, after a formal review process, a public telecommunications network concession is granted for an initial term of up to 30 years. Cablevisión obtained a telecommunications concession, which expires in 2029, and its Channel 46 Concession, which expired in November 2010. We filed for a renewal of the Channel 46 Concession and in February 2010, the SCT notified Cablevisión that the Channel 46 Concession would not be renewed. We have initiated legal actions against SCT's notice seeking to obtain the renewal of such concession. Pursuant to its public telecommunications concession, Cablevisión can provide cable television, limited audio transmission services, specifically music programming, bidirectional internet access and unlimited data transmission services in Mexico City and surrounding areas in the State of Mexico (*Estado de México*), and in October 2010, the SCT granted Cablevisión authorization to provide the aforementioned services in 13 additional municipalities of the State of Mexico. In addition, in May 2007, the SCT granted Cablevisión a concession allowing Cablevisión to provide local telephony services using the telephony public network. The scope of Cablevisión's public telecommunications concession is much broader than the scope of its former cable television concession, which covered only cable television services and audio programming.

Cablemás operates under 47 concessions which cover 14 Mexican states. Through these concessions, Cablemás provides cable television services, internet access and bidirectional data transmission. Each concession granted by the SCT allows Cablemás to install and operate a public telecommunications network. The expiration dates for Cablemás' concessions range from 2013 to 2039.

TVI operates under 7 concessions, which cover four Mexican states. Through these concessions, TVI provides cable television services, bidirectional data transmission and internet and telephony services. Each concession granted by the SCT allows TVI to install and operate a public telecommunications network. The expiration dates for TVI's concessions range from 2015 to 2028.

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A public telecommunications concession may be renewed upon its expiration, or revoked or terminated prior to its expiration in a variety of circumstances including:

unauthorized interruption or termination of service;

interference by the concessionaire with services provided by other operators;

noncompliance with the terms and conditions of the public telecommunications concession;

the concessionaire's refusal to interconnect with other operators;

loss of the concessionaire's Mexican nationality;

unauthorized assignment, transfer or encumbrance, in whole or in part, of the concession or any rights or assets;

the liquidation or bankruptcy of the concessionaire; and

ownership or control of the capital stock of the concessionaire by a foreign government.

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

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

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

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

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

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

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In addition to broadcasting programming that promotes Mexican culture, cable television operators must also set aside a specified number of their channels, which number is based on the total number of channels they transmit, to transmit programming provided by the Mexican government.

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

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

Non-Mexican Ownership of Public Telecommunications Networks

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

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

Cablevisión, TVI and Cablemás may be required, under Mexican law, to permit other concessionaires to connect their network to its network in a manner that enables its customers to choose the network by which the services are carried.

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

Satellite Communications

Mexican Regulation of DTH Satellite Services. Concessions to broadcast DTH satellite services are for an initial term of up to 30 years, and are renewable for up to 30 years. We received a 30-year concession to operate DTH satellite services in Mexico utilizing SatMex satellites in May 1996. In November 2000, we received an additional 20-year concession to operate our DTH satellite service in Mexico using the IS-9 satellite system, a foreign-owned satellite system. Our use of the IS-16 and IS-21 satellites has been authorized by the competent Mexican authorities.

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

The failure to use the concession within 180 days after it was granted;

A declaration of bankruptcy of the concessionaire;

Failure to comply with the obligations or conditions specified in the concession;

Unlawful assignments of, or encumbrances on, the concession; or

Failure to pay to the government the required fees.

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

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

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

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

Mexican Gaming Regulations

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Pursuant to Mexico's Federal Law of Games and Draws, or *Ley Federal de Juegos y Sorteos*, or Gaming Law, and its accompanying regulations, the *Reglamento de la Ley Federal de Juegos y Sorteos*, or Gaming Regulations, the Mexican Ministry of the Interior has the authority to permit the operation of all manner of games and lotteries that involve betting. This administrative authorization is defined as a permit under the Gaming Regulations. Under the Gaming Regulations, each permit establishes the terms and conditions for the operation of the respective activities authorized under the permit and the specific periods for operation of those activities. Permits for games and lotteries that involve betting have a maximum term of 25 years. The holder of the relevant permit must comply with all the terms provided in the permit, the Gaming Law and the Gaming Regulations. We were granted a Gaming Permit on May 25, 2005, which expires on May 24, 2030.

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Mexican Antitrust Law

Mexico's Federal Antitrust Law and the accompanying regulations, the *Reglamento de la Ley Federal de Competencia Económica*, may affect some of our activities, including our ability to introduce new products and services, enter into new or complementary businesses and complete acquisitions or joint ventures. In addition, Mexico's Federal Antitrust Law and the accompanying regulations may adversely affect our ability to determine the rates we charge for our services and products. In addition, approval of the Mexican Antitrust Commission is required for us to acquire certain businesses or enter into certain joint ventures. See Key Information Risk Factors Risk Factors Related to Mexico Mexican Antitrust Laws May Limit Our Ability to Expand Through Acquisitions or Joint Ventures , Existing Mexican Laws and Regulations or Changes Thereto or the Imposition of New Ones May Negatively Affect Our Operations and Revenue and The Recent Constitutional Bill Being Debated at the Mexican Federal Congress, if Approved, May Have an Adverse Effect on Our Business, Results of Operations and Financial Condition .

Several amendments to Mexico's Federal Antitrust Law have been in full force since May 11, 2011. Under these amendments, the review process of mergers and acquisitions by the Mexican Antitrust Commission has been modified to allow reporting parties to request a fast track review for a specific transaction when it is evident that the transaction does not restrain competition. It is considered evident that a transaction does not restrain competition when:

- (i) the acquirer does not have any participation in any market related to the relevant market; and
- (ii) the acquirer is not an actual or potential competitor of target; and
- (iii) any of the following circumstances are met:
 - (x) the acquirer is a new participant in the relevant market;
 - (y) the acquirer does not have control over target before or after the transaction; or
 - (z) the acquirer has control over target before the transaction.

The Mexican Antitrust Commission must resolve within 5 business days from the date of filing if the transaction should be admitted to the fast track review process. Once admitted, it must resolve within 15 business days whether it is evident that the transaction does not restrain competition.

In addition, pursuant to these last amendments, the following reportable transactions, among others, are exempt from being reviewed by the Mexican Antitrust Commission:

- (i) Corporate restructurings.
- (ii) Transactions where the acquirer has control over the target from its incorporation or from the date the last reported transaction was approved by the Mexican Antitrust Commission.
- (iii) Transactions that have effect in Mexico involving non-Mexican participants, if the participants will not take control of Mexican legal entities, or acquire assets in Mexico, in addition to those previously controlled or owned by such participants.

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- (iv) Acquisitions of equity securities (or convertible securities) through stock markets that represent less than 10% of such securities, and the acquirer is not entitled to (w) appoint board members; (x) control a shareholders meeting decision; (y) vote more than 10% of voting rights of the issuer; or (z) direct or influence the management, operation, strategy or principal policies of the issuer.

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

(a) The Mexican Antitrust Commission has been granted authority to request written evidence, request testimonies, and perform verification visits in any premises of the party being investigated where it is presumed that evidence related to the commission of violations of the law may exist, without the need of a judicial subpoena.

(b) If, after an investigation is terminated, the Mexican Antitrust Commission resolves that there is evidence to presume the existence of a monopolistic practice or illegal merger, it must summon the defendant. In connection with or after such summon, if it believes that the presumed illegal conduct could irreversibly restrain competition, it could issue a temporary suspension order of such conduct until a final resolution is issued.

(c) The Mexican Antitrust Commission has also been empowered to file with the Mexican Federal Attorney General a criminal complaint against any individual that participates, orders or executes any per se practice (price fixing, output restriction, market allocation and bid rigging) and only when a non-appealable decision is issued confirming such conduct. All the criminal investigation and process will be handled by the Mexican Federal Attorney General.

The amendments have also increased monetary fines significantly and provide for changes in the actions to be taken by the Mexican Antitrust Commission with respect to illegal conduct. See [Key Information Risk Factors Risk Factors Related to Mexico Imposition of Fines by Regulators and Other Authorities Could Adversely Affect Our Financial Condition and Results of Operations](#) .

Additionally, Mexico's Federal Antitrust Law was amended on August 30, 2011.

These amendments provide that those persons who have suffered damages or losses arising out of monopolistic practices or prohibited concentrations may, individually or collectively, bring legal actions, irrespective of the remedies already provided for in Mexico's Federal Antitrust Law. Such legal actions must be brought pursuant to the Federal Code for Civil Procedures.

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Mexican Electoral Amendment

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

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

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

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

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

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

Telecom and Antitrust Constitutional Bill

In March 2013, the House of Representatives (*Camara de Diputados*) of the Mexican Federal Congress submitted to the Senate the Telecom and Antitrust Bill. See [Key Information Risk Factors Related to Mexico The Recent Constitutional Bill Being Debated at the Mexican Federal Congress, if Approved, May Have an Adverse Effect on Our Business, Results of Operations and Financial Condition](#) . As of the date of this annual report, the bill is still under review of the Senate. Once the bill is approved by the Senate and thereafter by two-thirds of the members in attendance of both Chambers of the Mexican Federal Congress and a majority of the State legislatures of Mexico and published by the President, it will become effective. Congress will have to pass implementing legislation to detail most aspects of the Telecom and Antitrust Bill within 180 calendar days following its effectiveness although some provisions of the bill will become effective upon its promulgation and/or without the need of such implementing legislation.

The Telecom and Antitrust Bill will create two regulatory bodies, independent from the executive branch of government, the *Comisión Federal de Competencia Económica*, or CFCE, or the New Mexican Antitrust Commission (which will take over the functions of the current Mexican Antitrust Commission, except in the areas of telecommunications and broadcasting (television and radio)), and the *Instituto Federal de Telecomunicaciones*, or IFETEL, or the Federal Telecommunications Institute (which will oversee the Mexican telecommunications and broadcasting (television and radio) industries, including all antitrust matters relating to such industries), as well as specialized federal courts empowered to review all rulings, actions and omissions of these independent bodies. No stay or injunction will suspend any measure or action

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taken by such regulatory bodies. Therefore, until any ruling, action or omission of either of such independent governmental bodies is declared null and void by a final judgment issued by a competent specialized court, such ruling, action or omission will be in full force and effect.

Each of such independent regulators will be comprised of seven members to be appointed for a 9-year period (except for the first appointments which will have shorter staggered terms). The appointment of each member requires ratification by two-thirds of the members of the Senate in attendance at the ratification hearing. The candidates to be proposed by the President have to come from a list proposed by an Evaluation Committee comprised of the Chairman of each of three independent bodies: Banco de Mexico (Mexico's Central Bank), the INEGI (Statistics and Geography Institute), and the Instituto Nacional para la Evaluación de la Educación (Education Evaluation Agency).

IFETEL would be empowered, among other things, to (i) oversee the Mexican telecommunications and broadcasting (television and radio) industries, including all antitrust matters of such services; (ii) set limits to national and regional frequencies that can be exploited by a concession holder, or to the cross-ownership of telecommunications, television or radio businesses that serve the same market or geographical zone; (iii) issue asymmetric regulation; (iv) grant and revoke telecommunications, television and radio concessions; (v) approve any assignment or transfer of control of such concessions; (vi) revoke a concession, among others, in case its holder breaches a non-appealable decision confirming the existence of illegal antitrust conduct (*practica monopólica*); (vii) determine the payment to be made to the government in the granting of such concessions; and (viii) order the divestment of certain assets to foster competition, as well as measures to avoid spectrum concentration by a single economic agent.

Concessions for use of spectrum will only be granted through a public tender process that aims to ensure lowest price to customers and the highest possible number of participants. The Telecom and Antitrust Bill does not provide for the terms and conditions to renew broadcasting and telecommunications concessions, as such matter will have to be included in the corresponding implementing legislation. Moreover, a new penalties scheme will be established for cases of non-compliance with the obligations imposed under the concession.

The Telecom and Antitrust Bill calls for a public auction for the purpose of granting concessions to establish at least two new nationwide over-the-air TV networks in Mexico. These new networks, if established, will compete with our existing networks, and some broadcasters with existing concessions that meet certain criteria, including us, will be barred from participating in the proposed auction.

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Under the Telecom and Antitrust Bill, access to information and communication technologies, as well as broadcasting and telecommunications services (including broadband), will be established as constitutional rights. The bill further requires that such information be diverse and timely, and that any person may search, receive and disclose information and ideas of any kind through any media. The implementing legislation will have to specify the scope of such rights.

The Telecom and Antitrust Bill permits 100% foreign ownership in satellite and telecommunications services, lifting the current restrictions, and increases to up to 49% the level of permitted foreign ownership in television and radio services, subject to reciprocity of the originating foreign investment country.

The Telecom and Antitrust Bill provides that the following rules will apply once the IFETEL is established and its members have taken office: (i) **Must-offer** : holders of concessions authorized to broadcast over-the-air TV signals will have to license, on a nondiscriminatory basis and free of charge, such over-the-air TV signals to pay-TV concession holders; (ii) **Must-carry** : holders of pay-TV concessions must carry, on a nondiscriminatory basis and free of charge, over-the-air TV signals broadcast in its region; and DTH-pay-TV-service concession holders must carry over-the-air TV signals broadcast in at least 50% of the Mexican territory; (iii) **Restrictions**: concession holders or economic agents that meet the preponderant economic agent (*agente economico preponderante*) criteria (as discussed below) and/or are declared with substantial market power in telecommunications or broadcasting markets, will not benefit from the free-of-charge provision with respect to the contents or the broadcasting of over-the-air TV signals and will have to agree on the terms and conditions, including the rates to be paid. The condition to provide free of charge such **must offer** and **must carry** obligations will cease when IFETEL declares that competitive conditions have been achieved in the telecommunications and broadcasting (television and radio) markets. Failure to reach agreement on price for license of over-the-air TV signals will be resolved by IFETEL.

Within 180 calendar days from the date of the establishment of IFETEL and its members having taken office, and without the need of further implementing legislation, IFETEL will have to (i) determine if there are any preponderant economic agents (*agentes economicos preponderantes*) in the telecommunications and broadcasting (television and radio) industries (this determination is independent from the current declaration of a dominant carrier or a substantial market power agent); a preponderant (*preponderante*) economic agent means any economic agent in the national broadcasting (television and radio) and/or telecommunications services that has, directly or indirectly, more than 50% of the national market share in such services, calculated based on the number of users, subscribers, audience, or installed capacity or usage according to the data available to IFETEL; and (ii) impose measures on such preponderant economic agents (*agentes economicos preponderantes*) to prevent harm to competition and consumers. Among other things, IFETEL may impose measures related to information, service offerings and quality of services, exclusive arrangements, end-user equipment, and asymmetric regulation in tariffs and network infrastructure, including local loop unbundling, accounting, functional or structural separation of such agents.

The Telecom and Antitrust Bill calls for the National Development Plan (*Plan Nacional de Desarrollo*) to include a program for installing broadband connections in public facilities, which would identify the number of sites to be connected per year to promote access to broadband in public buildings dedicated to investigation, health, education, social services and in other facilities owned by the government.

Mexico's transition to digital television is currently scheduled to be completed in December 2015. By the completion date, frequencies released as a consequence of such digitalization will be transferred back to the Mexican State.

See **Key Information** **Risk Factors Related to Mexico** **The Recent Constitutional Bill Being Debated at the Mexican Federal Congress, if Approved, May Have an Adverse Effect on Our Business, Results of Operations and Financial Condition** .

Significant Subsidiaries

The table below sets forth our significant subsidiaries as of December 31, 2012.

Name of Significant Subsidiary	Jurisdiction of Organization	Percentage Ownership(1)
	or Incorporation	
Corporativo Vasco de Quiroga, S.A. de C.V. ⁽⁴⁾⁽⁵⁾	Mexico	100.0%
Consorcio Nekeas, S.A. de C.V. ⁽²⁾⁽³⁾	Mexico	100.0%
CVQ Espectáculos, S.A. de C.V. ⁽²⁾⁽³⁾	Mexico	100.0%

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Editora Factum, S.A. de C.V. ⁽³⁾⁽⁵⁾	Mexico	100.0%
Empresas Cablevisión, S.A.B. de C.V. ⁽³⁾⁽⁶⁾	Mexico	51.0%
Editorial Televisa, S.A. de C.V. ⁽³⁾⁽⁷⁾	Mexico	100.0%
Factum Más, S.A. de C.V. ⁽³⁾⁽⁸⁾	Mexico	100.0%
Sky DTH, S. de R.L. de C.V. ⁽³⁾⁽⁸⁾	Mexico	100.0%
Innova Holdings, S. de R.L. de C.V. ⁽³⁾⁽⁸⁾	Mexico	58.7%
Innova, S. de R.L. de C.V. (Innova) ⁽⁹⁾	Mexico	58.7%
Grupo Distribuidoras Intermex, S.A. de C.V. ⁽²⁾⁽³⁾⁽¹⁰⁾	Mexico	100.0%
Grupo Telesistema, S.A. de C.V. ⁽¹¹⁾	Mexico	100.0%
G-Televisa-D, S.A. de C.V. ⁽¹²⁾	Mexico	100.0%
Televisa, S.A. de C.V. ⁽¹³⁾	Mexico	100.0%
Televisión Independiente de México, S.A. de C.V. ⁽³⁾	Mexico	100.0%
Televisa México Ltd. ⁽¹⁴⁾	Switzerland	100.0%
Multimedia Telecom, S.A. de C.V. ⁽¹⁴⁾	Mexico	100.0%
Sistema Radiópolis, S.A. de C.V. ⁽²⁾⁽³⁾⁽¹⁵⁾	Mexico	50.0%
Televisa Juegos, S.A. de C.V. ⁽²⁾⁽³⁾⁽¹⁶⁾	Mexico	100.0%

- (1) Percentage of equity owned by us directly or indirectly through subsidiaries or affiliates.
- (2) One of five direct subsidiaries through which we conduct the operations of our Other Businesses segment.
- (3) While this subsidiary is not a significant subsidiary within the meaning of Rule 1-02(w) of Regulation S-X under the Securities Act, we have included this subsidiary in the table above to provide a more complete description of our operations.
- (4) Direct subsidiary through which we own 50.0% of the capital stock of GSF.
- (5) One of two direct subsidiaries through which we own equity interests in and conduct the operations of our Cable and Telecom segment.
- (6) One of the indirect subsidiaries through which we conduct the operations of our Cable and Telecom segment.
- (7) Direct subsidiary through which we conduct the operations of our Publishing segment.
- (8) One of three subsidiaries through which we own our equity interest in Innova.
- (9) Indirect subsidiary through which we conduct the operations of our Sky segment. We currently own a 58.7% interest in Innova.
- (10) Direct subsidiary through which we conduct the operations of our Publishing Distribution business.
- (11) Direct subsidiary through which we conduct the operations of our Content segment.
- (12) Indirect subsidiary through which we conduct certain operations of our Content segment.
- (13) Indirect subsidiary through which we conduct the operations of our Content segment.
- (14) Direct and indirect subsidiaries through which we own 8.0% of the capital stock of BMP and maintain our investment in 1.5% Convertible Debentures issued by BMP.
- (15) Direct subsidiary through which we conduct the operations of our Radio business.
- (16) Direct subsidiary through which we conduct the operations of our Gaming business.

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Property, Plant and Equipment

Broadcasting, Office and Production Facilities. Our properties consist primarily of broadcasting, production facilities, television and repeater stations, technical operations facilities, workshops, studios and office facilities, most of which are located in Mexico. We own most of our properties or lease offices and facilities through indirect wholly owned and majority owned subsidiaries. There are no major encumbrances on any of our properties, and we currently do not have any significant plans to construct any new properties or expand or improve our existing properties. Our principal offices, which we own, are located in Santa Fe, a suburb of Mexico City. Each of our television stations has individual transmission facilities located in Mexico, substantially all of which we own. Our television production operations are concentrated in four locations in Mexico City, 14 studios in San Angel, 12 studios located in Chapultepec, 3 studios in Santa Fe and 1 studio in Rojo Gomez. We own substantially all of these studios. The local television stations wholly or majority owned by us have in the aggregate 43 production studios. We own other properties used in connection with our operations, including a training center, technical operations facilities, studios, workshops, television and repeater stations, and office facilities. We beneficially own Azteca Stadium, which seats approximately 105,000 people, through a trust arrangement that was renewed in 1993 for a term of 30 years and that may be extended for additional periods. In the aggregate, these properties, excluding Azteca Stadium, currently represent approximately 5.4 million square feet of space, of which over 3.7 million square feet are located in Mexico City and the surrounding areas, and approximately 1.7 million square feet are located outside of Mexico City and the surrounding areas.

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

We also own or lease over a total of 481,926 square feet in properties in the United States, Latin America, Spain and Switzerland in connection with our operations there. We own or lease all of these properties through indirect wholly owned and majority owned subsidiaries. The following table summarizes our real estate and lease agreements in the United States, Latin America, Spain and Switzerland.

Operations	Number of Properties	Location
Television and news activities		
Owned properties	2	Buenos Aires, Argentina(1) San Diego, California(1)
Leased properties	4	Madrid, Spain(2) San Diego, California(1) Zug, Switzerland(1)
Publishing activities		
Owned properties	8	Miami, Florida(1) Santiago, Chile(1) Quito, Ecuador(1) Guayaquil, Ecuador(1) Caracas, Venezuela (1) Buenos Aires, Argentina(2) Bogota, Colombia(1)
Leased properties	8	Beverly Hills, California(1) Miami, Florida(1) New York, New York(1) Medellín, Colombia(1) Bogota, Colombia(2) Quito, Ecuador(1) San Juan, Puerto Rico(1)
Publishing distribution and other activities		
Owned properties	2	Lima, Peru(1) Guayaquil, Ecuador(1)
Leased properties	68	Quito, Ecuador(2) Guayaquil, Ecuador(1) Buenos Aires, Argentina(1)

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Panamá, Panamá(2)
 Santiago, Chile (47)
 Barranquilla, Colombia(1)
 Bogota, Colombia(4)
 Cali, Colombia(3)
 Cartagena, Colombia(1)
 Medellín, Colombia(1)
 Pompayan, Colombia(1)
 Santa Martha, Colombia(1)
 Lima, Peru(3)

DTH
 Leased properties

7

San José, Costa Rica(1)
 Guatemala(1)
 Nicaragua(1)
 Panama(1)
 Salvador(1)
 Honduras(1)
 Dominicana(1)

Telephony
 Leased properties

8

San Antonio, Texas(3)
 Dallas, Texas(2)
 Laredo, Texas(1)
 McAllen, Texas(1)
 Mission, Texas(1)

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Satellites. We currently use transponder capacity on eight satellites: Satmex V, which reaches Mexico, the United States, Latin America, except Brazil, and the Caribbean; Solidaridad II, which reaches only Mexico; Intelsat IS-11, replacement of PAS 3-R (renamed in February 2007 IS-3R), which started operations in July 2009 and reaches North America, Western Europe, Latin America and the Caribbean; Galaxy 16 (formerly Galaxy IVR), which reaches Mexico, the U.S. and Canada; AMC-9, which reaches Mexico, the United States and Canada; IS-905, which reaches Western and Eastern Europe; IS-21, which reaches Central America, Mexico, the Southern United States and the Caribbean; and IS-16, which reaches Central America, Mexico, the Southern United States and the Caribbean. In March 2010, Sky reached an agreement with a subsidiary of Intelsat to lease 24 transponders on the Intelsat IS-21 satellite which is mainly used for signal reception and retransmission services over the satellite's estimated 15-year service life. IS-21 started service in the third quarter of 2012, replacing Intelsat IS-9 as Sky's primary transmission satellite. In April 2010, Intelsat released the IS-16 satellite, where Sky has an additional twelve transponders to deliver new DTH-HD channels and more DTH SD channels; this satellite is also a back-up satellite for our DTH venture operations. For a description of guarantees related to our DTH venture transponder obligations, see Note 13 to our consolidated year-end financial statements.

In 1996, PanAmSat (now Intelsat), our primary satellite service provider, agreed to provide U.S. transponder service on three to five PAS-3R Ku-band transponders, at least three of which were intended to be for the delivery of DTH satellite services to Spain. Under the PAS-3R transponder contract, as amended, we were required to pay for five transponders at an annual fee for each transponder of U.S.\$3.1 million. We currently have available transponder capacity on two 36 MHz C-band transponders on Galaxy 16 (formerly, Galaxy IVR), which reaches Mexico, the United States and Canada, due to an exchange with three of the five 54 MHz Ku-band transponders on PAS-3R described above. Until April 2010, for each of the 36 MHz C-band transponders we paid an annual fee of approximately U.S.\$3.7 million. Subsequent to April 2010, the annual fee for the 36 MHz C-band transponders is approximately U.S.\$1.3 million.

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

In February 2007, Intelsat renamed some of its satellite fleet acquired with its 2006 merger with PanAmSat: current names for PAS-9 and PAS-3R are IS-9 and IS-3R, respectively. Intelsat kept the name of Galaxy 16. In December 2007, Sky and Sky Brasil reached an agreement with Intelsat Corporation and Intelsat LLC to build and launch a new 24-transponder satellite, IS-16, for which service will be dedicated to Sky and Sky Brasil over the satellite's estimated 15-year life. The satellite was manufactured by Orbital Sciences Corporation and was successfully launched in February 2010 and started operations in April 2010.

In August 2009, the contract on two remaining transponders of the IS-3R satellite expired (end of life of the satellite). We negotiated a new contract for the same transponder on the IS-905 satellite until August 31, 2015, for the distribution of our content in Europe.

In February 2012, we renewed the contract with Satélites Mexicanos, S.A. de C.V., or Satmex, on Satmex V until January 31, 2015. The new contract includes the full service migration to the new satellite, Satmex 8, which is scheduled to start operations in the third quarter of 2013.

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On October 31, 2012, the contract on one of the three transponders of the Galaxy 16 satellite expired. In November 2012, we entered into a new contract with SES, S.A., or SES, for a new transponder on the AMC-9 satellite until October 31, 2017, as a replacement of the previous one.

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

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

Item 5. Operating and Financial Review and Prospects.

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

Preparation of Financial Statements

As required by regulations issued by *Comisión Nacional Bancaria y de Valores*, or the Mexican Bank and Securities Commission, for listed companies in Mexico, beginning on January 1, 2012, we discontinued using Mexican Financial Reporting Standards (Mexican FRS) as issued by *Consejo Mexicano de Normas de Información Financiera*, or the Mexican Financial Reporting Standards Board (CINIF), and began using International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) for financial reporting purposes.

Our consolidated financial statements as of December 31, 2012 and 2011 and January 1, 2011 (the date of our transition to IFRS), and for the years ended December 31, 2012 and 2011, are presented in accordance with IFRS as issued by the IASB. Through December 31, 2011, our consolidated financial statements were previously reported in accordance with Mexican FRS. See Note 27 to our consolidated year-end financial statements.

	Year Ended December 31,	
	2012	2011
	(Millions of Pesos)(1)	
Net sales	Ps. 69,290.4	Ps. 62,581.5
Cost of sales	36,795.9	33,486.0
Selling expenses	6,251.7	5,500.6
Administrative expenses	7,452.8	6,727.6
Other expense, net	650.4	593.6
Operating income	18,139.6	16,273.7
Finance expense, net	3,350.5	4,641.0
Share of losses of jointly controlled entities and associates, net	666.6	449.3
Income taxes	4,053.4	3,226.1
Net income	10,069.1	7,957.3
Net income attributable to non-controlling interests	1,308.5	1,291.4
Net income attributable to stockholders of the Company	Ps. 8,760.6	Ps. 6,665.9

(1) Certain data set forth in the table above may vary from the corresponding data set forth in our consolidated statements of income for the years ended December 31, 2012 and 2011 included in this annual report due to differences in rounding.

Table of Contents**Results of Operations**

For segment reporting purposes, our consolidated cost of sales, selling expenses and administrative expenses for the years ended December 31, 2012 and 2011 exclude corporate expenses and depreciation and amortization, which are presented as separate line items. The following table sets forth the reconciliation between our operating segment income and the consolidated operating income according to IFRS:

	Year Ended December 31,	
	2012	2011
(Millions of Pesos) (1)		
Net sales	Ps. 69,290.4	Ps. 62,581.5
Cost of sales(2)	30,645.4	28,132.7
Selling expenses(2)	5,632.1	4,972.8
Administrative expenses(2)	4,599.4	4,104.6
Operating segment income	28,413.5	25,371.4
Corporate expenses	1,149.3	1,142.5
Depreciation and amortization	8,474.2	7,361.6
Other expense, net	650.4	593.6
Operating income	Ps. 18,139.6	Ps. 16,273.7

(1) Certain data set forth in the table above may vary from the corresponding data set forth in our consolidated statements of income for the years ended December 31, 2012 and 2011 included in this annual report due to differences in rounding.

(2) Excluding corporate expenses and depreciation and amortization.

The following table sets forth our segment net sales data for the indicated periods as a percentage of total segment net sales:

	Year Ended December 31,(1)	
	2012	2011
Segment Net Sales		
Content	46.6%	48.1%
Publishing	4.9	5.0
Sky	20.5	19.5
Cable and Telecom	22.0	21.4
Other Businesses	6.0	6.0
Total segment net sales	100.0%	100.0%
Intersegment operations	(1.8)	(1.9)
Total consolidated net sales	98.2%	98.1%

The following table sets forth our operating income as a percentage of our total consolidated net sales:

	Year Ended December 31,(1)	
	2012	2011
Net Sales		
Cost of sales(2)	44.2%	45.0%
Selling expenses(2)	8.1	7.9
Administrative expenses(2)	8.3	8.4
Depreciation and amortization	12.2	11.8
Other expense, net	1.0	0.9
Consolidated operating income	26.2	26.0

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Total consolidated net sales	100.0%	100.0%
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- (1) Certain segment data set forth in these tables may vary from the corresponding data set forth in our consolidated year-end financial statements due to differences in rounding. The segment net sales and total segment net sales data set forth in this annual report include sales from intersegment operations in all periods presented. See Note 25 to our consolidated year-end financial statements.
- (2) Excluding depreciation and amortization.

Table of Contents**Summary of Business Segment Results**

The following tables set forth the net sales and operating segment income (loss) of each of our reportable business segments and intersegment sales, corporate expenses, depreciation and amortization and other expense, net for the years ended December 31, 2012 and 2011. Reportable segments are those that are based on our method of internal reporting to senior management for making operating decisions and evaluating performance of operating segments, and certain qualitative, grouping and quantitative criteria. We currently classify our operations into five business segments: Content, Publishing, Sky, Cable and Telecom, and Other Businesses.

	Year Ended December 31,	
	2012	2011
	(Millions of Pesos)(1)	
Segment Net Sales		
Content	Ps. 32,884.1	Ps. 30,685.6
Publishing	3,453.0	3,191.8
Sky	14,465.3	12,479.2
Cable and Telecom	15,570.4	13,635.4
Other Businesses	4,211.3	3,825.2
Total Segment Net Sales	70,584.1	63,817.2
Intersegment Operations	(1,293.7)	(1,235.7)
Total Consolidated Net Sales	Ps. 69,290.4	Ps. 62,581.5
Operating Segment Income (Loss)		
Content	Ps. 15,411.1	Ps. 14,480.7
Publishing	447.6	454.7
Sky	6,558.0	5,789.8
Cable and Telecom	5,812.8	4,778.6
Other Businesses	184.0	(132.4)
Total Operating Segment Income(2)	28,413.5	25,371.4
Corporate Expenses(2)	(1,149.3)	(1,142.5)
Depreciation and Amortization(2)	(8,474.2)	(7,361.6)
Other expense, net	(650.4)	(593.6)
Total Consolidated Operating Income(3)	Ps. 18,139.6	Ps. 16,273.7

- (1) Certain segment data set forth in these tables may vary from the corresponding data set forth in our consolidated year-end financial statements due to differences in rounding. The segment net sales and total segment net sales data set forth in this annual report include sales from intersegment operations in all periods presented. See Note 25 to our consolidated year-end financial statements.
- (2) The total operating segment income data set forth in this annual report do not include corporate expenses or depreciation and amortization in any period presented, but are presented herein to facilitate the discussion of segment results.
- (3) Total consolidated operating income reflects corporate expenses, depreciation and amortization, and other expense, net, in the periods presented. See Note 25 to our consolidated year-end financial statements.

Seasonality

Our results of operations are seasonal. We typically recognize a disproportionately large percentage of our overall consolidated net sales (principally advertising) in the fourth quarter in connection with the holiday shopping season. For example, in 2012 and 2011, we recognized 28.6% and 29.2%, respectively, of our consolidated net sales in the fourth quarter of the year. Our costs, in contrast to our revenues, are more evenly incurred throughout the year and generally do not correlate to the amount of advertising sales.

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Results of Operations for the Year Ended December 31, 2012

Compared to the Year Ended December 31, 2011

Total Segment Results

Net Sales

Net sales increased by Ps.6,708.9 million, or 10.7%, to Ps.69,290.4 million for the year ended December 31, 2012 from Ps.62,581.5 million for the year ended December 31, 2011. While all of our segments recorded revenue increases, the increase in consolidated net sales was principally attributable to strong revenue growth in our Content (in particular Network Subscription Revenue and Licensing and Syndication), Cable and Telecom, and Sky segments.

Cost of Sales

Cost of sales increased by Ps.2,512.7 million, or 8.9%, to Ps.30,645.4 million for the year ended December 31, 2012 from Ps.28,132.7 million for the year ended December 31, 2011. This increase was due to higher costs in all of our segments, principally in our Content, Sky, and Cable and Telecom segments.

Selling Expenses

Selling expenses increased by Ps.659.3 million, or 13.3%, to Ps.5,632.1 million for the year ended December 31, 2012 from Ps.4,972.8 million for the year ended December 31, 2011. This increase was attributable to higher selling expenses in our Cable and Telecom, Sky, Publishing and Content segments. These increases were partially offset by a decrease in selling expenses in our Other Businesses segment.

Administrative and Corporate Expenses

Administrative and corporate expenses increased by Ps.501.6 million, or 9.6%, to Ps.5,748.7 million for the year ended December 31, 2012 from Ps.5,247.1 million for the year ended December 31, 2011. The growth reflects increased administrative expenses in all of our segments, principally in our Cable and Telecom, and Sky segments. These increases were partially offset by a decrease in share-based compensation expense, that was accounted for as corporate expense, which amounted to approximately Ps.632.5 million in 2012, compared with Ps.653.2 million in 2011.

Content

At the beginning of 2012, we adjusted our segment reporting structure. Beginning with the first quarter of 2012, the results of our Television Broadcasting, Pay Television Networks and Programming Exports businesses, which were previously reported as separate segments, and the Internet business, which was previously reported as part of the Other Businesses segment, are reported as a single segment, Content. We categorize our sources of revenue in our Content segment as follows:

- a) Advertising,
- b) Network Subscription Revenue, and
- c) Licensing and Syndication.

Given the cost structure of our Content segment, operating segment income is reported as a single line item.

The Advertising revenue is derived primarily from the sale of advertising time on our television broadcast operations, which include the production of television programming and nationwide broadcasting of Channels 2, 4, 5 and 9 (television networks), as well as the sale of advertising time on programs provided to pay television companies in Mexico and in our internet business, and the production of television

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programming and broadcasting for local television stations in Mexico and the United States. The broadcasting of television networks is performed by television repeater stations in Mexico which are wholly-owned, majority-owned or minority-owned by the Group or otherwise affiliated with our networks.

The Network Subscription revenue is derived from domestic and international programming services provided to independent cable television systems in Mexico and our direct-to-home (DTH) satellite and cable television businesses. These programming services for cable and pay-per-view television companies are provided in Mexico, other countries in Latin America, the United States and Europe. The programming services consist of both programming produced by us and programming produced by third parties.

The Licensing and Syndication revenue is derived from international program licensing and syndication fees. Our television programming is licensed and syndicated to customers abroad, including Univision.

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The following table presents net sales and operating segment income in our Content segment, and the percentage of change when comparing 2012 with 2011:

	Year Ended December 31,		Change (%)
	2012	2011	
	(Millions of Pesos)		
Net Sales:	Ps. 32,884.1	Ps. 30,685.6	7.2%
Advertising	23,935.9	23,206.1	3.1
Network Subscription Revenue	3,189.2	2,590.8	23.1
Licensing and Syndication	5,759.0	4,888.7	17.8
Operating Segment Income	Ps. 15,411.1	Ps. 14,480.7	6.4%

Content net sales, representing 46.6% and 48.1% of our total segment net sales for the years ended December 31, 2012 and 2011, respectively, increased by Ps.2,198.5 million, or 7.2%, to Ps.32,884.1 million for the year ended December 31, 2012 from Ps.30,685.6 million for the year ended December 31, 2011.

Advertising revenue increased by 3.1%. These results reflect higher advertising revenues, in particular in our pay-TV platforms, which were partially offset by the effects of the electoral period during the second quarter of 2012, when we were required under Mexican law to transmit free of charge promotional spots for the various candidates across all of our networks. See Information on the Company Business Overview Business Strategy Maintaining our Leading Position in the Mexican Television Market Advertising Sales Plan .

Network Subscription Revenue grew by 23.1% mainly as a result of the sustained addition of pay-TV subscribers in Mexico and, to a lesser extent, in other countries. We closed 2012 with 33.2 million subscribers carrying an average of 5.9 networks compared with 29.6 million subscribers carrying an average of 5.5 networks at the end of 2011. These results also include a positive translation effect on foreign-currency-denominated sales.

The increase in Licensing and Syndication revenue of 17.8% is attributable to (i) an increase in royalties from Univision, from U.S.\$224.9 million in 2011 to U.S.\$247.6 million in 2012; (ii) an increase in sales to the rest of the world, principally in Latin America; and (iii) a positive translation effect on foreign-currency-denominated revenues in the amount of Ps.180.8 million.

Content operating segment income increased by Ps.930.4 million, or 6.4%, to Ps.15,411.1 million for the year ended December 31, 2012 from Ps.14,480.7 million for the year ended December 31, 2011. These results reflect higher revenues which were partially offset by (i) the increase in production costs due to the coverage of the 2012 Olympics and the amortization expenses related to movies and TV series; (ii) a negative translation effect on foreign-currency-denominated costs and expenses; and (iii) an increase in operating expenses related to higher employee costs and agency commissions.

Advertising Rates and Sales

We sell commercial time in two ways: upfront and on a scatter basis. Advertisers that elect the upfront option lock in prices for the upcoming year, regardless of future price changes. Advertisers that choose the upfront option make annual prepayments, with cash or short-term notes, are charged the lowest rates for their commercial time, are given the highest priority in schedule placement, and are given a first option in advertising during special programs. Scatter advertisers, or advertisers who choose not to make upfront payments but rather advertise from time to time, risk both higher prices and lack of access to choice commercial time slots. Due to a June 2012 leak of confidential data related to the location of IBOPE's people meters, we currently use IBOPE's measurements only as a point of reference to analyze trends. No IBOPE statistical data in respect of periods after June 16, 2012 is or will be included in our public reports until this is resolved. In the meantime, we are billing our advertising customers based on fixed pricing rather than on a cost-per-rating-point basis.

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

During 2012 and 2011, we increased our nominal advertising rates. During prime time broadcasts, we sold an aggregate of 1,096 hours of advertising time in 2012 and 1,289 hours in 2011. During sign-on to sign-off hours, we sold 2,394 hours of advertising time in 2012 and 2,723 hours in 2011. Television broadcasting advertising time that is not sold to the public is primarily used to satisfy our legal obligation to the

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Mexican government to provide Official Television Broadcast Time and to promote, among other things, our products.

As of December 31, 2012 and 2011, we had received Ps.18,153.1 million and Ps.18,026.5 million, respectively, of advertising deposits for television advertising time during 2013 and 2012, respectively, representing approximately U.S.\$1,412.7 million and U.S.\$1,289.6 million, respectively, at the applicable year-end exchange rates. Approximately 62.9% and 63.9% of these deposits as of December 31, 2012 and 2011, respectively, were in the form of short-term, non-interest bearing notes, with the remainder in each of these years consisting of cash deposits. The weighted average maturity of these notes at December 31, 2012 and 2011 was 4.6 months for both years.

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

Publishing net sales, representing 4.9% and 5.0% of our total segment net sales for the years ended December 31, 2012 and 2011, respectively, increased by Ps.261.2 million, or 8.2%, to Ps.3,453.0 million for the year ended December 31, 2012 from Ps.3,191.8 million for the year ended December 31, 2011. This increase reflects (i) the increase in circulation and advertising revenue in Mexico and abroad; and (ii) a positive translation effect on foreign-currency-denominated sales. In 2012, Mexico-derived revenues represented 38.7% of Publishing net sales compared with 40.8% in 2011.

Publishing operating segment income decreased by Ps.7.1 million, or 1.6%, to Ps.447.6 million for the year ended December 31, 2012 from Ps.454.7 million for the year ended December 31, 2011. This decrease reflects higher editorial, paper and printing costs, an increase in personnel and promotion expenses (driven by the launch of new titles), an increase in the provision for doubtful trade accounts and a negative translation effect on foreign-currency-denominated costs and expenses. This was partially offset by the increase in Publishing net sales.

Sky

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

Sky net sales, representing 20.5% and 19.5% of our total segment net sales for the years ended December 31, 2012 and 2011, respectively, increased by Ps.1,986.1 million, or 15.9%, to Ps.14,465.3 million for the year ended December 31, 2012 from Ps.12,479.2 million for the year ended December 31, 2011. This increase was driven by significant growth in the subscriber base of more than 1.1 million subscribers, which is mainly attributable to the continued success of Sky's low-cost offerings, and an increase in pay-per-view revenues. As of December 31, 2012, the number of net active subscribers increased to 5,153,445 (including 164,669 commercial subscribers), compared with 4,008,374 (including 157,646 commercial subscribers) as of December 31, 2011. Sky closed 2012 with 182,415 subscribers in Central America and the Dominican Republic, compared with 159,393 subscribers at the end of 2011.

Sky operating segment income increased by Ps.768.2 million, or 13.3%, to Ps.6,558.0 million for the year ended December 31, 2012 from Ps.5,789.8 million for the year ended December 31, 2011. These results reflect an increase in Sky net sales, which was partially offset by higher costs and expenses resulting from the growth of the subscriber base, mainly in the lower-cost packages.

Cable and Telecom

Cable and Telecom net sales are derived from the provision of cable television and telecommunication services, as well as advertising sales. Net sales relating to cable television services generally consist of monthly subscription fees for basic and premium service packages, fees charged for pay-per-view programming and, to a significantly lesser extent, monthly rental and one-time installation fees, broadband internet and telephone services subscription. The telecommunications business derives revenues from providing data and long-distance services solutions to carriers and other telecommunications service providers through its fiber-optic network. Net sales relating to cable television advertising consist of revenues from the sale of advertising on Cablevisión, Cablemás and TVI. Rates are based on the day and time the advertising is aired, as well as the type of programming in which the advertising is aired. Cable subscription and advertising rates are adjusted periodically in response to inflation and in accordance with market conditions.

Cable and Telecom net sales, representing 22.0% and 21.4% of our total segment net sales for the years ended December 31, 2012 and 2011, respectively, increased by Ps.1,935.0 million, or 14.2%, to Ps.15,570.4 million for the year ended December 31, 2012 from Ps.13,635.4 million for the year ended December 31, 2011. This increase was primarily due to the combined results of Cablevisión, Cablemás and TVI, which in the aggregate added 469,880 revenue generating units (RGUs) during 2012 as a result of the success of our competitive packages. Voice and data RGUs continued to be the main drivers of growth, growing 16.1% and 22.5%, respectively, compared with 2011, while video RGUs increased by 5.8%.

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Cable and Telecom operating segment income increased by Ps.1,034.2 million, or 21.6%, to Ps.5,812.8 million for the year ended December 31, 2012 from Ps.4,778.6 million for the year ended December 31, 2011. These results reflect continued growth in each of Cablevisión, Cablemás and TVI, and improved operating margins at Bestel. These favorable factors were partially offset by an increase in personnel costs and advertising spending during the year.

The following table sets forth the breakdown of RGUs as of December 31, 2011 and 2012:

	Cablevisión		Cablemás		TVI	
	2012	2011	2012	2011	2012	2011
Video	787,054	727,235	1,147,007	1,085,173	374,733	370,411
Broadband (data)	509,137	408,408	567,247	466,827	229,720	191,406
Voice	318,927	251,340	302,197	266,160	133,178	132,360
RGUs	1,615,118	1,386,983	2,016,451	1,818,160	737,631	694,177
<i>Other Businesses</i>						

Other Businesses net sales are primarily derived from the promotion of sports and special events in Mexico, the distribution of feature films, gaming, radio and publishing distribution.

Other Businesses net sales, representing 6.0% of our total segment net sales for both years ended December 31, 2012 and 2011, increased by Ps.386.1 million, or 10.1%, to Ps.4,211.3 million for the year ended December 31, 2012 from Ps.3,825.2 million for the year ended December 31, 2011. Businesses that performed well include feature-film distribution, radio, and gaming. The results of the gaming business were driven by the increase in promotions and the introduction of new gaming machines. The radio business benefited from an increase in advertising revenues. Finally, the feature-film distribution business distributed hits such as *The Hunger Games* and *The Woman in Black*. These increases were partially offset by a decrease in net sales in our publishing distribution business, driven by the termination of operations in Chile.

Other Businesses operating segment income was Ps.184.0 million, for the year ended December 31, 2012 compared with a loss of Ps.132.4 million for the year ended December 31, 2011. This change reflects increases in the operating segment income of our radio and gaming businesses; a shift from loss to income in our feature-film distribution business; and a smaller operating segment loss in our soccer business. These positive effects were partially offset by an increase in the operating loss of our publishing distribution business.

Depreciation and Amortization

Depreciation and amortization expense increased by Ps.1,112.6 million, or 15.1%, to Ps.8,474.2 million for the year ended December 31, 2012 from Ps.7,361.6 million for the year ended December 31, 2011. This change primarily reflected an increase in such expense in our Cable and Telecom, Sky and Content segments.

Other Expense, Net

Other expense, net, increased by Ps.56.8 million, or 9.6%, to Ps.650.4 million for the year ended December 31, 2012, compared with Ps.593.6 million for the year ended December 31, 2011. The increase primarily reflected a higher loss on disposition of property and equipment, and an increase in other expense related to financial advisory and professional services.

Other expense, net, for the year ended December 31, 2012 included, primarily, loss on disposition of property and equipment, financial advisory and professional services, and donations.

Non-operating Results**Finance Expense, Net**

Finance expense, net, significantly impacts our consolidated financial statements in periods of currency fluctuations. Under IFRS finance expense, net, includes:

interest expense;

interest income;

foreign exchange gain or loss attributable to monetary assets and liabilities denominated in foreign currencies; and

other finance expense, net, including gains or losses from derivative instruments.

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Our foreign exchange position is affected by our assets or liabilities denominated in foreign currencies, primarily U.S. Dollars. We record a foreign exchange gain or loss if the exchange rate of the Peso to the other currencies in which our monetary assets or liabilities are denominated varies.

Finance expense, net, decreased by Ps.1,290.5 million, or 27.8%, to Ps.3,350.5 million for the year ended December 31, 2012 from Ps.4,641.0 million for the year ended December 31, 2011. This decrease reflected primarily (i) a Ps.841.0 million favorable effect resulting from a foreign exchange gain for the year ended December 31, 2012 of Ps.127.4 million compared with a foreign exchange loss for the year ended December 31, 2011 of Ps.713.6 million in connection with a 8.1% appreciation of the Peso against the U.S. Dollar on our average net U.S. Dollar unhedged liability position during 2012 compared with a 13.1% depreciation effect on our average net U.S. Dollar unhedged liability position during 2011; and (ii) a Ps.746.5 million decrease in other finance expense, net, to Ps.152.9 million in 2012 compared with Ps.899.4 million in 2011 primarily in connection with an upward adjustment in the fair value of our investment in BMP convertible debentures in 2012, which was partially offset by an unfavorable change in the fair value of our investment in GSF convertible debentures that were converted into shares of GSF in June 2012. These favorable variances were offset by a Ps.194.8 million increase in interest expense, to Ps.4,369.3 million in 2012 compared with Ps.4,174.5 million in 2011, due primarily to a higher average principal amount of total debt during 2012, and a Ps.102.2 million decrease in interest income to Ps.1,044.3 million in 2012 compared with Ps.1,146.5 million in 2011 primarily attributable to a lower average amount of cash and cash equivalents and temporary investments in 2012.

Share of Losses of Jointly Controlled Entities and Associates, Net

This line item reflects our equity participation in the operating results and net assets of unconsolidated businesses in which we maintain an interest, but which we do not control. We recognize equity in losses of jointly controlled entities and associates up to the amount of our initial investment, subsequent capital contributions and long-term loans, or beyond that amount when guaranteed commitments have been made by us in respect of obligations incurred by jointly controlled entities and associates.

Share of losses of jointly controlled entities and associates, net, increased by Ps.217.3 million, or 48.4%, to Ps.666.6 million in 2012 from Ps.449.3 million in 2011. This increase mainly reflected our share of loss of GSF, the parent company of Iusacell, in which we hold a 50.0% joint interest since June 2012, which was partially offset by the absence in 2012 of share of loss of La Sexta, a free-to-air television channel in Spain, in connection with the exchange of our 40.8% interest in La Sexta for a 14.5% participation in Imagina in first quarter of 2012. Imagina is a significant provider of content and audiovisual services for the media and entertainment industry in Spain, and our investment in this company was recognized as an equity financial instrument.

Income Taxes

Income taxes increased by Ps.827.3 million, or 25.6%, to Ps.4,053.4 million in 2012 compared with Ps.3,226.1 million in 2011. This increase primarily reflected a higher income tax base.

We are authorized by the Mexican tax authorities to compute our income tax on a consolidated basis. Mexican controlling companies are allowed to consolidate, for income tax purposes, income or losses of their Mexican subsidiaries up to 100% of their share ownership in such subsidiaries.

The Mexican corporate income tax rate was 30% in each of the years 2011 and 2012.

The Flat Rate Business Tax (*Impuesto Empresarial a Tasa Única* or IETU) became effective in Mexico as of January 1, 2008. This flat tax replaced Mexico's asset tax and is applied along with Mexico's regular income tax. In general, Mexican companies are required to pay the greater of the IETU or the regular income tax. The IETU is calculated by applying a tax rate of 17.5%. Although the IETU is defined as a minimum tax it has a wider taxable base as many of the tax deductions allowed for income tax purposes are not allowed for the IETU. As of December 31, 2012, we expect to pay primarily the regular income tax in the near future on a tax consolidated basis.

In December 2009, the Mexican government enacted certain amendments to the Mexican Income Tax Law that became effective as of January 1, 2010. These amendments included: (i) the deferred income tax benefit derived from tax consolidation of a parent company and its subsidiaries is limited to a period of five years; therefore, the resulting deferred income tax has to be paid starting in the sixth year following the fiscal year in which the deferred income tax benefit was received; and (ii) the payment of this income tax has to be made in installments of 25% in the first and second year, 20% in the third year, and 15% in the fourth and fifth year. See Risk Factors Existing Mexican Laws and Regulations or Changes Thereto or the Imposition of New Ones May Negatively Affect Our Operations and Revenue.

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Net Income Attributable to Non-controlling Interests

Net income attributable to non-controlling interest reflects the portion of operating results attributable to the interests held by third parties in those of our businesses that are not wholly-owned by us, including our Cable and Telecom and Sky segments, as well as our Radio business.

Net income attributable to non-controlling interests increased by Ps.17.1 million, or 1.3 %, to Ps.1,308.5 million in 2012, compared with Ps.1,291.4 million in 2011. This increase primarily reflected a higher portion of net income attributable to non-controlling interests in our Cable and Telecom segment, which was partially offset by a lower portion of net income attributable to non-controlling interests in our Sky segment.

Net Income Attributable to Stockholders of the Company

We generated net income attributable to stockholders of the Company in the amount of Ps.8,760.6 million in 2012, as compared to Ps.6,665.9 million in 2011. The net increase of Ps.2,094.7 million reflected:

a Ps.1,865.9 million increase in operating income; and

a Ps.1,290.5 million decrease in finance expense, net.

These changes were partially offset by:

a Ps.217.3 million increase in share of losses of jointly controlled entities and associates, net;

a Ps.827.3 million increase in income taxes; and

a Ps.17.1 million increase in net income attributable to non-controlling interests.

Effects of Devaluation and Inflation

The following table sets forth, for the periods indicated:

the percentage that the Peso devalued or appreciated against the U.S. Dollar;

the Mexican inflation rate;

the U.S. inflation rate; and

the percentage change in Mexican GDP compared to the prior period.

	Year Ended December 31,	
	2012	2011
Devaluation (appreciation) of the Peso as compared to the U.S. Dollar(1)	(8.1%)	13.1%

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Mexican inflation rate(2)	3.6	3.8
U.S. inflation rate	1.7	2.9
Increase in Mexican GDP(3)	3.9	3.9

- (1) Based on changes in the Interbank Rates, as reported by Banamex, at the end of each period, which were as follows: Ps.12.3576 per U.S. Dollar as of December 31, 2010; Ps.13.9785 per U.S. Dollar as of December 31, 2011; and Ps.12.85 per U.S. Dollar as of December 31, 2012.
- (2) Based on changes in the NCPI from the previous period, as reported by the Mexican Central Bank, which were as follows: 99.7 in 2010; 103.5 in 2011; and 107.2 in 2012.
- (3) As reported by the *Instituto Nacional de Estadística, Geografía e Informática*, or INEGI, and, in the case of GDP information for 2012, as estimated by INEGI.

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

Advertising and Other Revenues. Inflation in Mexico adversely affects consumers. As a result, our advertising customers may purchase less advertising, which would reduce our advertising revenues, and consumers may reduce expenditures for our other products and services, including pay-TV services.

Foreign Currency-Denominated Revenues and Operating Costs and Expenses. We have substantial operating costs and expenses denominated in foreign currencies, primarily in U.S. Dollars. These costs are principally due to our activities in the United States, the costs of foreign-produced programming and publishing supplies and the leasing of satellite transponders. The following table sets forth our foreign currency-denominated revenues and operating costs and expenses stated in millions of U.S. Dollars for 2012 and 2011:

	Year Ended December 31,	
	2012	2011
	(Millions of U.S. Dollars)	
Revenues	U.S.\$ 887	U.S.\$ 836
Operating costs and expenses	592	626

On a consolidated basis, in 2012 and 2011, our foreign-currency-denominated costs and expenses did not exceed our foreign-currency-denominated revenues but there can be no assurance that they will continue not to do so in the future. As a result, we will continue to remain vulnerable to future devaluation of the Peso, which would increase the Peso equivalent of our foreign-currency-denominated costs and expenses.

Finance Expense, Net. The devaluation of the Peso as compared to the U.S. Dollar generates foreign exchange losses relating to our net U.S. Dollar-denominated liabilities and increases the Peso equivalent of our interest expense on our U.S. Dollar-denominated indebtedness. Foreign exchange losses, derivatives used to hedge foreign exchange risk and increased interest expense increase our finance expense, net.

We have also entered into and will continue to consider entering into additional financial instruments to hedge against Peso devaluations and reduce our overall exposure to the devaluation of the Peso as compared to the U.S. Dollar, inflation and high interest rates. We cannot assure you that we will be able to enter into financial instruments to protect ourselves from the effects of the devaluation of the Peso as compared to the U.S. Dollar, inflation and increases in interest rates, or if so, on favorable terms. In the past, we have designated, and from time to time in the future we may designate, certain of our investments or other assets as effective hedges against Peso devaluations. See Key Information Risk Factors Risk Factors Related to Mexico, Quantitative and Qualitative Disclosures About Market Risk Market Risk Disclosures and Note 9 to our consolidated year-end financial statements.

International Financial Reporting Standards

In the first quarter of 2009, the CNBV issued regulations for listed companies in Mexico requiring the adoption of IFRS as issued by the IASB to report comparative financial information for periods beginning no later than January 1, 2012. We started reporting our consolidated financial statements in accordance with IFRS in the first quarter of 2012.

Beginning on January 1, 2012, we discontinued using Mexican FRS and adopted IFRS as issued by the IASB for financial reporting purposes. Accordingly, our consolidated financial statements as of December 31, 2012, and for the year ending on that date, are presented on a comparative basis in accordance with IFRS. Mexican FRS differs in certain respects from IFRS. Information relating to the nature and effect of certain differences between Mexican FRS and IFRS as they relate to the initial adoption of IFRS in our consolidated stockholders' equity as of January 1, 2011, the transition date, and December 31, 2011, is presented in Note 23 to our consolidated year-end financial statements.

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As described in Notes 2(a) and 27 to our consolidated year-end financial statements, as of January 1, 2012, we adopted IFRS for the preparation of our consolidated financial statements. Below is a list of the new and amended standards that have been issued by the IASB and are effective for annual periods starting on or after January 1, 2013, as well as those that are effective for subsequent periods. We have evaluated the potential impact of these pronouncements and concluded that there is no significant impact on our consolidated financial statements in accordance with IFRS.

New or Amended Standard	Content	Effective for Annual Periods Beginning
		On or After
IAS 1 (amended in 2011)	Presentation of items of other comprehensive income	July 1, 2012
IAS 19 (amended in 2011)	Employee benefits	January 1, 2013
IAS 27 (amended in 2011)	Separate financial statements	January 1, 2013
IAS 28 (amended in 2011)	Associates and joint ventures	January 1, 2013
IFRS 7 (amended in 2011)	Disclosure-Offsetting Financial Assets and Financial Liabilities	January 1, 2013
IFRS 9	Financial instruments	January 1, 2015
IFRS 10	Consolidated financial statements	January 1, 2013
IFRS 11	Joint arrangements	January 1, 2013
IFRS 12	Disclosure of interests in other entities	January 1, 2013
IFRS 13	Fair value measurement	January 1, 2013
Annual improvements	2009-2011 Cycle	January 1, 2013
Annual improvements	2010-2012 Cycle	January 1, 2014

Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) requires entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).

IAS 19 *Employee Benefits* (as amended in 2011) eliminates the corridor approach for the recognition of actuarial gains or losses, and requires the calculation of finance costs on a net funding basis.

IAS 27 *Separate Financial Statements* (as amended in 2011) includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.

IAS 28 *Investments in Associates and Joint Ventures* (as amended in 2011) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.

Disclosures-Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7), was issued in December 2011. These amendments require entities to disclose information so that users of its financial statements are able to evaluate the effect of potential effect of netting arrangements and similar agreements on the entity's financial position.

IFRS 9 *Financial Instruments* was issued in November 2009, as the first phase in a project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. It addresses the classification and measurement of financial assets. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. In October 2010 sections were added to IFRS 9 addressing financial liabilities. The de-recognition requirements in IAS 39 were also transferred to IFRS 9. The amendments to IFRS 9 and IFRS 7 (*Mandatory Effective Date and Transition Disclosures*) were issued in December 2011. These amendments to IFRS 9 modify the relief from restating prior periods, and also add transition disclosures to IFRS 7 that are required to be applied when IFRS 9 is first applied.

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IFRS 10 *Consolidated Financial Statements* replaces IAS 27 and SIC 12 and establishes principles for the preparation and presentation of consolidated financial statements when an entity controls one or more other entities. It defines the principle of control and establishes control as the basis for consolidation. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee, and sets out the accounting requirements for the preparation of consolidated financial statements.

IFRS 11 *Joint Arrangements* focuses on the rights and obligations of the arrangement rather than its legal form. It specifies that there are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is not longer allowed.

IFRS 12 *Disclosures of Interests in Other Entities* includes the disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities.

IFRS 13 *Fair Value Measurement* aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS.

Annual Improvements 2009-2011 Cycle and *Annual Improvements 2010-2012 Cycle* were published in May 2012 and first quarter 2013, respectively, and set out amendments to certain IFRS. These amendments result from proposals made during the IASB's Annual Improvements process, which provides a vehicle for making non-urgent but necessary amendments to IFRS. The IFRS amended and the topics addressed by these amendments are as follows:

Annual Improvements 2009-2011 Cycle

IFRS 1 *First-time Adoption of IFRS*
IAS 1 *Presentation of Financial Statements*
IAS 16 *Property, Plant and Equipment*
IAS 32 *Financial Instruments: Presentation*
IAS 34 *Interim Financial Reporting*

Subject of Amendment

Repeated application of IFRS 1 and borrowing costs
Clarification of the requirements for comparative information
Classification of servicing equipment
Tax effect of distribution to holders of equity instruments
Interim segment information for total assets and liabilities

Annual Improvements 2010-2012 Cycle

IFRS 2 *Share-based Payment*
IFRS 3 *Business Combinations*
IFRS 8 *Operating Segments*

IFRS 13 *Fair Value Measurement*
IAS 1 *Presentation of Financial Statements*
IAS 7 *Statement of Cash Flows*
IAS 12 *Income Taxes*
IAS 16 *Property, Plant and Equipment*

IAS 38 *Intangible Assets*
IAS 24 *Related Party Disclosures*
IAS 36 *Impairment of Assets*

Subject of Amendment

Definition of vesting condition
Accounting for a contingent consideration
Aggregation of operating segments; and reconciliation of the total of the reportable segments' assets to the entity's assets
Short-term receivables and payables
Current/non-current classification of liabilities
Interest paid that is capitalized
Recognition of deferred tax assets for unrealized losses
Revaluation method proportionate restatement of accumulated depreciation

Key management personnel
Harmonization of disclosures for value in use and fair value

less costs of disposal

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Critical Accounting Policies

We have identified certain key accounting policies upon which our consolidated financial condition and results of operations are dependent. The application of these key accounting policies often involves complex considerations and assumptions and the making of subjective judgments or decisions on the part of our management. In the opinion of our management, our most critical accounting policies under IFRS are those related to the accounting for programming, equity investments, the evaluation of definite lived and indefinite lived long-lived assets, deferred income taxes, and fair value measurements. For a full description of these and other accounting policies, see Notes 2 and 27 to our consolidated year-end financial statements.

Accounting for Programming. We produce a significant portion of programming for initial broadcast over our television networks in Mexico, our primary market. Following the initial broadcast of this programming, we license some of this programming for broadcast in secondary markets, such as Mexico, the United States, Latin America, Asia, Europe and Africa. Under IFRS, in order to properly capitalize and subsequently amortize production costs related to this programming, we must estimate the expected future benefit period over which a given program will generate revenues (generally, over a five-year period). We then amortize the production costs related to a given program over the expected future benefit period. Under this policy, we generally expense approximately 70% of the production costs related to a given program in its initial broadcast run and defer and expense the remaining production costs over the remainder of the expected future benefit period (see Note 2(g) to our consolidated year-end financial statements).

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

We also purchase programming from, and enter into license arrangements with, various third party programming producers and providers, pursuant to which we receive the rights to broadcast programming produced by third parties over our television networks in Mexico. In the case of programming acquired from third parties, we estimate the expected future benefit period based on the anticipated number of showings in Mexico. In the case of programming licensed from third parties, we estimate the expected future benefit period based upon the term of the license. To the extent that a given future expected benefit period is shorter than we estimate, we may have to accelerate the purchase price or the license fee sooner than anticipated. Conversely, to the extent that a given future expected benefit period is longer than we estimate, we may have to extend the amortization schedule for the remaining portion of the purchase price or the license fee.

Equity Investments. Some of our investments are structured as equity investments (see Notes 2(c) and 10 to our consolidated year-end financial statements). As a result, the results of operations attributable to these investments are not consolidated with the results of our various segments for financial reporting purposes, but are reported as share of income (losses) of jointly controlled entities and associates in the consolidated income statement (see Note 10 to our consolidated year-end financial statements).

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

We periodically evaluate our investments in these joint ventures and associates for impairment, taking into consideration the performance of these businesses as compared to projections related to net sales, expenditures, strategic plans and future required cash contributions, among other factors. In doing so, we evaluate whether any declines in value are other than temporary. We have taken impairment charges in the past for some of these investments. Given the dynamic environments in which these businesses operate, as well as changing macroeconomic conditions, there can be no assurance that our future evaluations will not result in recognizing additional impairment charges for these investments.

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

Goodwill and Other Indefinite-lived Intangible Assets. Goodwill and other intangible assets with indefinite useful lives are reviewed for impairment at least annually. When an impairment test is performed, the recoverable amount is assessed by reference to the higher of (i) the net present value of the expected future cash flows (value in use) of the relevant cash generating unit and (ii) the fair value less cost to sell.

The recoverable amount of cash generating units has been determined based on value in use calculations. These calculations require the use of estimates, including management's expectations of future revenue growth, operating costs, profit margins and operating cash flows for each cash generating unit.

We did not record any goodwill impairments in 2012 and 2011.

Long-lived Assets. We present certain long-lived assets other than goodwill and indefinite-lived intangible assets in our consolidated statement of financial position. Long-lived assets are tested for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may no longer be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Recoverability is analyzed based on projected cash flows. Estimates of future cash flows involve considerable management judgment. These estimates are based on historical data, future revenue growth, anticipated market conditions, management plans, and assumptions regarding projected rates of inflation and currency fluctuations, among other factors. If these assumptions are not correct, we would have to recognize a write-off or write-down or accelerate the amortization schedule related to the carrying value of these assets (see Notes 2(1), 12 and 21 to our consolidated year-end financial statements). We have not recorded any significant impairment charges over the past few years.

Deferred Income Taxes. We record our deferred tax assets based on the likelihood that these assets are realized in the future. This likelihood is assessed by taking into consideration the future taxable income and ongoing prudent and feasible tax planning strategies. In the event we were to determine that we would be able to realize our deferred tax assets in the future in excess of the net recorded amount, an adjustment to the deferred tax asset would increase income in the period such determination was made. Should we determine that we would not be able to realize all or part of our net deferred tax asset in the future, an adjustment to the deferred tax asset would be charged to income in the period such determination was made.

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

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Financial assets and liabilities measured at fair value as of December 31, 2012 and 2011 (in thousands of Pesos):

	Balance as of December 31, 2012	Quoted Prices in Active Markets for Identical Assets (Level 1)	Internal Models with Significant Observable Inputs (Level 2)	Internal Models with Significant Unobservable Inputs (Level 3)
Assets:				
Temporary investments	Ps. 5,317,296	Ps. 2,844,386	Ps. 2,472,910	Ps.
Available-for-sale investments:				
Open ended fund	2,986,933		2,986,933	
Convertible Debentures due 2025	6,990,427			6,990,427
Embedded derivative BMP	9,611,873			9,611,873
Shares of Common Stock of Imagina	867,581			867,581
Derivative financial instruments	15,000		15,000	
Total	Ps. 25,789,110	Ps. 2,844,386	Ps. 5,474,843	Ps. 17,469,881
Liabilities:				
Derivative financial instruments	Ps. 352,762	Ps.	Ps. 352,762	Ps.
Total	Ps. 352,762	Ps.	Ps. 352,762	Ps.
	Balance as of December 31, 2011	Quoted Prices in Active Markets for Identical Assets (Level 1)	Internal Models with Significant Observable Inputs (Level 2)	Internal Models with Significant Unobservable Inputs (Level 3)
Assets:				
Temporary investments	Ps. 5,422,563	Ps. 2,735,124	Ps. 2,687,439	Ps.
Available-for-sale investments:				
Open ended fund	2,812,200		2,812,200	
Convertible Debentures due 2025	6,248,364			6,248,364
Embedded derivative BMP	9,519,384			9,519,384
GSF Convertible Debentures	19,909,099			19,909,099
Derivative financial instruments	145,009		145,009	
Total	Ps. 44,056,619	Ps. 2,735,124	Ps. 5,644,648	Ps. 35,676,847
Liabilities:				
Derivative financial instruments	Ps. 310,604	Ps.	Ps. 310,604	Ps.
Total	Ps. 310,604	Ps.	Ps. 310,604	Ps.

The table below presents the reconciliation for all assets and liabilities measured at fair value using internal models with significant unobservable inputs (Level 3) during the year ended December 31, 2012.

	Financial Assets
Balance at beginning of year	Ps. 35,676,847
Reclassification as an investment in jointly controlled entities and associates	(19,909,099)
Included in finance (expense) income	(367,937)
Included in other comprehensive income	1,415,437

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Shares of Common Stock of Imagina	654,633
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Balance at the end of year	Ps. 17,469,881
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Temporary Investments

Temporary investments include highly liquid securities, including without limitation debt with a maturity of three months, or over, and up to one year at the balance sheet date, stock, or a combination thereof, and other financial instruments denominated principally in U.S. Dollars and Pesos (see Notes 2(f) and 6 to our consolidated year-end financial statements).

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

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

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Available-for-Sale Investments

Investments in debt securities or with readily determinable fair values, not classified as held-to-maturity are classified as available-for-sale and are recorded at fair value with unrealized gains and losses included in consolidated stockholders' equity as accumulated other comprehensive result.

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

Open ended fund

We have an investment in an open ended fund that has as a primary objective to achieve capital appreciation by using a broad range of strategies through investments and transactions in telecom, media and other sectors across global markets, including Latin America and other emerging markets. Shares may be redeemed on a quarterly basis at the net asset value per share as of the redemption date (see Notes 4 and 9 to our consolidated year-end financial statements).

BMP Convertible Debentures due 2025

On December 20, 2010, we made a cash investment in 1.5% Convertible Debentures due 2025 issued by BMP, the parent company of Univision, in the principal amount of U.S.\$1,125 million (Ps.13,904,222), which are convertible at our option into BMP shares currently equivalent to a 30% equity stake of BMP, subject to existing laws and regulations in the United States and other conditions (see Notes 3, 4 and 9 to our consolidated year-end financial statements).

We determined the fair value of the Convertible Debentures using the income approach based on post-tax discounted cash flows. The income approach requires management to make judgments and involves the use of significant estimates and assumptions. These estimates and assumptions include long-term growth rates and operating margins used to calculate projected future cash flows, risk-adjusted discount rates based on weighted average cost of capital within a range of 8% to 10%, among others. Our estimates for market growth are based on historical data, various internal estimates and observable external sources when available, and are based on assumptions that are consistent with the strategic plans and estimates used to manage the underlying business. Since the described methodology is an internal model with significant unobservable inputs, the Convertible Debentures are classified in Level 3.

GSF Unsecured Convertible Debentures

On April 7, 2011, we reached an agreement with GSF, the controlling company of Iusacell, under which we made an investment of U.S.\$1,565 million (Ps.19,229,056) in unsecured debentures issued by GSF that are mandatorily convertible into shares of common stock of GSF (see Note 3 to our consolidated year-end financial statements).

We determined the fair value of the Convertible Debentures using the expected present value valuation methodology based on post-tax discontinued cash flows. The expected present value methodology requires management to make judgments and involves the use of significant estimates and assumptions. These estimates and assumptions include long-term growth rates, operating margins used to calculate projected future cash flow and risk-adjusted discount rates based on weighted average cost of capital within a range of 13% to 15%, among others. Our estimates for market growth are based on current conditions and reasonable forecasts, various internal estimates and observable external sources when available, and are based on assumptions that are consistent with the strategic plans and estimates used to manage the underlying business. Since the described methodology is an internal model with significant unobservable inputs, the Convertible Debentures are classified in level 3.

Derivative Financial Instrument

Derivative financial instruments include swaps, forwards and options (see Notes 2(v), 4 and 14 to our consolidated year-end financial statements).

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

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When appropriate, valuations are adjusted for various factors such as liquidity, bid/offer spreads and credit spreads considerations. Such adjustments are generally based on available market evidence. In the absence of such evidence, management's best estimate is used. All derivatives are classified in Level 2.

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The majority of our non-financial instruments, which include goodwill, intangible assets, inventories, transmission rights and programming and property, plant and equipment, are not required to be carried at fair value on a recurring basis. However, if certain triggering events occur (or at least annually in the fourth quarter for goodwill and indefinite-lived intangible assets) such that a non-financial instrument is required to be evaluated for impairment, a resulting asset impairment would require that the non-financial instrument be recorded at the lower of carrying amount or its fair value.

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

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

Liquidity, Foreign Exchange and Capital Resources

Liquidity. We generally rely on a combination of operating revenues, borrowings and net proceeds from dispositions to fund our working capital needs, capital expenditures, acquisitions and investments. Historically, we have received, and we expect to continue to receive, most of our advertising revenues in the form of upfront advertising deposits in the fourth quarter of a given year, which we in turn have used, and expect to continue to use, to fund our cash requirements during the rest of the quarter in which the deposits were received and for the first three quarters of the following year. As of December 31, 2012 and 2011, we had received Ps.18,153.1 million and Ps.18,026.5 million, respectively, of advertising deposits for television advertising during 2013 and 2012, respectively, representing U.S.\$1.4 billion and U.S.\$1.3 billion, respectively, at the applicable year-end exchange rates. The deposits as of December 31, 2012, represented a 0.7% increase, as compared to year-end 2011. Approximately 62.9% and 63.9% of the advance payment deposits as of December 31, 2012 and 2011, respectively, were in the form of short-term, non-interest bearing notes, with the remaining deposits in each of those years consisting of cash deposits. The weighted average maturity of these notes at December 31, 2012 and 2011, was 4.6 months for both years.

During the year ended December 31, 2012, we had a net increase in cash and cash equivalents of Ps.2,787.4 million, as compared to a net decrease in cash and cash equivalents of Ps.4,666.6 million during the year ended December 31, 2011.

Net cash provided by operating activities for the year ended December 31, 2012, amounted to Ps.22,556.1 million. Adjustments to reconcile income before income taxes to net cash provided by operating activities primarily included: depreciation and amortization of Ps.8,474.2 million; net unrealized foreign exchange gain of Ps.540.3 million; interest expense of Ps.4,369.3 million; other depreciation and amortization of Ps.221.2 million; and equity in losses of affiliates of Ps.666.6 million. Income taxes paid for the year ended December 31, 2012 amounted to Ps.4,535.1 million.

Net cash used for investing activities for the year ended December 31, 2012, amounted to Ps.12,167.4 million, and was primarily used for investments in property, plant and equipment of Ps.11,428.2 million; held-to-maturity and available-for-sale investments of Ps.275.0 million; equity method and other investments of Ps.452.0 million; and investments in goodwill and other intangible assets of Ps.822.0 million; which effect was partially offset by cash provided by temporary investments of Ps.170.4 million; a disposition of held-to-maturity and available-for-sale investments of Ps.308.6 million; disposition of property, plant and equipment of Ps.336.3 million; and disposition of equity method and other investments of Ps.12.8 million.

Net cash used for financing activities for the year ended December 31, 2012, amounted to Ps.7,547.8 million, and was primarily used for dividends and repurchase of capital stock of Ps.1,002.7 million; interest paid of Ps.4,355.9 million; prepayment and repayment of debt and lease payments of Ps.1,665.2 million; derivative financial instruments of Ps.90.5 million; and dividends to non-controlling interest of Ps.673.0 million; which effect was partially offset by cash provided by the credit agreements with certain Mexican banks in the amount of Ps.239.4 million.

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We expect to fund our operating cash needs during 2013, other than cash needs in connection with any potential investments and acquisitions, through a combination of cash from operations and cash on hand. We intend to finance our potential investments or acquisitions in 2013 through available cash from operations, cash on hand and/or borrowings. The amount of borrowings required to fund these cash needs in 2013 will depend upon the timing of such transactions and the timing of cash payments from advertisers under our advertising sales plan.

Net cash provided by operating activities for the year ended December 31, 2011, amounted to Ps.23,003.6 million. Adjustments to reconcile income before income taxes to net cash provided by operating activities primarily included: depreciation and amortization of Ps.7,361.6 million; net unrealized foreign exchange loss of Ps.1,194.9 million; interest expense of Ps.4,173.8 million; impairment of long-lived assets and other amortization of Ps.276.4 million; and equity in losses of affiliates of Ps.449.3 million. Income taxes paid for the year ended December 31, 2011 amounted to Ps.3,622.6 million.

Net cash used for investing activities for the year ended December 31, 2011, amounted to Ps.25,232.3 million, and was primarily used for investments in property, plant and equipment of Ps.9,668.5 million; held-to-maturity and available-for-sale investments of Ps.313.9 million; equity method and other investments of Ps.1,907.5 million; investments in convertible debentures of Ps.19,229.0 million; and investments in goodwill and other intangible assets of Ps.464.2 million; which effect was partially offset by cash provided by temporary investments of Ps.5,238.4 million; a disposition of property, plant and equipment of Ps.530.0 million; and disposition of equity method and other investments of Ps.66.3 million.

Net cash used for financing activities for the year ended December 31, 2011, amounted to Ps.2,543.1 million, and was primarily used for dividends and repurchase of capital stock of Ps.1,035.6 million; interest paid of Ps.4,067.2 million; prepayment and repayment of debt and lease payments of Ps.4,341.6 million; derivative financial instruments of Ps.149.5 million; and dividends to non-controlling interest of Ps.2,649.2 million; which effect was partially offset by cash provided by the credit agreements with certain Mexican banks in the amount of Ps.9,700.0 million.

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

During 2013, we:

expect to make aggregate capital expenditures for property, plant and equipment totaling U.S.\$1,000 million, of which U.S.\$565 million and U.S.\$300 million are for the expansion and improvements of our Cable and Telecom and Sky segments, respectively, and the remaining U.S.\$135 million is for our Content segment and other segments;

have made investments of U.S.\$20.4 million in equity of GSF, the parent company of Iusacell, in connection with our 50% interest in this jointly controlled entity; and

have agreed to provide financing to GTAC in connection with a long-term credit facility and our 33.3% interest in GTAC in the aggregate principal amount of Ps.46 million (U.S.\$3.6 million).

During 2012, we:

made aggregate capital expenditures for property, plant and equipment totaling U.S.\$881.1 million, of which U.S.\$455.4 million and U.S.\$292.1 million were for the expansion and improvements of our Cable and Telecom and Sky segments, respectively, and the remaining U.S.\$133.6 million was for our Content segment and other segments;

recognized a satellite transponder lease agreement as an addition to property, plant and equipment and a related finance lease obligation in the amount of U.S.\$326.3 million (Ps.4,203.0 million) in connection with the commencement of the service agreement for the use of transponders on Intelsat IS-21 satellite by our Sky business segment;

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provided financing to GTAC in connection with a long-term credit facility and our 33.3% interest in GTAC in the aggregate principal amount of Ps.103.0 million (U.S.\$7.8 million);

made investments of U.S.\$22.5 million in cash in common stock of BMP, the parent company of Univision, by which we increased our interest in BMP from 7.1% to 8.0%; and

made other investments in the aggregate principal amount of U.S.\$5.7 million.

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During 2011, we:

made aggregate capital expenditures for property, plant and equipment totaling U.S.\$791 million, of which U.S.\$406.1 million, U.S.\$241.6 million and U.S.\$13.8 million were for the expansion and improvements of our Cable and Telecom and Sky segments and our Gaming business, respectively, and U.S.\$129.5 million for our Content segment and other businesses;

made investments of U.S.\$49.1 million in cash in common stock of BMP, the parent company of Univision, by which we increased our interest in BMP from 5.0% to 7.1%;

made a capital contribution related to our 33.3% interest in GTAC in the amount of U.S.\$6.6 million (Ps.87.0 million);

made an investment of U.S.\$37.5 million in equity and U.S.\$1,565 million in mandatorily convertible debentures of GSF, the parent company of Iusacell. In June 2012, these debentures were converted into common stock of GSF, as a result of which our equity participation in GSF is 50% (see Key Information Risk Factors Risk Factors Related to Our Business The Results of Operations of Broadcasting Media Partners, Inc. and GSF Telecom Holdings, S.A.P.I. de C.V., May Affect Our Results of Operations and the Value of Our Investments in Those Companies); and

made other fixed investments in the aggregate amount of Ps.713.6 million (U.S.\$51.4 million).

Refinancings. In March 2011, we entered into long-term credit agreements with four Mexican Banks for an aggregate principal amount of Ps.8,600 million, with maturities between 2016 and 2021. We used the net proceeds for general corporate purposes.

Indebtedness. As of December 31, 2012, our consolidated long-term portion of debt amounted to Ps.52,616.4 million and our consolidated current portion of debt was Ps.375.0 million. As of December 31, 2011, our consolidated long-term portion of debt amounted to Ps.54,794.9 million and our consolidated current portion of debt was Ps.1,169.9 million. As of January 1, 2011, our consolidated long-term portion of debt amounted to Ps.45,579.7 million, and our consolidated current portion of debt was Ps.1,468.5 million. The consolidated debt is presented net of unamortized finance costs as of December 31, 2012, 2011 and January 1, 2011, in the aggregate amount of Ps.798.0 million Ps.862.2 million and Ps.916.6 million, respectively. We may from time to time incur additional indebtedness or repurchase, redeem or repay outstanding indebtedness. The following table sets forth a description of our net outstanding indebtedness as of December 31, 2012, on a historical, actual basis (in millions of Pesos):

Description of Debt	Debt Outstanding(1)			
	December 31,		Denomination	Maturity of Debt
	2012	Interest Rate(2)		
Actual				
6% Senior Notes(2)	6,388.6	6.0%	U.S. Dollars	2018
8.5% Senior Notes(2)	3,821.0	8.5%	U.S. Dollars	2032
6.625% Senior Notes(2)	7,240.7	6.625%	U.S. Dollars	2025
8.49% Senior Notes(2)	4,482.3	8.49%	Pesos	2037
6.625% Senior Notes(2)	7,538.6	6.625%	U.S. Dollars	2040
7.38% Notes(3)	9,944.7	7.38%	Pesos	2020
Santander Serfin loan (4)	1,997.4	8.12%	Pesos	2016
BBVA Bancomer loan(4)	2,496.8	8.095%	Pesos	2016
Banamex loan(4)	1,596.8	9.0725%	Pesos	2021
HSBC loan(4)	2,495.1	5.9800%	Pesos	2018
Santander Serfin loan (5)	1,400.0	5.027%	Pesos	2016
Banamex loan (5)	2,100.0	8.74%	Pesos	2016
Banco Mercantil del Norte loan (6)	1,300.0	6.74%	Pesos	2016

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Other debt (6)	189.4	7.29%	Pesos	2013
Total debt	52,991.4			13.2(7)
Less: Short-term debt and current maturities of long- term debt	375.0		Various	2013
Total long-term debt	52,616.4			

- (1) U.S. Dollar-denominated debt is translated into Pesos at an exchange rate of Ps.12.8500 per U.S. Dollar, the Interbank Rate, as reported by Banamex, as of December 31, 2012.

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- (2) These Senior Notes due 2018, 2025, 2032, 2037 and 2040, in the outstanding principal amount of U.S.\$500 million, U.S.\$600 million, U.S.\$300 million, Ps.4,500 million and U.S.\$600 million, respectively, are unsecured obligations of the Company, rank equally in right of payment with all existing and future unsecured and unsubordinated indebtedness of the Company, and are junior in right of payment to all of the existing and future liabilities of the Company's subsidiaries. Interest on the Senior Notes due 2018, 2025, 2032, 2037 and 2040, including additional amounts payable in respect of certain Mexican withholding taxes, is 6.31%, 6.97%, 8.94%, 8.93% and 6.97% per annum, respectively, and is payable semi-annually. These Senior Notes may not be redeemed prior to maturity, except (i) in the event of certain changes in law affecting the Mexican withholding tax treatment of certain payments on the securities, in which case the securities will be redeemable, as a whole but not in part, at the option of the Company; and (ii) in the event of a change of control, in which case the Company may be required to redeem the securities at 101% of their principal amount. Also, the Company may, at its own option, redeem the Senior Notes due 2018, 2025, 2037 and 2040, in whole or in part, at any time at a redemption price equal to the greater of the principal amount of these Senior Notes or the present value of future cash flows, at the redemption date, of principal and interest amounts of the Senior Notes discounted at a fixed rate of comparable U.S. or Mexican sovereign bonds. The Senior Notes due 2018, 2032 and 2040 were priced at 99.280%, 99.431% and 98.319%, respectively, for a yield to maturity of 6.097%, 8.553% and 6.755%, respectively. The Senior Notes due 2025 were issued in two aggregate principal amounts of U.S.\$400 million and U.S.\$200 million, and were priced at 98.081% and 98.632%, respectively, for a yield to maturity of 6.802% and 6.787%, respectively. The agreement of these Senior Notes contains covenants that limit the ability of the Company and certain restricted subsidiaries engaged in Television Broadcasting, Pay Television Networks and Programming Exports, to incur or assume liens, perform sale and leaseback transactions, and consummate certain mergers, consolidations and similar transactions. The Senior Notes due 2018, 2025, 2032, 2037 and 2040 are registered with the U.S. Securities and Exchange Commission.
- (3) In October 2010, the Company issued 7.38% Notes (*Certificados Bursátiles*) due 2020 through the Mexican Stock Exchange in the aggregate principal amount of Ps.10,000 million. Interest on these Notes is payable semi-annually. The Company may, at its own option, redeem these Notes, in whole or in part, at any semi-annual interest payment date at a redemption price equal to the greater of the principal amount of the outstanding Notes and the present value of future cash flows, at the redemption date, of principal and interest amounts of the Notes discounted at a fixed rate of comparable Mexican sovereign bonds. The agreement of these Notes contains covenants that limit the ability of the Company and certain restricted subsidiaries appointed by the Company's Board of Directors, and engaged in Television Broadcasting, Pay Television Networks and Programming Exports, to incur or assume liens, perform sale and leaseback transactions, and consummate certain mergers, consolidations and similar transactions.
- (4) In March 2011, the Company entered into long-term credit agreements with four Mexican banks in the aggregate principal amount of Ps.8,600 million, with an annual interest rate between 8.09% and 9.4%, payable on a monthly basis, and principal maturities between 2016 and 2021. The proceeds of these loans were used for general corporate purposes. Under the terms of these loan agreements, the Company is required to (a) maintain certain financial coverage ratios related to indebtedness and interest expense; and (b) comply with certain restrictive covenants on spin-offs, mergers and similar transactions.
- (5) Includes two long-term loans entered into by Sky with Mexican banks in the principal amount of Ps.1,400 million and Ps.2,100 million, each with a maturity in 2016, bearing annual interest of *Tasa de Interés Interbancaria de Equilibrio*, or the Mexican Interbank Interest Rate (*TIIE*), plus 24 basis points and 8.74%, respectively, with interest payable on a monthly basis. This long-term indebtedness of Sky is guaranteed by the Company. Under the terms of these loan agreements, Sky is required to (a) maintain certain financial coverage ratios related to indebtedness and interest expense; and (b) comply with certain restrictive covenants on indebtedness, liens, asset sales, and certain mergers and consolidations.
- (6) Includes outstanding balances in the aggregate principal amount of Ps.1,489.4 million, in connection with certain credit agreements entered into by TVI with Mexican banks, with maturities between 2013 and 2017, bearing interest at an annual rate in the range of *TIIE* plus 1.90% to *TIIE* plus 2.50%, with interest payable on a monthly basis.
- (7) Actual weighted average maturity of long-term debt as of December 31, 2012.

Interest Expense. Interest expense for the years ended December 31, 2012 and 2011 was Ps.4,369.3 million and Ps.4,174.5 million, respectively.

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

	Year Ended December 31,(1)	
	2012	2011
Interest payable in U.S. Dollars	U.S.\$ 141.5	U.S.\$ 146.7
Amounts currently payable under Mexican withholding taxes(2)	6.9	7.2
Total interest payable in U.S. Dollars	U.S.\$ 148.4	U.S.\$ 153.9
Peso equivalent of interest payable in U.S. Dollars	Ps. 1,955.0	Ps. 1,911.0

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Interest payable in Pesos	2,414.3	2,263.5
Total interest expense	Ps. 4,369.3	Ps. 4,174.5

- (1) U.S. Dollars are translated into Pesos at the rate prevailing when interest was recognized as an expense for each period.
- (2) See Additional Information Taxation Federal Mexican Taxation .

Table of Contents**Contractual Obligations and Commercial Commitments**

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

Contractual Obligations on the Balance Sheet

The following table summarizes our contractual obligations on the balance sheet as of December 31, 2012 (these amounts do not include future interest payments):

	Total	Payments Due by Period			
		Less Than 12 Months January 1, 2013 to December 31, 2013	12-36 Months January 1, 2014 to December 31, 2015	36-60 Months January 1, 2016 to December 31, 2017	Maturities Subsequent to December 31, 2017
		(Thousands of U.S. Dollars)			
6.0% Senior Notes due 2018	U.S.\$ 500,000	U.S.\$	U.S.\$	U.S.\$	U.S.\$ 500,000
6.625% Senior Notes due 2025	600,000				600,000
8.5% Senior Notes due 2032	300,000				300,000
8.49% Senior Notes due 2037	350,195				350,195
6.625% Senior Notes due 2040	600,000				600,000
7.38% Notes due 2020	778,210				778,210
Santander Serfín loan due 2016	155,642			155,642	
BBVA Bancomer loan due 2016	194,553			194,553	
Banamex loan due 2021	124,514			24,903	99,611
HSBC loan due 2018	194,552			145,914	48,638
Santander Serfín loan due 2016	108,949			108,949	
Banamex loan due 2016	163,424			163,424	
Banco Mercantil del Norte loan due 2016	101,168	17,300	41,519	42,349	
Acacia Fund loan due 2013	11,673	11,673			
Other debt	3,066	210	864	1,992	
Long-term debt	4,185,946	29,183	42,383	837,726	3,276,654
Accrued Interest	57,729	57,729			
Satellite transponder obligation	321,585	9,726	28,406	32,856	250,597
Other capital lease obligations	65,275	24,458	16,654	10,355	13,808
Transmission rights(1)	214,454	106,943	61,118	27,018	19,375
Total contractual obligations	U.S.\$ 4,844,989	U.S.\$ 228,039	U.S.\$ 148,561	U.S.\$ 907,955	U.S.\$ 3,560,434

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

Table of Contents**Contractual Obligations off the Balance Sheet**

The following table summarizes our contractual obligations off the balance sheet as of December 31, 2012:

	Total	Payments Due by Period			
		Less Than 12 Months January 1, 2013 to December 31, 2013	12-36 Months January 1, 2014 to December 31, 2015	36-60 Months January 1, 2016 to December 31, 2017	Maturities Subsequent to December 31, 2017
		(Thousands of U.S. Dollars)			
Interest on debt(1)	U.S.\$ 3,614,469	U.S.\$ 240,681	U.S.\$ 591,389	U.S.\$ 494,936	U.S.\$ 2,287,463
Interest on capital lease obligations	215,969	24,401	45,823	41,210	104,535
Lease commitments(2)	168,853	24,532	39,000	34,616	70,705
Programming(3)	131,509	28,389	52,103	23,017	28,000
Transmission rights(3)	399,000		39,820	132,130	227,050
Capital expenditures commitments	58,881	58,881			
Satellite transponder commitments(4)	36,670	11,580	18,404	6,686	
Committed financing to GTAC(5)	3,580	3,580			
Total contractual obligations	U.S.\$ 4,628,931	U.S.\$ 392,044	U.S.\$ 786,539	U.S.\$ 732,595	U.S.\$ 2,717,753

- (1) Interest to be paid in future years on outstanding debt as of December 31, 2012, was estimated based on contractual interest rates and exchange rates as of that date.
- (2) Reflects our minimum non-cancellable lease commitments for facilities under operating lease contracts, which are primarily related to our gaming business, under operating leases expiring through 2047. See Note 26 to our consolidated year-end financial statements.
- (3) These line items reflect our obligations related to programming to be acquired or licensed from third party producers and suppliers, and transmission rights for special events to be acquired from a third party.
- (4) Reflects our minimum commitments for the use of satellite transponders under operating lease contracts.
- (5) In connection with a long-term credit facility, we have agreed to provide financing to GTAC in 2013 in the aggregate principal amount of Ps.46.0 million (U.S.\$3.6 million).

Item 6. Directors, Senior Management and Employees
Board of Directors

The following table sets forth the names of our current directors and their alternates, their dates of birth, their principal occupation, their business experience, including other directorships, and their years of service as directors or alternate directors. Each of the following directors and alternate directors were elected or ratified for a one-year term by our stockholders at our April 2, 2013 annual stockholders meeting.

Name and Date of Birth	Principal Occupation	Business Experience	First Elected
Emilio Fernando Azcárraga	Chairman of the Board, President and Chief	Member of the Boards of Banco Nacional de México and Univision	December 1990
Jean (02/21/68)	Executive Officer and Chairman of the Executive		

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Committee of Grupo Televisa

In alphabetical order:

Alfonso de Angoitia Noriega (01/17/62)	Executive Vice President, Member of the Executive Office of the Chairman and Member of the Executive Committee of Grupo Televisa	Member of the Boards of Grupo Modelo and Univision	April 1997
Pedro Carlos Aspe Armella (07/07/50)	Co-Chairman of Evercore	Member of the Board of The McGraw-Hill Companies	April 2003
Alberto Baillères González (08/22/31)	Chairman of the Boards of Grupo Bal, Industrias Peñoles, Fresnillo PLC, Grupo Palacio de Hierro, Grupo Nacional Provincial and Grupo Profuturo, Director of Valores Mexicanos Casa de Bolsa, Chairman of the Government Board of Instituto Tecnológico Autonomo de México and Associate Founder Fundación Alberto Bailleres	Director of Grupo Dine, Grupo Kuo, Grupo Financiero BBVA Bancomer, Fomento Económico Mexicano and J.P. Morgan International Council	April 2004

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Name and Date of Birth	Principal Occupation	Business Experience	First Elected
Julio Barba Hurtado (05/20/33)	Legal Advisor to the Company, Secretary of the Audit & Corporate Practices Committee and Member of the Executive Committee of the Company	Former Legal Advisor to the Board of the Company and Former Assistant Secretary of the Board of the Company	December 1990
José Antonio Bastón Patiño (04/13/68)	President of Television and Contents and Member of the Executive Committee of Grupo Televisa	Former Corporate Vice President of Television and Vice President of Operations of Grupo Televisa, Member of the Board of Univision	April 1998
Francisco José Chévez Robelo (07/03/29)	Chairman of the Audit and Corporate Practices Committee of Grupo Televisa, Member of the Board of Directors and Chairman of the Audit and Corporate Practices Committee of Empresas Cablevisión	Retired Partner of Chévez, Ruíz, Zamarripa y Cía., S.C. and Member of the Board of Directors and Chairman of the Audit and Corporate Practices Committee of Empresas Cablevisión, Former Managing Partner of Arthur Andersen & Co.	April 2003
José Antonio Fernández Carbajal (02/15/54)	Chairman of the Board and Chief Executive Officer of Fomento Económico Mexicano and Chairman of the Board of Coca-Cola FEMSA	Chairman of the Board of Directors of ITESM, Vice-Chairman of the Supervisory Board of Heineken N.V., Member of the Board of Heineken Holding, Chairman of the Advisory Board of the Woodrow Wilson Center, México Institute Co. and Member of the Board of Directors of Grupo Financiero BBVA Bancomer, Industrias Peñoles, Grupo Industrial Bimbo, Controladora Vuela Compañía de Aviación, Grupo Xignux, CEMEX and Heineken Holding N.V.	April 2007
Carlos Fernández González (09/29/66)	Chief Executive Officer and Chairman of the Board of Grupo Modelo, Member of the Board and Partner of Finaccess México, Partner and Chief Executive Officer of Tenedora San Carlos	Member of the Boards of Grupo Financiero Santander and Crown Imports, LLC. Past Member of the Board of Anheuser Busch, Co.	July 2000
Bernardo Gómez Martínez (07/24/67)	Executive Vice President, Member of the Executive Office of the Chairman and Member of the Executive Committee of Grupo Televisa	Former Deputy Director of the Chairman of Grupo Televisa and former President of the Mexican Chamber of Television and Radio Broadcasters	April 1999

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Name and Date of Birth	Principal Occupation	Business Experience	First Elected
Claudio X. González Laporte (05/22/34)	Chairman of the Board of Kimberly-Clark de México and Chairman of the Strategic Committee of the Mexican Business Council	Member of the Boards of Grupo Alfa, Grupo Carso, Grupo México, Grupo Financiero Inbursa and Mexico Fund, Director Emeritus of General Electric, Investment Company of America and Mexico Fund	April 1997
Roberto Hernández Ramírez (03/24/42)	Chairman of the Board of Banco Nacional de México	Member of the Board of Grupo Financiero Banamex	April 1992
Enrique Krauze Kleinbort (09/17/47)	Director and Member of the Boards of Editorial Clío Libros, y Videos and of Editorial Vuelta	Member and Chairman of the Boards of Quadrant and President of the Board of Directors of Productora Contadero	April 1996
Germán Larrea Mota Velasco (10/26/53)	Chairman of the Board and Chief Executive Officer of Grupo México	Member of the Board of Grupo Financiero Banamex	April 1999
Michael Larson (10/07/59)	Chief Investment Officer of William H. Gates III	Chairman of Western Asset Claymore Inflation Linked Securities & Income Fund and Western Asset/Claymore Inflation Linked Opportunities Fund and Director of Pan American Silver Corp., Auto Nation, Republic Services and Fomento Económico Mexicano.	April 2009
Lorenzo Alejandro Mendoza Giménez (10/05/65)	Chief Executive Officer, Member of the Board and President of the Executive Committee of Empresas Polar	Former Member of the Boards of AES La Electricidad de Caracas, CANTV-Verizon and BBVA Banco Provincial	April 2009
Alejandro Jesús Quintero Iñiguez (02/11/50)	Corporate Vice President of Sales and Marketing and Member of the Executive Committee of Grupo Televisa	Shareholder of Grupo TV Promo, S.A. de C.V.	April 1998
Fernando Senderos Mestre (03/03/50)	Chairman of the Board and President of the Executive Committee of Desc, Dine and Grupo Kuo	Member of the Boards of Grupo Carso, Kimberly-Clark de México, Industrias Peñoles and Grupo Nacional Provincial, former Member of the Board of Grupo Alfa	April 1992
Enrique Francisco José Senior Hernández (08/03/43)	Managing Director of Allen & Company, LLC	Member of the Boards of Univision, Coca-Cola FEMSA, Cinemark and FEMSA	April 2001

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Name and Date of Birth	Principal Occupation	Business Experience	First Elected
Eduardo Tricio Haro (08/05/63)	President of Grupo Industrial Lala, S.A. de C.V.	Chairman of the Board of Elopak, Fundación Lala, Grupo Aeromexico, Grupo Lala, Member of the Board of Banco Nacional de Mexico, Bolsa Mexicana de Valores, Casa GTH, Centro Cultural Arocena Laguna, Desarrollos Inmobiliarios GTH, Grupo Industrial Saltillo, HSBC Mexico, Hospital Infantil de Mexico Federico Gomez, Mexicanos Primero, Mexichem	April 2012
Alternate Directors: <i>In alphabetical order:</i>			
Herbert A. Allen III (06/08/67)	President of Allen & Company LLC	Former Executive Vice President and Managing Director of Allen & Company Incorporated, Member of the Board of Convera Corporation and Coca Cola FEMSA	April 2002
Félix José Araujo Ramírez (03/20/51)	Vice President of Digital Television and Broadcasting	Former Vice President of Televisa Regional and Chief Executive Officer of Telesistema Mexicano, President of the Board of Directors of Televisora de Navojoa and Televisora Peninsular	April 2002
Joaquín Balcárcel Santa Cruz (01/04/69)	Vice President Legal and General Counsel of Grupo Televisa	Former Vice President and General Counsel of Television Division, former Legal Director of Grupo Televisa	April 2000
José Luis Fernández Fernández (05/18/59)	Partner of Chévez, Ruíz, Zamarripa y Cia., S.C.; Member of the Audit and Corporate Practices Committee of Grupo Televisa	Commissioner of Sport City Universidad, Club de Golf Los Encinos and Member of the Board of Directors of Grupo Pochteca, Mexichem, Banco Bx+ and Grupo Financiero Bx+	April 2002
Salvi Rafael Folch Viadero (08/16/67)	Chief Financial Officer of Grupo Televisa	Former Vice President of Financial Planning of Grupo Televisa, former Chief Executive Officer and Chief Financial Officer of Comercio Más, S.A. de C.V. and former Vice Chairman of Banking Supervision of the National Banking and Securities Commission	April 2002

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Name and Date of Birth	Principal Occupation	Business Experience	First Elected
Leopoldo Gómez González Blanco (04/06/59)	News Vice President of Grupo Televisa	Former Director of Information to the President of Grupo Televisa	April 2003
Jorge Agustín Lutteroth Echegoyen (01/24/53)	Vice President and Corporate Controller of Grupo Televisa	Former Senior Partner of Coopers & Lybrand and Despacho Roberto Casas Alatraste, S.C.	July 1998
Alberto Javier Montiel Castellanos (11/22/45)	Member of the Audit and Corporate Practices Committees of Grupo Televisa and Empresas Cablevisión	Former Tax Vice President of Grupo Televisa, former Tax Director of Wal-Mart de México and Member of the Board of Directors of Operadora Dos Mil and Dosfiscal Editores, Member of the Editorial Committee of Dosfiscal Editores, S.A. de C.V. and Director of Montiel Font y Asociados, S.C.	April 2002
Raúl Morales Medrano (05/12/70)	Partner of Chévez, Ruiz, Zamarripa y Cia., S.C.	Former Senior Manager of Chévez, Ruiz, Zamarripa y Cia., S.C. and Member of the Audit and Corporate Practices Committee of Empresas Cablevisión	April 2002
Guadalupe Phillips Margain (07/02/71)	Vice President of Finance and Risk of Grupo Televisa	Former Chief Financial Officer of Empresas Cablevisión, Member of the Board of Directors of Evercore Casa de Bolsa	April 2012

Our Board of Directors

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

our principals, employees or managers, as well as the statutory auditors, or *comisarios*, of our subsidiaries, including those individuals who have occupied any of the described positions within a period of 12 months preceding the appointment;

individuals who have significant influence over our decision making processes;

controlling stockholders, in our case, the beneficiary of the Azcárraga Trust;

partners or employees of any company which provides advisory services to us or any company that is part of the same economic group as we are and that receives 10% or more of its income from us;

significant clients, suppliers, debtors or creditors, or members of the Board or executive officers of any such entities; or

spouses, family relatives up to the fourth degree, or cohabitants of any of the aforementioned individuals.

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

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Election of Directors. A majority of the members of our Board of Directors must be Mexican nationals and must be elected by Mexican stockholders. At our annual stockholders' meeting held on April 2, 2013 and at our annual meetings thereafter, a majority of the holders of the A Shares voting together elected, or will have the right to elect, eleven of our directors and corresponding alternates and a majority of the holders of the B Shares voting together elected, or will have the right to elect, five of our directors and corresponding alternates. At our special stockholders' meetings, a majority of the holders of the L Shares and D Shares will each continue to have the right to elect two of our directors and alternate directors, each of which must be an independent director. Ten percent holders of A Shares, B Shares, L Shares or D Shares will be entitled to nominate a director and corresponding alternates. Each alternate director may vote in the absence of a corresponding director. Directors and alternate directors are elected for one-year terms by our stockholders at each annual stockholders' meeting, and each serves for up to a 30-day term once the one-year appointment has expired or upon resignation; in this case, the Board of Directors is entitled to appoint provisional directors without the approval of the stockholders' meeting. All of the current and alternate members of the Board of Directors were elected by our stockholders at our 2013 annual stockholders' special and general meetings, which were held on April 2, 2013.

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

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

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

our general strategy;

with input from the Audit and Corporate Practices Committee, on an individual basis: (i) any transactions with related parties, subject to certain limited exceptions; (ii) the appointment of our Chief Executive Officer, his compensation and removal for justified causes; (iii) our financial statements; (iv) unusual or non-recurrent transactions and any transactions or series of related transactions during any calendar year that involve (a) the acquisition or sale of assets with a value equal to or exceeding 5% of our consolidated assets, or (b) the giving of collateral or guarantees or the assumption of liabilities, equal to or exceeding 5% of our consolidated assets; (v) agreements with our external auditors; and (vi) accounting policies within IFRS;

creation of special committees and granting them the power and authority, provided that the committees will not have the authority, which by law or under our bylaws is expressly reserved for the stockholders or the Board;

matters related to antitakeover provisions provided for in our bylaws; and

the exercise of our general powers in order to comply with our corporate purpose.

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

The duty of loyalty requires our directors to preserve the confidentiality of information received in connection with the performance of their duties and to abstain from discussing or voting on matters in which they have a conflict of interest. In addition, the duty of loyalty is breached if a stockholder or group of stockholders is knowingly favored or if, without the express approval of the Board of Directors, a director takes advantage of a corporate opportunity. The duty of loyalty is also breached, among other things, by (i) failing to disclose to the Audit and Corporate Practices Committee or the external auditors any irregularities that the director encounters in the performance of his or her duties; or

(ii) disclosing information that is false or misleading or omitting to record any transaction in our records that could affect our financial statements. Directors are liable for damages and losses caused to us and our subsidiaries for violations of this duty of loyalty. This liability also extends to damages and losses caused as a result of benefits obtained by the director or directors or third parties, as a result of actions of such directors.

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

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

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

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

Audit and Corporate Practices Committee. The Audit and Corporate Practices Committee is currently composed of three independent members: Francisco José Chévez Robelo, the Chairman, Alberto Montiel Castellanos and José Luís Fernández Fernández. The Chairman of this Committee was confirmed in our latest annual stockholders' meeting held on April 2, 2013. The other members were confirmed at our Board of Directors meeting held on April 26, 2012. The Chairman of the Audit and Corporate Practices Committee is appointed at our stockholders' meeting, and our Board of Directors appoints the remaining members.

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

The Chairman of the Audit and Corporate Practices Committee shall prepare an annual report to our Board of Directors with respect to the findings of the Audit and Corporate Practices Committee, which shall include, among other things (i) the status of the internal controls and internal audits and any deviations and deficiencies thereof, taking into consideration the reports of external auditors and independent experts, (ii) the results of any preventive and corrective measures taken based on results of investigations in respect of non-compliance of operating and accounting policies, (iii) the evaluation of external auditors, (iv) the main results from the review of our financial statements and those of our subsidiaries, (v) the description and effects of changes to accounting policies, (vi) the measures adopted as result of observations of stockholders, directors, executive officers and third parties relating to accounting, internal controls, and internal or external audits, (vii) compliance with stockholders' and directors' resolutions, (viii) observations with respect to relevant directors and officers, (ix) the transactions entered into with related parties and (x) the remunerations paid to directors and officers.

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

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

Name and Date of Birth	Principal Position	Business Experience	First Appointed
Emilio Fernando Azcárraga Jean (02/21/68)	Chairman of the Board, President and Chief Executive Officer and Chairman of the Executive Committee of Grupo Televisa	Member of the Boards of Banco Nacional de México and Univision	March 1997
<i>In alphabetical order:</i> Carlos Miguel Álvarez Figueroa (12/31/53)	Chief Executive Officer of Empresas Cablevisión, S.A.B. de C.V., Member of the Executive Committee of the Mexican National Chamber of Telecommunications (CANITEC). Managing Member of Centro de Investigación e Innovación en Teleunicaciones (CINIT).	Former Chief Executive Officer and Member of the Board of Directors of Cablemás Telecomunicaciones, S.A. de C.V., former Member of the Board of Directors of Cablemás, S.A. de C.V. and former Regional Director of Telecab, S.A. de C.V.	April 2013
Alfonso de Angoitia Noriega (01/17/62)	Executive Vice President, Member of the Executive Office of the Chairman and Member of the Executive Committee of Grupo Televisa	Member of the Boards of Grupo Modelo and Univision	January 2004
José Antonio Bastón Patiño (04/13/68)	President of Television and Contents and Member of the Executive Committee of Grupo Televisa	Former Corporate Vice President of Television and Vice President of Operations, Member of the Board of Univision	November 2008
Salvi Rafael Folch Viadero (08/16/67)	Chief Financial Officer of Grupo Televisa	Former Vice President of Financial Planning of Grupo Televisa, former Chief Executive Officer and Chief Financial Officer of Comercio Más, S.A. de C.V. and former Vice Chairman of Banking Supervision of the National Banking and Securities Commission	January 2004
Bernardo Gómez Martínez (07/24/67)	Executive Vice President, Member of the Executive Office of the Chairman and Member of the Executive Committee of Grupo Televisa	Former Deputy Director of the Chairman of Grupo Televisa and former President of the Mexican Chamber of Television and Radio Broadcasters	January 2004
Adolfo Lagos Espinosa (6/30/48)	Corporate Vice President of Telecommunications	Former Advisor of Santander Mexico and Former Senior Executive VP Head of Global Wholesale Banking Division	February 2013

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Alexandre Moreira Penna (12/25/54)	Chief Executive Officer and Chairman of the Board of Managers of Corporación Novavisión and Chairman of the Board and Chief Executive Officer of several subsidiaries of Grupo Televisa	and Member of Steering Committee of Grupo Santander Former Vice President of Corporate Finance of Grupo Televisa, former Managing Director of JPMorgan Chase Bank, N.A.	February 2004
Alejandro Jesús Quintero Iñiguez (02/11/50)	Corporate Vice President of Sales and Marketing	Shareholder of Grupo TV Promo, S.A. de C.V.	May 1998

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Compensation of Directors and Officers

For the year ended December 31, 2012, we paid our directors, alternate directors and executive officers for services in all capacities aggregate compensation of approximately Ps.521.6 million (U.S.\$40.6 million using the Interbank Rate, as reported by Banamex, as of December 31, 2012). This compensation included certain amounts related to the use of assets and services of the Company, as well as travel expenses reimbursed to directors and officers. See [Use of Certain Assets and Services](#) below.

We have made Ps.130.8 million in contributions to our pension and seniority premium plans on behalf of our directors, alternate directors and executive officers in 2012. Projected benefit obligations as of December 31, 2012 were approximately Ps.140.7 million.

In addition, we have granted our executive officers and directors rights to purchase CPOs under the Stock Purchase Plan and the Long-Term Retention Plan. See [Stock Purchase Plan and Long-Term Retention Plan](#) below.

Use of Certain Assets and Services

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

In accordance with this program, we require, under certain circumstances, that certain authorized Key Personnel use aircrafts, either owned or leased by us, for non-business, as well as business travel for our benefit rather than as a personal benefit. The use of such aircrafts is carried out in accordance with, among others, our *Política de Seguridad* policy, which establishes guidelines under which authorized Key Personnel may use such aircrafts for personal purposes. If the use of such aircrafts for personal purposes exceeds the specified number of hours, the relevant Key Personnel must reimburse us for the cost of operating the aircrafts during the excess time of use. The aggregate amount of compensation set forth in [Compensation of Directors and Officers](#) does include the cost to us of providing this service.

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

Stock Purchase Plan and Long-Term Retention Plan

Pursuant to the terms of our stock purchase plan, as amended, we may conditionally sell CPOs and/or CPO equivalents to eligible participants, who consist of key executives and other personnel. Pursuant to the stock purchase plan, the sale prices of the CPOs and/or CPO equivalents range from Ps.11.21 to Ps.26.16. We have implemented the stock purchase plan by means of a special purpose trust. The CPOs, CPO equivalents and underlying shares that are part of the stock purchase plan will be held by the special purpose trust and will be voted with the majority of the CPOs, CPO equivalents and underlying shares that are represented at the relevant meeting until these securities are transferred to plan participants or otherwise sold in the open market. In accordance with the stock purchase plan, our President and the technical committee of the special purpose trust have broad discretion to make decisions related to the stock purchase plan, including the ability to accelerate vesting terms, to release or transfer CPOs and/or CPO equivalents, subject to conditional sale agreements, to plan participants in connection with sales for purposes of making the payment of the related purchase price, and to implement amendments to the stock purchase plan, among others.

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

Pursuant to the related conditional sale agreements, rights to approximately 0.04 million CPOs vested in January 2009. No CPOs vested in 2010. Unless the technical committee of the special purpose trust or our President determines otherwise, these CPOs will be held in the special purpose trust until they are transferred to plan participants or otherwise sold in the open market, subject to the conditions set forth in the related conditional sale agreements. As of May 2009, CPOs and shares not assigned to plan participants were transferred to the Long-Term Retention Plan special purpose trust. See Note 16 to our consolidated year-end financial statements. As of March 13, 2011, the date when the rights to purchase a total of 87.4 million CPOs transferred expired, approximately 87.4 million stock purchase plan CPOs transferred to employee plan participants had been sold in open market transactions.

In the fourth quarter of 2010, approximately 14.3 million CPOs or CPO equivalents were designated for the stock purchase plan through the special purpose trust. Approximately 2.7 million, 2.8 million and 2.7 million CPOs vested in 2011, 2012 and 2013, respectively. As of December 31, 2012, approximately 3.4 million stock purchase plan CPOs transferred to employee plan participants have been sold in the open market. Additional sales will continue to take place during or after 2013.

At our general extraordinary and ordinary stockholders meeting held on April 30, 2002, our stockholders authorized the creation and implementation of a Long-Term Retention Plan, as well as the creation of one or more special purpose trusts to implement the Long-Term Retention Plan. Pursuant to our Long-Term Retention Plan, we have granted eligible participants, who consist of unionized and non-unionized employees, including key personnel, awards as conditional sales, restricted stock, stock options or other similar arrangement. As approved by our stockholders, the exercise or sale price, as the case may be, is based (i) on the average trading price of the CPOs during the first six months of 2003, or (ii) on the price determined by the Board, the technical committee of the special purpose trust or the President of Televisa, in either case, adjusted by any applicable discount, including discounts attributable to limitations on the disposition of the Shares or CPOs that are subject to the Long-Term Retention Plan. The CPOs and their underlying shares as well as A, B, D and L Shares that are part of the Long-Term Retention Plan will be held by the special purpose trust and will be voted (y) with the majority of those securities, as the case may be, represented at the relevant meeting or (z) as determined by the technical committee of the special purpose trust, until these securities are transferred to plan participants or otherwise sold in the open market.

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

At our annual general ordinary stockholders meeting held on April 30, 2008, our stockholders approved a second stage of the Long-Term Retention Plan and approved grants of up to 25 million CPOs per year, or CPO equivalents, under the Long-Term Retention Plan. At our annual general ordinary stockholders meeting held on April 2, 2013, our stockholders approved that the number of CPOs that may be granted annually under the Long-Term Retention Plan shall be up to 1.5% of the capital of the Company. The price at which the conditional sales of the CPOs will be made to beneficiaries is based on the lowest of (i) the closing price on March 31 of the year in which the CPOs are awarded, and (ii) the average price of the CPOs during the first three months of the year in which the CPOs are awarded. The resulting price shall be reduced by dividends, a liquidity discount and by the growth of the consolidated or relevant segment Operating Income Before Depreciation and Amortization, or OIBDA, (including OIBDA affected by acquisitions) between the date of award and the vesting date, among others. As of December 31, 2012, approximately 68.2 million CPOs that were transferred to employee plan participants were sold in the open market. Additional sales will continue to take place during or after 2013.

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The special purpose trust created to implement the Long-Term Retention Plan currently owns approximately 236.0 million CPOs or CPO equivalents. This figure is net of approximately 9.7 million CPOs vested early in 2006 and approximately 12.1, 11.7, 13.7, 26.0 and 26.3 million CPOs or CPO equivalents vested respectively in 2008, 2009, 2010, 2011 and 2012. Of such 236.0 million CPOs or CPO equivalents approximately 73% are in the form of CPOs and the remaining 27% are in the form of A, B, D and L Shares. As of February 28, 2013, approximately 98.5 million CPOs or CPO equivalents have been reserved and will become vested between 2013 and 2015 at prices ranging from Ps.13.45 to Ps.60.65 pesos per CPO which may be reduced by dividends, a liquidity discount and the growth of the consolidated or relevant segment OIBDA (including OIBDA affected by acquisitions) between the date of award and the vesting date, among others.

In December 2002 and July 2005, we registered for sale CPOs by the special purpose trust to plan participants pursuant to registration statements on Form S-8 under the Securities Act. The registration of these CPOs permits plan participants who are not affiliates and/or the special purpose trust on behalf of these plan participants to sell their CPOs that have vested through ordinary brokerage transactions without any volume or other limitations or restrictions. Those plan participants who are affiliates may only sell their vested CPOs either pursuant to an effective registration statement under the Securities Act or in reliance on an exemption from registration. All or a portion of the net proceeds from any such sales would be used to satisfy the purchase price obligations of these plan participants pursuant to their conditional sale agreements. As of October 2010, our stock purchase plan and our Long-Term Retention Plan were consolidated under a single special purpose trust.

At our annual general ordinary stockholders meeting held on April 29, 2011, our stockholders approved the issuance of 150 million CPOs, subject to the preemptive rights of existing stockholders. After the expiration of the preemptive rights to existing shareholders, we provided the funds to the special purpose trust to purchase the CPOs. On October 25, 2011, the special purpose trust completed the purchase of the CPOs.

Share Ownership of Directors and Officers

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

Employees and Labor Relations

The following table sets forth the number of employees and a breakdown of employees by main category of activity and geographic location as of the end of each year in the three-year period ended December 31, 2012:

	Year Ended December 31,		
	2010	2011	2012
Total number of employees	24,739	26,314	28,599
Category of activity:			
Employees	24,698	26,275	28,558
Executives	41	39	41
Geographic location:			
Mexico	23,032	24,659	27,250
Latin America (other than Mexico)	1,399	1,345	1,021
U.S.	308	310	328

As of December 31, 2010, 2011 and 2012, approximately 37%, 39% and 42% of our employees, respectively, were represented by unions. We believe that our relations with our employees are good. Under Mexican law, the agreements between us and most of our television, radio and cable television union employees are subject to renegotiation on an annual basis in January of each year. We also have union contracts with artists, musicians and other employees, which are also renegotiated on an annual basis.

Item 7. Major Stockholders and Related Party Transactions

The following table sets forth information about the beneficial ownership of our capital stock by our directors, alternate directors, executive officers and each person who is known by us to own more than 5% of the currently outstanding A Shares, B Shares, L Shares or D Shares as of February 28, 2013. Except as set forth below, we are not aware of any holder of more than 5% of any class of our Shares.

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Identity of Owner	Shares Beneficially Owned(1)(2)								Aggregate Percentage of Outstanding Shares
	A Shares		B Shares		D Shares		L Shares		
	Number	Percentage of Class	Number	Percentage of Class	Number	Percentage of Class	Number	Percentage of Class	
Azcárraga Trust(3)	52,991,825,705	43.0%	67,814,604	0.1%	107,886,870	0.1%	107,886,870	0.1%	14.7%
BlackRock, Inc.(4)	6,853,323,525	5.6%	6,030,924,702	10.2%	9,594,652,935	10.7%	9,594,652,935	10.7%	8.8%
William H. Gates III(5)	5,759,537,500	4.7%	5,068,393,000	8.6%	8,063,352,500	9.0%	8,063,352,500	9.0%	7.4%
First Eagle Investment Management, LLC(6)	3,553,573,875	2.9%	3,127,145,010	5.3%	4,975,003,425	5.5%	4,975,003,425	5.5%	4.6%

- (1) Unless otherwise indicated, the information presented in this section is based on the number of shares authorized, issued and outstanding as of February 28, 2013. The number of shares issued and outstanding for legal purposes as of February 28, 2013 was 64,347,348,050 series A Shares, 56,625,666,284 series B Shares, 90,086,287,270 series D Shares and 90,086,287,270 series L Shares, in the form of CPOs, and an additional 58,926,613,375 series A Shares, 2,357,207,692 series B Shares, 238,595 series D Shares and 238,595 series L Shares not in the form of CPOs. For financial reporting purposes under IFRS only, the number of shares authorized, issued and outstanding as of February 28, 2013 was 59,921,076,625 series A Shares, 52,730,547,430 series B Shares, 83,889,507,275 series D Shares and 83,889,507,275 series L Shares in the form of CPOs, and an additional 53,682,342,992 series A Shares, 186,537 series B Shares, 238,541 series D Shares and 238,541 series L Shares not in the form of CPOs. The number of shares authorized, issued and outstanding for financial reporting purposes under IFRS as of February 28, 2013 does not include: (i) 4,685,081 CPOs and an additional 136,493,950 series A Shares, 20,675,534 series B Shares, 25 series D Shares and 25 series L Shares not in the form of CPOs acquired by one of our subsidiaries, Televisa, S.A. de C.V., substantially all of which are currently held by the trust created to implement our stock purchase plan; and (ii) 172,365,776 CPOs and an additional 5,107,776,433 series A Shares, 2,336,345,621 series B Shares, 29 series D Shares and 29 series L Shares not in the form of CPOs acquired by the trust we created to implement our long-term retention plan. See Note 16 to our consolidated year-end financial statements.
- (2) Except through the Azcárraga Trust, none of our directors and executive officers currently beneficially owns more than 1% of our outstanding A Shares, B Shares, D Shares or L Shares. See Directors, Senior Management and Employees Share Ownership of Directors and Officers. This information is based on information provided by directors and executive officers.
- (3) For a description of the Azcárraga Trust, see The Major Stockholders below.
- (4) Based solely on information included in the report on Schedule 13G by BlackRock, Inc., as of December 31, 2012.
- (5) Based solely on information included in the report on Schedule 13D filed on March 19, 2010 by Cascade Investment, L.L.C. Includes 3,644,562,500 A Shares, 3,207,215,000 B Shares, 5,102,387,500 D Shares and 5,102,387,500 L Shares beneficially owned by Cascade Investment, L.L.C., over which William H. Gates III has sole voting and dispositive power, and 2,114,975,000 A Shares, 1,861,178,000 B Shares, 2,960,965,000 D Shares and 2,960,965,000 L Shares beneficially owned by the Bill and Melinda Gates Foundation Trust, over which William H. Gates III and Melinda French Gates have shared voting and dispositive power.
- (6) Based solely on information included in the report on Form 13F by First Eagle Investment Management, LLC., as of December 31, 2012.

The Major Stockholders

Approximately 45.6% of the outstanding A Shares, 2.7% of the outstanding B Shares, 2.8% of the outstanding D Shares and 2.8% of the outstanding L Shares of the Company were held through the Stockholder Trust, including shares in the form of CPOs. On June 17, 2009, the Stockholder Trust was terminated and the shares and CPOs which were formerly held through such trust were delivered to the corresponding beneficiaries. The largest beneficiary of the Stockholder Trust was a trust for the benefit of Emilio Azcárraga Jean. Such trust currently holds 43.0% of the outstanding A shares, 0.1% of the outstanding B shares, 0.1% of the outstanding D shares and 0.1% of the outstanding L shares of the Company. As a result, Emilio Azcárraga Jean controlled until June 17, 2009, the voting of the shares held through the Stockholder Trust, and currently controls the vote of such shares through the Azcárraga Trust. The A Shares held through the Azcárraga Trust constitute a majority of the A Shares whose holders are entitled to vote because non-Mexican holders of CPOs and GDSs are not permitted by law to vote the underlying A Shares. Accordingly, and so long as non-Mexicans own more than a minimal number of A Shares, Emilio Azcárraga Jean will have the ability to direct the election of 11 out of 20 members of our Board of Directors, as well as prevent certain actions by the stockholders, including dividend payments, mergers, spin-offs, changes in corporate purpose, changes of nationality and amendments to the anti-takeover provisions of our bylaws.

Pursuant to our bylaws, holders of B shares are entitled to elect five out of 20 members of our Board of Directors.

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

We believe that as of February 28, 2013, approximately 211,679,273 GDSs were held of record by 125 persons with U.S. addresses. Those GDSs represent 21% of the outstanding A Shares, 40% of the outstanding B Shares, 41% of the outstanding D Shares and 41% of the outstanding L Shares of the Company.

Related Party Transactions

Transactions and Arrangements with Univision. In December 2010, the Company and Univision announced the completion of certain agreements among related parties by which, among other transactions, the Company made an investment in BMP, the parent company of Univision, and the PLA between Televisa and Univision was amended and extended through the later of 2025 or seven and one-half years after the Company has sold two-thirds of its initial investment in BMP, Univision became a related party to the Company as of December 2010 as a result of these transactions. For a description of our arrangements with Univision, see [Information on the Company Business Overview Univision](#) .

Transactions and Arrangements with Iusacell. Iusacell purchased advertising services from us in connection with the promotion of its products and services in 2012, and we expect that Iusacell will continue to do so in the future. Iusacell paid and will continue to pay rates applicable to third party advertisers for these advertising services.

Transactions and Arrangements With Our Directors and Officers. We own 15% of the equity of Centros de Conocimiento Tecnológico, or CCT, a company that builds, owns and operates technological schools in Mexico and in which Claudio X. Gonzalez Laporte and Carlos Fernandez Gonzalez, two of our directors, own a minority interest.

During 2012, we entered into contracts leasing office space directly or indirectly from certain of our directors and officers. These leases have aggregate annual lease payments for 2013 equal to approximately Ps.24 million. We believe that the terms of these leases are comparable to terms that we would have entered into with third parties for similar leases.

Certain of our executive officers have in the past, and from time to time in the future may, purchase debt securities issued by us and/or our subsidiaries from third parties in negotiated transactions. Certain of our executive officers and directors participate in our stock purchase plan and Long-Term Retention Plan. See [Directors, Senior Management and Employees Stock Purchase Plan and Long-Term Retention Plan](#) .

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

Consulting Services. Instituto de Investigaciones Sociales, S.C., a consulting firm which is controlled by Ariana Azcárraga De Surmont, the sister of Emilio Azcárraga Jean, has from time to time during 2012 provided consulting services and research in connection with the effects of our programming, especially telenovelas, on our viewing audience. Instituto de Investigaciones Sociales, S.C. provided us with such services in 2012, and we expect to continue these arrangements through 2013.

Loans from Banamex. In 2006, Banamex and Innova entered into a loan agreement with a maturity date of 2016 and in 2010 Banamex and TVI entered into a revolving credit facility which was paid by TVI in March 2011. In March 2011, the Company entered into long-term credit arrangements with Banamex, with maturities between 2018 and 2021. These loans were made on terms substantially similar to those offered by Banamex to third parties. Emilio Azcárraga Jean, our Chief Executive Officer, President and Chairman of the Board, is a member of the Board of Banamex. One of our directors, Roberto Hernández Ramírez, is the Chairman of the Board of Banamex. Mr. Hernández was also a member of the Board of, and the beneficial owner of less than 1% of the outstanding capital stock of, Citigroup, Inc., the entity that indirectly controls Banamex. Lorenzo H. Zambrano Treviño, a former director, is also a member of the Board of Banamex. For a description of amounts outstanding under, and the terms of, our existing credit facilities with Banamex, see [Operating and Financial Review and Prospects Results of Operations Liquidity, Foreign Exchange and Capital Resources Indebtedness](#) .

Advertising Services. Two of our directors, Alfonso de Angoitia Noriega and Carlos Fernández González, are members of the Board of, as well as in the case of Mr. Fernández, stockholder of, Grupo Modelo, S.A.B. de C.V., or Grupo Modelo, the leading producer, distributor and exporter of beer in Mexico. Carlos Fernández González also serves as the Chief Executive Officer and Chairman of the board of directors of Grupo Modelo. Alfonso de Angoitia Noriega also serves as the Chairman of the Finance Committee of the board of directors of Grupo Modelo. Grupo Modelo purchased advertising services from us in connection with the promotion of its products from time to time in 2012, and we expect that this will continue to be the case in the future. Grupo Modelo paid and will continue to pay rates applicable to third party advertisers for these advertising services.

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Several other members of our current Board serve as members of the Boards and/or are stockholders of other companies. See *Directors, Senior Management and Employees*. Some of these companies, including Banamex, Kimberly-Clark de México, S.A.B. de C.V., Grupo Financiero Santander, S.A.B. de C.V., and FEMSA, among others, purchased advertising services from us in connection with the promotion of their respective products and services from time to time in 2012, and we expect that this will continue to be the case in the future. Similarly, Alejandro Quintero Iñiguez, a member of our Board and our Executive Committee and our Corporate Vice President of Sales and Marketing, is a stockholder of Grupo TV Promo, S.A. de C.V., which is a company that renders services of publicity, promotion and advertisement to third parties. Grupo TV Promo, S.A. de C.V. and its subsidiaries act as licensees of the Company for the use and exploitation of certain images and/or trademarks of shows and novelas produced by the Company; and produce promotional campaigns and events for the Company and for some of the Company's clients. Grupo TV Promo, S.A. de C.V. has purchased and will continue to purchase advertising services from us, some of which are referred to the aforementioned promotional campaigns. The companies described above pay rates applicable to third party advertisers that purchase advertising services on pay-TV networks and unsold advertising services on free-to-air television channels, which are lower than the rates paid by advertisers that purchase advertising in advance or at regular rates. Alejandro Quintero does not currently receive any form of compensation from Grupo TV Promo, S.A. de C.V., other than dividends to which he may be entitled to receive as stockholder, as the case may be. During 2012, Grupo TV Promo purchased unsold advertising on free-to-air television channels of Televisa for a total of Ps.345,359,469 and Ps.19,868,604 on pay-TV networks.

Online Lottery Services. In March 2012, Multijuegos, our online lottery, entered into an agreement with Cadena Comercial Oxxo, S.A. de C.V. and OXXO Express, S.A. de C.V., or OXXO, the principal chain of convenience stores in Mexico, both controlled subsidiaries of Fomento Economico Mexicano, S.A.B., or FEMSA, to sell online lottery tickets through point-of-sale terminals at the OXXO stores. José Antonio Fernández Carbajal, Chairman of the Board and Chief Executive Officer of FEMSA, is a member of our Board.

Legal and Advisory Services. During 2012, Mijares, Angoitia, Cortés y Fuentes, S.C., a Mexican law firm, provided us with legal and advisory services, and we expect that this will continue to be the case in the future. Ricardo Maldonado Yáñez, a partner from the law firm of Mijares, Angoitia, Cortés y Fuentes, S.C., serves also as Secretary of our Board of Directors and Secretary to the Executive Committee of our Board of Directors. We believe that the fees we paid for these services were comparable to those that we would have paid another law firm for similar services.

In August 2009, we entered into an agreement with Allen & Company to provide the Company with advisory services related to investment opportunities outside of Mexico. In February 2010, we entered into an agreement with Allen & Company to provide the Company with advisory services related to an investment opportunity in the wireless telecommunications segment in Mexico. In 2011 and 2012, we entered into agreements with Allen & Company to provide the Company with advisory services related to an investment in the television segment outside of Mexico. Two of our directors are directors of Allen & Company as well. These agreements were entered into on an arm's length basis. We believe that the amounts paid and to be paid under these agreements to Allen & Company are comparable to those paid to third parties for these types of services.

For further information about our related party transactions, see Note 19 to our consolidated year-end financial statements.

Item 8. Financial Information

See *Financial Statements* and pages F-1 through F-64, which are incorporated herein by reference.

Item 9. The Offer and Listing

Trading History of CPOs and GDSs

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

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The table below shows, for the periods indicated, the high and low market prices in nominal Pesos for the CPOs on the Mexican Stock Exchange.

	Nominal Pesos per CPO(1)	
	High	Low
2008	57.35	36.19
2009	56.67	33.91
2010	65.09	45.19
2011	65.01	46.61
First Quarter	65.01	55.16
Second Quarter	59.98	52.45
Third Quarter	57.42	46.61
Fourth Quarter	58.73	51.39
2012	68.63	50.60
First Quarter	58.87	50.60
Second Quarter	58.00	53.18
Third Quarter	63.28	56.55
Fourth Quarter	68.63	59.00
October	62.20	59.82
November	61.99	59.00
December	68.63	60.36
2013 (through April 5, 2013)	73.45	63.99
First Quarter	73.45	63.99
January	72.48	69.13
February	73.45	67.45
March	70.30	63.99
Second Quarter (through April 5, 2013)	67.35	65.43
April (through April 5, 2013)	67.35	65.43

(1) Source: Mexican Stock Exchange.

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

	U.S. Dollars per GDS(1)	
	High	Low
2008	27.68	13.21
2009	22.13	10.92
2010	26.51	17.41
2011	26.50	17.70
First Quarter	26.50	22.78
Second Quarter	25.31	22.25
Third Quarter	24.69	17.70
Fourth Quarter	22.33	18.28
2012	26.77	18.75
First Quarter	21.59	19.72
Second Quarter	22.28	18.75
Third Quarter	24.69	21.08
Fourth Quarter	26.77	22.24
October	24.24	22.60
November	23.92	22.24
December	26.77	23.28
2013 (through April 5, 2013)	29.18	25.70

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First Quarter	29.18	25.70
January	28.46	27.41
February	29.18	26.23
March	27.63	25.70
Second Quarter (through April 5, 2013)	27.36	26.49
April (through April 5, 2013)	27.36	26.49

(1) Source: NYSE.

Trading prices of the CPOs and the GDSs will be influenced by our results of operations, financial condition, cash requirements, future prospects and by economic, financial and other factors and market conditions. See Key Information Risk Factors Risk Factors Related to Mexico Economic and Political Developments in Mexico May Adversely Affect Our Business . There can be no assurance that prices of the CPOs and the GDSs will, in future, be within the ranges set forth above. We believe that as of February 28, 2013, approximately 211,679,273 GDSs were held of record by 125 persons with U.S. addresses. Before giving effect to the 2004 recapitalization, substantially all of the outstanding A Shares not held through CPOs were owned by Televiscentro and a special purpose trust created for our Long-Term Retention Plan, as described under Major Stockholders and Related Party Transactions and Directors, Senior Management and Employees Stock Purchase Plan and Long-Term Retention Plan . For more information regarding our 2004 recapitalization, please refer to our Form 6-K filed with the SEC on March 25, 2004.

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Trading on the Mexican Stock Exchange

Overview

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

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

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

Market Regulation and Registration Standards

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

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

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

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

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

a minimum number of years of operating history;

a minimum financial condition;

a minimum number of shares or CPOs to be publicly offered to public investors;

a minimum price for the securities to be offered;

a minimum of 15% of the capital stock placed among public investors;

a minimum of 200 holders of shares or of shares represented by CPOs, who are deemed to be public investors under the General CNBV Rules, upon the completion of the offering;

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

complied with certain corporate governance requirements.

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

a minimum of 12% of the capital stock held by public investors;

a minimum of 100 holders of shares or of shares represented by CPOs who are deemed to be public investors under the General CNBV Rules; and

complied with certain corporate governance requirements.

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

The Mexican Stock Exchange will review annually compliance with the foregoing and other requirements, some of which may be further reviewed on a quarterly or semi-annual basis. The Mexican Stock Exchange must inform the CNBV of the results of its review and this information must, in turn, be disclosed to investors. If an issuer fails to comply with any of the foregoing requirements, the Mexican Stock Exchange will request that the issuer propose a plan to cure the violation. If the issuer fails to propose such plan, if the plan is not satisfactory to

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the Mexican Stock Exchange or if the issuer does not make substantial progress with respect to the corrective measures, trading of the relevant series of shares on the Mexican Stock Exchange will be temporarily suspended until the situation is corrected. In addition, if the issuer fails to propose the plan or ceases to follow such plan once proposed, the CNBV may suspend or cancel the registration of the shares. In such event, the issuer must evidence the mechanisms to protect the rights of public investors and market in general.

Issuers of listed securities are required to file unaudited quarterly financial statements and audited annual financial statements as well as various periodic reports with the CNBV and the Mexican Stock Exchange. Issuers of listed securities must prepare and disclose their financial information by a Mexican Stock Exchange-approved system known as EMISNET and to the CNBV through the *Sistema de Transferencia de Información sobre Valores*, or STIV-2. Immediately upon its receipt, the Mexican Stock Exchange makes that information available to the public.

The General CNBV Rules and the internal regulations of the Mexican Stock Exchange require issuers of listed securities to file through EMISNET and STIV-2 information on the occurrence of material events affecting the relevant issuer. Material events include, but are not limited to:

the entering into or termination of joint venture agreements or agreements with key suppliers;

the creation of new lines of businesses or services;

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significant deviations in expected or projected operating performance;

the restructuring or payment of significant indebtedness;

material litigation or labor conflicts;

changes in dividend policy;

the commencement of any insolvency, suspension or bankruptcy proceedings;

changes in the directors; and

any other event that may have a material adverse effect on the results, financial condition or operations of the relevant issuer.

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

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

if the issuer does not adequately disclose a material event; or

upon price or volume volatility or changes in the offer or demand in respect of the relevant securities, which are not consistent with the historic performance of the securities and could not be explained solely by the information made publicly available under the General CNBV Rules.

The Mexican Stock Exchange must immediately inform the CNBV and the general public of any such suspension. An issuer may request that the CNBV or the Mexican Stock Exchange resume trading, provided it demonstrates that the causes triggering the suspension have been resolved and that it is in full compliance with the periodic reporting requirements under the applicable law. If its request has been granted, the Mexican Stock Exchange will determine the appropriate mechanism to resume trading in its securities. If trading of an issuer is suspended for more than 20 business days and the issuer is authorized to resume trading without conducting a public offering, the issuer must disclose through EMISNET and STIV-2, before trading resumes, a description of the causes that resulted in the suspension and reasons why it is now authorized to resume trading.

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

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

Market Law .

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

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Item 10. Additional Information

Mexican Securities Market Law

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

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

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

Pursuant to the new Mexican Securities Market Law:

members of a listed issuer's board of directors,

stockholders controlling 10% or more of a listed issuer's outstanding share capital,

advisors,

groups controlling 25% or more of a listed issuer's outstanding share capital, and

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

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

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

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

Bylaws

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

Organization and Register

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

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

Voting Rights and Stockholders Meetings

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

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

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

our transformation from one type of company to another;

any merger (even if we are the surviving entity);

extension of our existence beyond our prescribed duration;

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our dissolution before our prescribed duration (which is currently 99 years from January 30, 2007);

a change in our corporate purpose;

a change in our nationality; and

the cancellation from registration of the D Shares or the securities which represent the D Shares with the securities or special section of the NRS and with any other Mexican or foreign stock exchange in which such shares or securities are registered.

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

our transformation from one type of company to another;

any merger in which we are not the surviving entity; and

the cancellation from registration of the L Shares or the securities that represent the L Shares with the special section of the NRS.

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

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

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

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

As described in Major Stockholders and Related Party Transactions, A Shares held through the Azcárraga Trust constitute a majority of the A Shares whose holders are entitled to vote them, because non-Mexican holders of CPOs and GDSs are not permitted to vote the underlying A Shares. Accordingly, the vote of A Shares held through the Azcárraga Trust generally will determine how the A Shares underlying our CPOs are voted.

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

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

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

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

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

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

Dividend Rights

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

Preferential Rights of D Shares

Holders of D Shares are entitled to receive a cumulative fixed preferred annual dividend in the amount of Ps.0.00034412306528 per D Share before any dividends are payable in respect of A Shares, B Shares and L Shares. If we pay any dividends in addition to the D Share fixed preferred dividend, then such dividends shall be allocated as follows:

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

second, to the payment of dividends with respect to the A Shares, B Shares, D Shares and L Shares, such that the dividend per share is equal.

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

accrued but unpaid dividends in respect of their D Shares; plus

the theoretical value of their D Shares as set forth in our bylaws. See Other Provisions Dissolution or Liquidation .

Limitation on Capital Increases

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

the A Shares is necessary to approve capital increases.

Table of Contents**Preemptive Rights**

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

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

Limitations on Share Ownership

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

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

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

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

Other Provisions

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

to be considered as Mexicans with respect to the L Shares and CPOs that they acquire or hold, as well as to the property, rights, concessions, participations or interests owned by us or to the rights and obligations derived from any agreements we have with the Mexican government; and

not to invoke the protection of their own governments with respect to their ownership of L Shares and CPOs.

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

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

Duration. Our corporate existence under our bylaws continues until 2106.

Dissolution or Liquidation. Upon any dissolution or liquidation of our company, our stockholders will appoint one or more liquidators at an extraordinary general stockholders' meeting to wind up our affairs. The approval of holders of the majority of the A Shares is necessary to appoint or remove any liquidator. Upon a dissolution or liquidation, holders of D Shares will be entitled to both accrued but unpaid dividends in respect of their D Shares, plus the theoretical value of their D Shares (as set forth in our bylaws). The theoretical value of our D Shares is Ps.0.00688246130560 per share. Thereafter, a payment per share will be made to each of the holders of A Shares, B Shares and L Shares equivalent to the payment received by each of the holders of D Shares. The remainder will be distributed equally among all stockholders in proportion to their number of Shares and amount paid.

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

any redemption shall be made on a pro-rata basis among all of our stockholders;

to the extent that a redemption is effected through a public tender offer on the Mexican Stock Exchange, the stockholders' resolution approving the redemption may empower our Board to specify the number of shares to be redeemed and appoint the related intermediary or purchase agent; and

any redeemed shares must be cancelled.

Share Repurchases. As required by Mexican law, our bylaws provide that we may repurchase our Shares on the Mexican Stock Exchange at then prevailing market prices. The amount of capital stock allocated to share repurchases and the amount of the corresponding reserve created

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

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

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

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

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

holders of at least 10% of our outstanding capital stock to request our Chairman of the Board or of the Audit and Corporate Practices Committee to call a stockholders' meeting in which they are entitled to vote;

subject to the satisfaction of certain requirements under Mexican law, holders of at least 5% of our outstanding capital stock to bring an action for civil liabilities against our directors;

holders of at least 10% of our Shares that are entitled to vote and are represented at a stockholders' meeting to request postponement of resolutions with respect to any matter on which they were not sufficiently informed; and

subject to the satisfaction of certain requirements under Mexican law, holders of at least 20% of our outstanding capital stock to contest and suspend any stockholder resolution.

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

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Antitakeover Protections

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

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

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

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

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

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

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

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

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Enforceability of Civil Liabilities

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

Material Contracts

We have been granted a number of concessions by the Mexican government that authorize us to broadcast our programming over our television and radio stations and our cable and DTH systems. These concessions are described under [Information on the Company Business Overview Regulation](#) . If we are unable to renew, or if the Mexican government revokes, any of the concessions for our significant television stations, our business would be materially adversely affected. See [Key Information Risk Factors Risk Factors Related to Our Business The Operation of Our Business May Be Terminated or Interrupted if the Mexican Government Does Not Renew or Revokes Our Broadcast or Other Concessions](#) .

We operate our DTH satellite service in Mexico and Central America through a partnership with DIRECTV. See [Information on the Company Business Overview DTH Ventures](#) .

In May 2007, we issued Ps.4,500.00 million aggregate principal amount of 8.49% Senior Notes due 2037. In May 2008, we issued U.S.\$500.0 million aggregate principal amount of 6.0% Senior Notes due 2018. In November 2009, we issued U.S.\$600.0 million aggregate principal amount of 6.625% Senior Notes due 2040. In October 2010, we issued Ps.10,000 million aggregate principal amount of 7.38% Senior Notes due 2020. In March 2011, we entered into long-term credit agreements with four Mexican banks in the aggregate principal amount of Ps.8,600 million. For a description of the material terms of the amended indentures related to our 8.5% Senior Notes due 2032, our 6 5/8% Senior Notes due 2025, our 8.49% Senior Notes due 2037, our 6.0% Senior Notes due 2018, our 6.625% Senior Notes due 2040, our 7.38% Senior Notes due 2020, our facilities with a Mexican bank and our Ps.8,600 million long-term credit agreements with four Mexican banks, with annual interest rate between 8.09% and 9.4% and principal maturities between 2016 and 2021, see [Operating and Financial Review and Prospects Results of Operations Liquidity, Foreign Exchange and Capital Resources Refinancings and Operating and Financial Review and Prospects Results of Operations Liquidity, Foreign Exchange and Capital Resources Indebtedness](#) .

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

On March 18, 2010, Telefónica, Editora Factum, S.A. de C.V., a wholly-owned subsidiary of the Company, and Megacable agreed to jointly participate, through a consortium, in the public bid for a pair of dark fiber wires held by the CFE (*Comisión Federal de Electricidad*). On June 9, 2010, the SCT granted the consortium a favorable award in the bidding process for a 20 year contract for the lease of approximately 19,457 kilometers of dark fiber-optic capacity, along with a corresponding concession, granted on July 5, 2010, to operate a public telecommunications network using DWDM technology. The consortium, through GTAC, in which each of Telefónica, Editora Factum and Megacable has an equal equity participation, paid Ps.883.8 million as consideration for the concession plus additional payments in an aggregate amount of Ps.79.4 million for nine additional network segments, in accordance with the terms of the public bid. GTAC established the first link for operations on June 30, 2011, in accordance with the terms and conditions of its concession. By April 2012, GTAC brought to full operation 128 links and 141 nodes nationwide. The overall capacity per link is approximately 3.2 Tbps (80 optical channels x 40 Gbps each). By the end of 2012, 475 long distance high capacity services are active, two GTAC routes were completed (500 kilometers), four GTAC routes are under construction (1,003 kilometers) and three third party dark fiber IRUs have been approved (692 kilometers). In order to achieve this, GTAC executed with its technological partner, Huawei Technologies Mexico, S.A. de C.V., a supply agreement for U.S.\$15.6 million. The total investment made by GTAC in 2010, 2011 and 2012 was Ps.1.1 billion, Ps.340 million and Ps.362 million, respectively, and there will be further investments in 2013. This new fiber optic network will represent for us a new alternative to access data transportation services, increasing competition in the Mexican telecommunications market and therefore improving the quality of the services offered. The fiber optic network will aim to increase broadband internet access for businesses as well as households in Mexico.

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On April 7, 2011, we entered into a transaction pursuant to which CVQ, our wholly-owned subsidiary, acquired from MMI (i) the trust beneficiary rights to 1.093875% of the outstanding shares of stock of GSF, which indirectly owns 100% of the outstanding shares of Iusacell, for an aggregate purchase price of approximately U.S.\$37.5 million; and (ii) the GSF convertible debentures, issued by GSF and mandatorily convertible into shares of stock of GSF, in an aggregate principal amount of approximately U.S.\$365 million of the Series 1 tranche thereof and U.S.\$1,200 million of the Series 2 tranche thereof, for an aggregate investment in the GSF convertible debentures of approximately U.S.\$1,565 million. The trust beneficiary rights and the Series 1 Debentures were paid in cash on April 7, 2011, and the Series 2 Debentures were paid in cash in multiple installments during 2011.

We also agreed to make an additional payment of U.S.\$400 million to Iusacell if Iusacell's EBITDA reaches U.S.\$3,472 million at any time from January 1, 2011 to December 31, 2015.

On February 2, 2012, we were notified of the resolution by which the Mexican Antitrust Commission did not approve the conversion of the debentures into equity. We subsequently filed an appeal requesting that this resolution be reversed. On June 14, 2012, we were notified that the Mexican Antitrust Commission approved the conversion of the debentures into equity, subject to our acceptance of certain conditions, including (i) the implementation of certain corporate governance standards at GSF, (ii) the offering by us to all cable and DTH platforms in Mexico of a new pay programming package comprising only our four over-the-air channels, (iii) the offering by us to sell advertising time to participants in the Mexican telecommunications industry, (iv) the divestment by GSF of all of its equity interest in Total Play to GSF's current controlling shareholder and (v) the undertaking by us to follow certain rules of conduct regarding a potential public bid of spectrum designated for a new entrant related to the broadcast of free television signals with national coverage.

On June 15, 2012, we accepted the conditions of the Mexican Antitrust Commission and converted the debentures into common stock of GSF. As a result, CVQ owns 50% of the outstanding shares of stock of GSF and, indirectly, 50% of the outstanding shares of Iusacell, and we and Grupo Salinas Telecom, S.A. de C.V., or GSTelecom, the beneficial owner of the remaining 50% of the GSF stock, have equal corporate governance rights.

Our transactions and arrangements with related parties are described under [Major Stockholders and Related Party Transactions](#) [Related Party Transactions](#) .

For a description of our material transactions and arrangements with Univision, see [Information on the Company](#) [Business Overview](#) [Univision](#) .

Legal Proceedings

In October 2001, a claim for damages was filed in connection with an alleged copyright infringement on a technical written work titled *La Lupa*, or *Catch the Clue*. In November 2002, we were declared liable by a lower court for an amount equal to 40% of the income generated from such work. After several appeals, on March 4, 2010, an appeals court reduced the liability amount from Ps.138.1 million to Ps.901,200. The plaintiff appealed such decision. On March 17, 2011, the First Federal Collegiate Court in Civil Matters issued a judgment denying such appeal. The plaintiff filed an Amparo lawsuit seeking reversal. On September 13, 2012, final judgment was issued in favor of the Company; therefore the liability was confirmed in an amount of Ps.901,200.

In 2011, the Administrative Tax System, or SAT, of the Mexican Ministry of Finance, determined a tax assessment against our wholly-owned subsidiary Televisa, S.A. de C.V., or Televisa, in the amount of Ps.3,334 million for alleged wrongful deductions of losses in the payment of its income tax for the year 2005. The deduction of such losses results from the early liquidation of certain derivative financial instruments acquired by Televisa as a result of the purchase of Comtelvi, S. de R.L. in November 2005. Televisa filed a claim before the Federal Tax Court seeking the annulment of the tax assessment determined by the SAT. The SAT responded to such claim in January 2012. The claim is currently under review by the Court. While we believe that the SAT's assessment is without merit and will defend our position vigorously, there can be no assurance that the outcome of this claim will be favorable to us. See [Key Information](#) [Risk Factors](#) [Risk Factors Related to Mexico](#) [Imposition of Fines by Regulators and Other Authorities Could Adversely Affect Our Financial Condition and Results of Operations](#) .

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Exchange Controls

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

Taxation

U.S. Taxes

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

that owns, directly, indirectly or through attribution, 2% or more of the total voting power or value of our outstanding Underlying Shares (including through ownership of GDSs and CPOs);

that is a dealer in securities, insurance company, financial institution, tax-exempt organization, U.S. expatriate, broker-dealer or trader in securities; or

whose functional currency is not the U.S. Dollar.

Also, this discussion does not consider:

the tax consequences to the stockholders, partners or beneficiaries of a U.S. Holder; or

special tax rules that may apply to a U.S. Holder that holds GDSs, CPOs or Underlying Shares as part of a straddle, hedge, conversion transaction, synthetic security or other integrated investment.

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

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

the Code, applicable U.S. Treasury regulations and judicial and administrative interpretations, and

the convention between the Government of the United States of America and the Government of the United Mexican States for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, including the applicable protocols, collectively referred to herein as the U.S.-Mexico Tax Treaty, and

is subject to changes to those laws and the U.S.-Mexico Tax Treaty subsequent to the date of this annual report, which changes could be made on a retroactive basis, and

is also based, in part, on the representations of the Depositary with respect to the GDSs and on the assumption that each obligation in the Deposit Agreement relating to the GDSs and any related agreements will be performed in accordance with their terms.

As used in this section, the term "U.S. Holder" means a beneficial owner of CPOs, GDSs or Underlying Shares that is, for U.S. federal income tax purposes:

a citizen or individual resident of the United States;

a corporation (or entity treated as a corporation for such purposes) created or organized in or under the laws of the United States, or any State thereof or the District of Columbia;

an estate the income of which is included in gross income for U.S. federal income tax purposes regardless of source; or

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a trust, if either (x) it is subject to the primary supervision of a court within the United States and one or more United States persons has the authority to control all substantial decisions of the trust or (y) it has a valid election in effect under applicable U.S. Treasury regulations to be treated as a United States person .

If a partnership (or an entity or arrangement classified as a partnership for U.S. federal income tax purposes) holds CPOs, GDSs or Underlying Shares, the U.S. federal income tax treatment of a partner in the partnership generally will depend on the status of the partner, the activities of the partnership and certain determinations made at the partner level. Partnerships holding CPOs, GDSs or Underlying Shares, and partners in such partnerships, should consult their own tax advisors regarding the U.S. federal income tax consequences of purchasing, owning and disposing of CPOs, GDSs or Underlying Shares.

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

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

is not a resident of Mexico for purposes of the U.S.-Mexico Tax Treaty;

is an individual who has a substantial presence (within the meaning of the U.S.-Mexico Tax Treaty) in the United States;

is entitled to the benefits of the U.S.-Mexico Tax Treaty under the limitation on benefits provision contained in Article 17 of the U.S.-Mexico Tax Treaty; and

does not have a fixed place of business or a permanent establishment in Mexico with which its ownership of CPOs, GDSs or Underlying Shares is effectively connected.

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

Dividends. The U.S. Dollar value of any distribution paid by us, including the amount of any Mexican taxes withheld from such distribution, will be included in the gross income of a U.S. Holder as a dividend, treated as ordinary income, to the extent that the distribution is paid out of our current and/or accumulated earnings and profits, as determined under U.S. federal income tax principles. U.S. Holders will not be entitled to claim a dividends received deduction for dividends received from us. Distributions that are treated as dividends received from us by a non-corporate U.S. Holder who meets certain eligibility requirements will qualify for U.S. federal income taxation at a preferential rate of 20% (or lower) if we are a qualified foreign corporation . We generally will be a qualified foreign corporation if either (i) we are eligible for benefits under the U.S.-Mexico Tax Treaty or (ii) the Underlying Shares or GDSs are listed on an established securities market in the United States. As we are eligible for benefits under the U.S.-Mexico Tax Treaty and the GDSs are listed on the New York Stock Exchange, we presently are a qualified foreign corporation, and we generally expect to be a qualified foreign corporation in future taxable years, but no assurance can be given that a change in circumstances will not affect our treatment as a qualified foreign corporation in any future taxable years. A non-corporate U.S. Holder will not be eligible for the reduced rate (a) if the U.S. Holder has not held the Underlying Shares, CPOs or GDSs for at least 61 days of the 121-day period beginning on the date which is 60 days before the ex-dividend date, (b) to the extent the U.S. Holder is under an obligation to make related payments on substantially similar or related property or (c) with respect to any portion of a dividend that is taken into account as investment income under Section 163(d)(4)(B) of the Code. Any days during which a U.S. Holder has diminished the U.S. Holder's risk of loss with respect to the Underlying Shares, CPOs or GDSs (for example, by holding an option to sell such Underlying Shares, CPOs or GDSs) are not counted towards meeting the 61-day holding period. Special rules apply in determining the foreign tax credit limitation with respect to dividends subject to U.S. federal income taxation at the reduced rate. U.S. Holders should consult their own tax advisors concerning whether dividends received by them qualify for the reduced rate. In addition, a 3.8% tax may apply to certain investment income recognized by a U.S. Holder. See Medicare Tax below.

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To the extent, if any, that the amount of a distribution exceeds our current and/or accumulated earnings and profits, the distribution will first reduce the U.S. Holder's adjusted tax basis in its Underlying Shares, CPOs or GDSs and, to the extent the distribution exceeds the U.S. Holder's adjusted tax basis, it will be treated as gain from the sale of the U.S. Holder's Underlying Shares, CPOs or GDSs. We do not maintain calculations of our earnings and profits under U.S. federal income tax principles. Therefore, a U.S. Holder should expect that a distribution paid by us will be treated as a dividend, even if that distribution would otherwise be treated as reducing such U.S. Holder's adjusted tax basis in its Underlying Shares, CPOs or GDSs or as gain from the sale of the U.S. Holder's Underlying Shares, CPOs or GDSs under the rules described above.

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

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

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

Capital Gains. Gain or loss recognized by a U.S. Holder on a taxable sale or exchange of CPOs, GDSs or Underlying Shares will be subject to U.S. federal income taxation as capital gain or loss in an amount equal to the difference between the amount realized on the sale or exchange and the U.S. Holder's adjusted tax basis in the CPOs, GDSs or Underlying Shares. Such capital gain or loss generally will be long-term capital gain or loss if the CPOs, GDSs or Underlying Shares have been held for more than one year at the time of disposition. Long-term capital gain of non-corporate U.S. Holders, including individual U.S. Holders, is subject to U.S. federal income tax at preferential rates. In addition, a 3.8% tax may apply to certain investment income recognized by a U.S. Holder on a sale or exchange of CPOs, GDSs or Underlying Shares. See Medicare Tax below. The deductibility of capital losses is subject to significant limitations.

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

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

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

the gain is effectively connected with the beneficial owner's conduct of a trade or business in the United States; or

the beneficial owner is an individual who holds CPOs, GDSs or Underlying Shares as a capital asset, is present in the United States for 183 days or more in the taxable year of the sale or exchange and meets other requirements.

Medicare Tax. A U.S. Holder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, will generally be subject to a 3.8% tax on the lesser of (i) the U.S. Holder's net investment income for a taxable year and (ii) the excess of the U.S. Holder's modified adjusted gross income for such taxable year over \$200,000 (\$250,000 in the case of joint filers). For these purposes, net investment income will generally include dividends paid with respect to CPOs, GDSs or Underlying Shares and net gain attributable to the disposition of CPOs, GDSs or Underlying Shares (in each case, unless such CPOs, GDSs or Underlying Shares are held in connection with

certain trades or businesses), but will be reduced by any deductions properly allocable to such income or net gain.

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

comes within an exempt category; or

provides the applicable withholding agent with the U.S. Holder's taxpayer identification number, certifies as to no loss of exemption from backup withholding tax and otherwise complies with the applicable requirements of the backup withholding rules.

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

Certain Reporting Requirements. U.S. Holders that are individuals (and to the extent specified in applicable U.S. Treasury regulations, certain U.S. Holders that are entities and certain individuals that are not U.S. Holders) and hold specified foreign financial assets (as defined in section 6038D of the Code) are required to file a report on IRS Form 8938 with information relating to such assets for each taxable year in which the aggregate value of all such assets exceeds \$75,000 at any time during the taxable year or \$50,000 on the last day of the taxable year (or such higher dollar amount as prescribed by applicable U.S. Treasury regulations). Specified foreign financial assets would include, among other assets, GDSs, CPOs and Underlying Shares that are not held through an account maintained with a U.S. financial institution (as defined). Substantial penalties apply to any failure to timely file IRS Form 8938, unless the failure is shown to be due to reasonable cause and not due to willful neglect. Additionally, in the event a U.S. Holder that is required to file IRS Form 8938 does not file such form, the statute of limitations on the assessment and collection of U.S. federal income taxes of such U.S. Holder for the related tax year may not close until three years after the date that the required information is filed. Beneficial owners of GDSs, CPOs or Underlying Shares should consult their own tax advisors regarding their reporting obligations with respect to specified foreign financial assets.

Federal Mexican Taxation

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

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

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

According to the Mexican Tax Legislation:

an individual is a Mexican tax resident if the individual has established his permanent home in Mexico. When an individual, in addition to his permanent home in Mexico, has a permanent home in another country, the individual will be a Mexican tax resident if his center of vital interests is located in Mexico. This will be deemed to occur if, among other circumstances, either (i) more than 50% of the total income obtained by the individual in the calendar year is Mexican source or (ii) when the individual's center of professional activities is located in Mexico. Mexican nationals who filed a change of tax residence to a country or jurisdiction that does not have a comprehensive exchange of information agreement with Mexico in which her/his income is subject to a preferred tax regime pursuant to the provisions of the Mexican Income Tax Law, will be considered Mexican residents for tax purposes during the year of filing of the notice of such residence change and during the following three years. Unless otherwise proven, a Mexican national is considered a Mexican tax resident;

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a legal entity is considered a Mexican tax resident if it maintains the main administration of its head office, business, or the effective location of its management in Mexico.

a foreign person with a permanent establishment in Mexico will be required to pay taxes in Mexico in accordance with the Mexican Tax Legislation for income attributable to such permanent establishment; and

a foreign person without a permanent establishment in Mexico will be required to pay taxes in Mexico in respect of revenues proceeding from sources of wealth located in national territory.

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

When dividends are paid from our previously taxed net earnings account, or *cuenta de utilidad fiscal neta*, we will not be required to pay any Mexican corporate income tax on the dividends. During 2013, if dividends are not paid from our previously taxed net earnings account, we will be required to pay a 30% Mexican corporate income tax (CIT) on the dividends multiplied by 1.4286.

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

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

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

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

Documents on Display

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

The Company is subject to the informational requirements of the Exchange Act and in accordance therewith files reports and other information with the SEC. Reports and other information filed by the Company with the SEC can be inspected and copied at the public reference facilities maintained by the SEC at its Public Reference Room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549.

You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Such materials can also be inspected at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005. Any filings we make electronically will be available to the public over the Internet at the SEC's website at www.sec.gov.

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We furnish The Bank of New York Mellon, the depository for our GDSs, with annual reports in English. These reports contain audited consolidated financial statements that, starting with the annual report for year ended December 31, 2012, have been prepared in accordance with IFRS. The historical financial statements included in these reports have been examined and reported on, with an opinion expressed by, an independent auditor. The depository is required to mail our annual reports to all holders of record of our GDSs. The Deposit Agreement for the GDSs also requires us to furnish the depository with English translations of all notices of stockholders' meetings and other reports and communications that we send to holders of our CPOs. The depository is required to mail these notices, reports and communications to holders of record of our GDSs.

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

Item 11. Quantitative and Qualitative Disclosures About Market Risk
Market Risk Disclosures

Market risk is the exposure to an adverse change in the value of financial instruments caused by market factors including changes in equity prices, interest rates, foreign currency exchange rates, commodity prices and inflation rates. The following information includes forward-looking statements that involve risks and uncertainties. Actual results could differ from those presented. Unless otherwise indicated, all information below is presented on an IFRS basis in constant Pesos in purchasing power as of December 31, 2012.

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

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

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

In compliance with the procedures and controls established by our Risk Management Committee, in 2010, 2011 and 2012, we entered into certain derivative transactions with certain financial institutions in order to manage our exposure to market risks resulting from changes in interest rates, foreign currency exchange rates, and inflation rates. Our objective in managing foreign currency and inflation fluctuations is to reduce earnings and cash flow volatility. See Notes 2(v), 4 and 14 to our consolidated year-end financial statements.

Foreign Currency Exchange Rate Risk and Interest Rate Risk

In connection with the Senior Notes due 2011 and 2025, in 2004 we entered into cross-currency interest rate swap agreements, or coupon swaps, that allow us to hedge against Peso depreciation on the interest payments for a period of five years. As a result of the tender of the Senior Notes due 2011, we reclassified part of the coupon swap agreements to the Senior Notes due 2025. During the second quarter of 2005, we entered into additional coupon swaps with a notional amount of U.S.\$242.0 million. In November 2005, we entered into option contracts that allow our counterparty to extend the maturity of such coupon swaps for an additional year on a notional amount of U.S.\$890.0 million. In January 2008, we terminated part of these option contracts early with respect to a notional amount of U.S.\$200.0 million and with no material additional gain or loss. In March 2010 all the coupon swaps entered into in 2004 and 2005 expired and we recorded the change in fair value and all the cash flows related to these transactions in the integral cost of financing (foreign exchange gain or loss) during the life of the instruments.

In August 2009, we entered into coupon swaps agreements to hedge in its entirety the interest payments for the Senior Notes due 2018, 2025 and 2032 from the second semester of 2009 to the first semester of 2011. Also, in December 2009 and January 2010, in connection with the Senior Notes due 2040 we entered into coupon swaps agreements on a notional amount of U.S.\$600.0 million with an expiration date of July 2011. In January and February 2011, we entered into coupon swaps agreements to hedge in its entirety the interest payments for the Senior Notes due 2018, 2025, 2032 and 2040 from the second semester of 2011 to the first semester of 2012. In February 2012, we entered into coupon swaps agreements to hedge in its entirety the interest payments for the Senior Notes due 2025, 2032 and 2040 for the second semester of 2012. Finally,

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in September 2012, we entered into a coupon swap agreement to hedge in its entirety the interest payment for the Senior Notes due 2040 for the first semester of 2013. As of February 28, 2013, there are no outstanding cross-currency interest rate swap agreements.

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The net fair value of the cross-currency interest rate swap agreements including the option contracts was a (liability) asset of U.S.\$0.1 million as of December 31, 2012 and U.S.\$6.8 million as of December 31, 2011. The increase in the potential loss in fair value for such instruments from a hypothetical 10% adverse change in quoted Peso exchange rate would be approximately U.S.\$2.2 million as of December 31, 2012 and U.S.\$6.8 million as of December 31, 2011.

Between December 2011 and December 2012, we entered into foreign exchange option agreements to buy U.S.\$472.5 million to hedge against a Peso depreciation of 30% with various expiration dates until the end of 2015. The fair value of these option contracts was a (liability) asset of U.S.\$0.7 million as of February 28, 2013, U.S.\$1.0 million as of December 31, 2012 and U.S.\$3.6 million as of December 31, 2011. We are long these option contracts, so our maximum potential loss in fair value for these instruments from a hypothetical adverse change in quoted Peso exchange rate at any time is the premium paid of U.S.\$3.5 million.

During October 2010 in connection with and ahead of the issuance of the Certificados Bursátiles (CEBURES) due 2020 we entered into agreements that allow us to hedge against increases on the M Bono (Mexican government bonds) interest rates on the pricing date of the CEBURES for a notional amount of Ps.4,500 million. This hedge resulted in an accumulated net loss of Ps.39.9 million.

During March 2011, in connection with the amortizable variable rate loan with HSBC due 2018, we entered into interest rate swap agreements on a notional amount of Ps.2,500.0 million. These agreements involve the exchange of interest payments based on a variable interest rate for amounts based on fixed rates. These agreements allowed us to fix the coupon payments for a period of seven years at an interest rate of 8.6075%.

As of February 28, 2013, the net fair value of the interest rate swap was a (liability) asset of Ps.(253.5) million and Ps.(219.5) million as of December 31, 2012. The potential loss in fair value for such instruments from a hypothetical 50 bps adverse change in market interest rates would be approximately Ps.53.0 million as of February 28, 2013 and Ps.53.8 million as of December 31, 2012. This sensitivity analysis assumes a downward parallel shift in the Mexican Interest Rate Swaps Yield Curve.

In connection with Sky's variable rate bank loans guaranteed by Televisa, in December 2006, we entered into forward starting interest rate swap agreements on a notional amount of Ps.1,400.0 million. These agreements involve the exchange of amounts based on a variable interest rate for an amount based on fixed rates, without exchange of the notional amount upon which the payments are based. These agreements allowed us to fix the coupon payments for a period of seven years at an interest rate of 8.415% starting in April 2009.

The net fair value of the interest rate swap was a (liability) asset of Ps.(147.4) million as of February 28, 2013 and Ps.(132.1) million as of December 31, 2012. The potential loss in fair value for such instruments from a hypothetical 50 bps adverse change in market interest rates would be approximately Ps.22.3 million as of February 28, 2013 and Ps.23.0 million as of December 31, 2012. This sensitivity analysis assumes a downward parallel shift in the Mexican Interest Rate Swaps Yield Curve.

In December 2007, in connection with the Cablevisión variable rate loan denominated in U.S. Dollars and due 2012, we entered into a cross-currency swap agreement on a nominal amount of U.S.\$225.0 million. This agreement involved the exchange of variable rate coupon payments in U.S. Dollars for fixed rate coupon payments in Pesos, and the principal amount in U.S. Dollars for a principal amount in Pesos. The principal amount for the final exchange was Ps.2,435.0 million with an interest rate of 8.365% for the coupon payments. In March 2011, the variable rate loan was prepaid and this agreement was early terminated.

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

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In December 2007, in connection with the Cabled variable rate loan denominated in U.S. Dollars and due 2012, we entered into a cross-currency swap agreement on a nominal amount of U.S.\$50.0 million. This agreement involved the exchange of variable rate coupon payments in U.S. Dollars for fixed rate coupon payments in Pesos, and the principal amount in U.S. Dollars for a principal amount in Pesos. The principal amount for the final exchange was Ps.541.3 million with an interest rate of 8.51% for the coupon payments. In November 2010, the variable rate loan was prepaid and this agreement was early terminated.

In connection with TVI's variable rate bank loan with Banorte due 2016, in January and April 2012 TVI entered into interest rate swap agreements on a notional amount of Ps.500.0 million and Ps.800.0 million, respectively. These agreements involve the exchange of interest payments based on a variable interest rate for amounts based on fixed rates. These agreements allowed us to fix the coupon payments for a period of four years at an interest rate of 6.9815%.

The net fair value of the interest rate swap was a (liability) asset of Ps.(9.6) million as of February 28, 2013 and Ps.1.4 million as of December 31, 2012. The potential loss in fair value for such instruments from a hypothetical 50 bps adverse change in market interest rates would be approximately Ps.13.8 million as of February 28, 2013 and Ps.14.4 million as of December 31, 2012. This sensitivity analysis assumes a downward parallel shift in the Mexican Interest Rate Swaps Yield Curve.

Sensitivity and Fair Value Analyses

The sensitivity analyses that follow are intended to present the hypothetical change in fair value or loss in earnings due to changes in interest rates, inflation rates, foreign currency exchange rates and debt and equity market prices as they affect our financial instruments at December 31, 2012 and 2011. These analyses address market risk only and do not present other risks that we face in the ordinary course of business, including country risk and credit risk. The hypothetical changes reflect our view of changes that are reasonably possible over a one-year period. For purposes of the following sensitivity analyses, we have made conservative assumptions of expected near-term future changes in U.S. interest rates, Mexican interest rates, inflation rates and Peso to U.S. Dollar exchange rates of 10%. The results of the analyses do not purport to represent actual changes in fair value or losses in earnings that we will incur.

	Fair Value at December 31,		
	2012	2012	2011
	(Millions of U.S. Dollars or millions of Pesos)(1)		
Assets:			
Temporary investments(2)	U.S.\$ 413.8	Ps. 5,317.3	Ps. 5,422.6
Convertible debentures(3)	544.0	6,990.4	6,248.3
Embedded derivative(4)	748.0	9,611.9	9,519.4
Mandatorily convertible debentures issued by GSF			19,909.1
Long-term loan receivable GTAC(5)	52.5	674.4	541.3
Held-to-maturity debt securities(6)	30.3	390.0	545.2
Other available-for-sale-investments(7)	232.4	2,986.9	2,812.2
Shares of common stock of Imagina(15)	67.5	867.6	
Loan and interest receivable from La Sexta			572.1
Derivative financial instruments(16)	1.2	15.0	145.0
Liabilities:			
U.S. Dollar-denominated debt:			
Senior Notes due 2018(8)	588.8	7,565.4	7,825.7
Senior Notes due 2025(9)	781.4	10,041.6	9,810.4
Senior Notes due 2032(10)	434.4	5,582.7	5,466.5
Senior Notes due 2040(11)	776.7	9,981.1	9,536.1
Peso-denominated debt:			
Notes due 2020(13)	827.8	10,636.9	10,007.3
Senior Notes due 2037(12)	404.0	5,191.1	4,487.8
Short-term and long-term notes payable to Mexican banks(14)	1,131.1	14,535.2	14,972.5
Derivative financial instruments(16)	27.5	352.8	310.6

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- (1) Peso amounts have been converted to U.S. Dollars solely for the convenience of the reader at a nominal exchange rate of Ps.12.8500 per U.S. Dollar, the Interbank Rate as of December 31, 2012. Beginning on January 1, 2008, we discontinued recognizing the effects of inflation in our financial information in accordance with Mexican FRS.
- (2) At December 31, 2012, the Group's temporary investments consisted of highly liquid securities, including without limitation debt securities (primarily Peso and U.S. Dollar-denominated in 2012 and 2011). Given the short-term nature of these investments, an increase in U.S. and/or Mexican interest rates would not significantly decrease the fair value of these investments.
- (3) At December 31, 2012, these notes are recorded at fair value. Assuming an increase in the fair value of these notes of a hypothetical 10% increase in the fair value of these notes, the fair value would exceed the carrying value by approximately Ps.699.0 million (U.S.\$54.4 million) at December 31, 2012.
- (4) At December 31, 2012, these notes are recorded at fair value. Assuming an increase in the fair value of these notes of a hypothetical 10% increase in the fair value of these notes, the fair value would exceed the carrying value by approximately Ps.961.2 million (U.S.\$74.8 million) at December 31, 2012.
- (5) At December 31, 2012, fair value exceeded the carrying value of these notes by Ps.37.6 million (U.S.\$2.9 million). Assuming an increase in the fair value of these notes of a hypothetical 10% increase in the fair value of these notes the fair value would exceed the carrying value by approximately Ps.105.1 million (U.S.\$8.2 million) at December 31, 2012.
- (6) At December 31, 2012, fair value exceeded the carrying value of these notes by Ps.1.5 million (U.S.\$0.1 million). Assuming an increase in the fair value of these notes of a hypothetical 10% increase in the quoted market price of these notes, the fair value would exceed the carrying value by approximately Ps.40.4 million (U.S.\$3.1 million) at December 31, 2012.
- (7) At December 31, 2012, these investments are recorded at fair value. Assuming an increase in the fair value of these notes of a hypothetical 10% increase in the quoted market price of these notes, the fair value would exceed the carrying value by approximately Ps.298.7 million (U.S.\$23.2 million) at December 31, 2012.
- (8) At December 31, 2012, fair value exceeded the carrying value of these notes by Ps.1,140.4 million (U.S.\$88.8 million). Assuming an increase in the fair value of these notes of a hypothetical 10% increase in the quoted market price of these notes, the fair value would exceed the carrying value by approximately Ps.1,897.0 million (U.S.\$147.6 million) at December 31, 2012.
- (9) At December 31, 2012, fair value exceeded the carrying value of these notes by Ps.2,331.6 million (U.S.\$181.4 million). Assuming an increase in the fair value of these notes of a hypothetical 10% increase in the quoted market price of these notes, the fair value would exceed the carrying value by approximately Ps.3,335.7 million (U.S.\$259.6 million) at December 31, 2012.
- (10) At December 31, 2012, fair value exceeded the carrying value of these notes by Ps.1,727.7 million (U.S.\$134.4 million). Assuming an increase in the fair value of these notes of a hypothetical 10% increase in the quoted market price of these notes, the fair value would exceed the carrying value by approximately Ps.2,285.9 million (U.S.\$177.9 million) at December 31, 2012.
- (11) At December 31, 2012, fair value exceeded the carrying value of these notes by Ps.2,271.1 million (U.S.\$176.7 million). Assuming an increase in the fair value of these notes of a hypothetical 10% increase in the quoted market price of these notes, the fair value would exceed the carrying value by approximately Ps.3,269.2 million (U.S.\$254.4 million) at December 31, 2012.
- (12) At December 31, 2012, fair value exceeded the carrying value of these notes by Ps.691.1 million (U.S.\$53.8 million). Assuming an increase in the fair value of these notes of a hypothetical 10% increase in the quoted market price of these notes, the fair value would exceed the carrying value by approximately Ps.1,210.2 million (U.S.\$94.2 million) at December 31, 2012.
- (13) At December 31, 2012, fair value exceeded the carrying value of these notes by Ps.636.9 million (U.S.\$49.6 million). Assuming an increase in the fair value of these notes of a hypothetical 10% increase in the quoted market price of these notes, the fair value would exceed the carrying value by approximately Ps.1,700.6 million (U.S.\$132.3 million) at December 31, 2012.
- (14) At December 31, 2012, fair value exceeded the carrying value of these notes by Ps.945.8 million (U.S.\$73.6 million). At December 31, 2012, a hypothetical 10% increase in Mexican interest rates of these notes, the fair value would exceed the carrying value by approximately Ps.2,399.3 million (U.S.\$186.7 million) at December 31, 2012.
- (15) At December 31, 2012, these shares are recorded at fair value. Assuming an increase in the fair value of these notes of a hypothetical 10% increase in the fair value of these notes, the fair value would exceed the carrying value by approximately Ps.86.8 million (U.S.\$6.8 million) at December 31, 2012.
- (16) Given the nature of these derivative instruments, an increase of 10% in the interest and/or exchange rates would not have a significant impact on the fair value of these financial instruments.

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

	Year Ended December 31,	
	2012	2011
	(In millions of U.S. Dollars)	
U.S. Dollar-denominated monetary assets, primarily cash and cash equivalents, temporary investments and held-to-maturity debt securities, includes in 2011 and 2012, convertible debentures(1)	U.S.\$ 2,285.5	U.S.\$ 2,004.1
U.S. Dollar-denominated monetary liabilities, primarily trade accounts payable, senior debt securities and other notes payable(2)	2,745.3	2,477.0
Net liability position	U.S.\$ (459.8)	U.S.\$ (472.9)

(1) In 2012 and 2011, include U.S. Dollar equivalent amounts of U.S.\$108.4 million and U.S.\$108.3 million and, respectively, related to other foreign currencies, primarily Euros.

(2) In 2012 and 2011, include U.S. Dollar equivalent amounts of U.S.\$10.5 million and U.S.\$32.7 million, respectively, related to other foreign currencies, primarily Euros.

At December 31, 2012, a hypothetical 10.0% depreciation in the U.S. Dollar to Peso exchange rate would result in a loss in earnings of Ps.590.8 million. This depreciation rate is based on the December 31, 2012 forecast of the U.S. Dollar to Peso exchange rate for 2013 by the Mexican government for such year.

Item 12. Description of Securities Other than Equity Securities
Global Depositary Shares

The Bank of New York Mellon, the depositary for the securities underlying our GDSs, collects its fees for delivery and surrender of GDSs directly from investors depositing shares or surrendering GDSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deductions from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

The following table summarizes the fees and charges that a GDS holder may be required to pay, directly or indirectly, to the depositary pursuant to the terms of the Deposit Agreement, which was filed with the SEC as an exhibit to our Registration Statement on Form F-6 filed on September 17, 2007:

Fee	Depositary Service
U.S.\$5.00 (or less) per 100 GDSs (or portion of 100 GDSs)	Issuance of GDSs, including issuances resulting from a distribution of shares or rights or other property
	Cancellation of GDSs for the purpose of withdrawal, including if the deposit agreement terminates
U.S.\$0.02 (or less) per GDS	Any cash distribution to GDS registered holders
A fee equivalent to the fee that would be payable if securities distributed to holders had been CPOs and the CPOs had been deposited for issuance	Distribution of securities distributed to holders of deposited securities which are distributed by the depositary to GDS registered

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of GDSs

U.S.\$0.02 (or less) per GDS per calendar year

Registration or transfer fees

Expenses of the depositary

Taxes and other governmental charges the depositary or the custodian have to pay on any GDS or share underlying an GDS, for example, stock transfer taxes, stamp duty or withholding taxes

Any charges incurred by the depositary or its agents for servicing the deposited securities

holders

Depositary services

Transfer and registration of CPOs on our CPO register to or from the name of the depositary or its agent when holders deposit or withdraw CPOs

Cable, telex and facsimile transmissions (when expressly provided in the deposit agreement)

Converting foreign currency to U.S. dollars

As necessary

As necessary

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Note that the actual amounts charged by the depositary may differ from those set out in the table above, but may not exceed these levels.

The Bank of New York Mellon, as depositary, pays us an agreed amount as reimbursement for certain expenses we incur related to our being a publicly-listed entity in the United States, including, but not limited to, internal and out-of-pocket investor relations expenses, corporate finance and accounting expenses, legal expenses, annual NYSE listing fees, Sarbanes-Oxley compliance, travel expenses related to presentations to rating agencies and investors, road show presentations, or any other similar or related expenses. There are limits on the amount of expenses for which the depositary will reimburse us, but the amount of reimbursement available to us is not necessarily tied to the amount of fees the depositary collects from investors. In 2012, we received a reimbursement of U.S.\$19 million.

Part II

Item 13. Defaults, Dividend Arrearages and Delinquencies

Not applicable.

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

Not applicable.

Item 15. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Based on the evaluation as of December 31, 2012, the Chief Executive Officer and the Chief Financial Officer of the Company have concluded that the Company's disclosure controls and procedures (as defined in the Exchange Act Rules 13a-15(e) and 15d-15(e)) are effective to ensure that the information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and that such information is accumulated and communicated to management, including our Chief Executive Officer and the Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control Over Financial Reporting

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

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2012. In making this assessment, management used the criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Based on this assessment, management has concluded that the Company's internal control over financial reporting was effective as of December 31, 2012.

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

PricewaterhouseCoopers, S.C., an independent registered public accounting firm, has audited the effectiveness of the Company's internal control over financial reporting as of December 31, 2012, as stated in their report which is included herein.

Changes in Internal Control Over Financial Reporting

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There has been no change in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended) that occurred during the year ended December 31, 2012 that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

Table of Contents**Item 16.A. Audit Committee Financial Expert**

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

Item 16.B. Code of Ethics

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

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

Grupo Televisa, S.A.B.

Avenida Vasco de Quiroga, No. 2000

Colonia Santa Fe, 01210 México, D.F., México.

Telephone: (52) (55) 5261-2000.

In addition, the English version of the code of ethics can be found at www.televisa.com/inversionistas-ingles and the Spanish version at www.televisa.com/inversionistas-espanol.

Item 16.C. Principal Accountant Fees and Services

PricewaterhouseCoopers, S.C. acted as our independent auditor for the fiscal years ended December 31, 2012 and 2011.

The chart below sets forth the total amount billed by our independent auditors for services performed in the years 2012 and 2011, and breaks down these amounts by category of service:

	2012	2011
	(in millions of Pesos)	
Audit Fees	Ps. 88.3	Ps. 88.4
Audit-Related Fees	3.0	15.1
Tax Fees	15.9	9.4
Other Fees	0.9	4.5
Total	Ps. 108.1	Ps. 117.4

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

Audit-Related Fees are fees charged by our independent auditor for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and are not reported under **Audit Fees**. This category comprises fees billed for independent accountant review of our interim financial statements in connection with the offering of our debt securities, advisory services associated with our financial reporting, and due diligence reviews in connection with potential acquisitions and business combinations. In 2011, this line primarily included fees for consultancy provided by PricewaterhouseCoopers, S.C. in connection with the first-time adoption of IFRS in our consolidated financial statements.

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

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

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

Table of Contents**Audit Committee Pre-approval Policies and Procedures**

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

During 2011 and 2012, none of the services provided to us by our external auditors were approved by our audit committee pursuant to the de minimis exception to the pre-approval requirement provided by paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

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

Not applicable.

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

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

Purchases of Equity Securities by Televisa

Purchase Date	Total Number of CPOs Purchased	Average Price Paid per CPO(1)	Total Number of CPOs Purchased as part of Publicly Announced Plans or Programs(2)	Maximum Number (or Appropriate Mexican Peso Value) of CPOs that May Yet Be Purchased Under the Plans or Programs(2)
January 1 to January 31		Ps. 0.0000		Ps. 20,000,000,000
February 1 to February 28		0.0000		20,000,000,000
March 1 to March 31		0.0000		20,000,000,000
April 1 to April 30		0.0000		20,000,000,000
May 1 to May 31		0.0000		20,000,000,000
June 1 to June 30		0.0000		20,000,000,000
July 1 to July 31		0.0000		20,000,000,000
August 1 to August 31		0.0000		20,000,000,000
September 1 to September 30		0.0000		20,000,000,000
October 1 to October 31		0.0000		20,000,000,000
November 1 to November 30		0.0000		20,000,000,000
December 1 to December 31		0.0000		20,000,000,000
Total				

(1) The values have not been restated in constant Pesos and therefore represent nominal historical figures.

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- (2) Our share repurchase program was announced in September 2002 and does not have an expiration date. The total amount of our share repurchase program is currently limited to Ps. 20,000,000,000, as updated in accordance with a resolution that our stockholders approved in a general meeting of our stockholders held on April 2, 2013.

Table of Contents**Purchases of Equity Securities by Special Purpose Trust****Formed in Connection with Long-Term Retention Plan(1)**

Purchase Date	Total Number of CPOs Purchased(2)	Average Price Paid per CPO(3)	Total Number of CPOs Purchased as part of Publicly Announced Plans or Programs	Maximum Number (or Appropriate Mexican Peso Value) of CPOs that May Yet Be Purchased Under the Plans or Programs
January 1 to January 31		Ps.		
February 1 to February 28				
March 1 to March 31				
April 1 to April 30	50,000	55.5000		
May 1 to May 31	850,000	55.5262		
June 1 to June 30				
July 1 to July 31				
August 1 to August 31	200,000	60.8730		
September 1 to September 30	200,000	60.4707		
October 1 to October 31				
November 1 to November 30	1,837,535	59.3671		
December 1 to December 31				
Total	3,137,535	Ps. 58.4313		

- (1) See Directors, Senior Management and Employees Stock Purchase Plan and Long-Term Retention Plan for a description of the implementation, limits and other terms of our Long-Term Retention Plan.
- (2) Represents open-market purchases by the special purpose trust formed in connection with our Long-Term Retention Plan.
- (3) The values have not been restated in constant Pesos and therefore represent nominal historical figures.

Item 16.F. Change in Registrant's Certifying Accountant

Not applicable.

Item 16.G. Corporate Governance

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

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

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

NYSE rules

Listed companies must have a majority of independent directors.

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

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

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

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

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

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

Item 16.H. Mine Safety Disclosure

Not applicable.

Mexican rules

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

Listed companies are required to have a corporate practices committee.

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

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

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

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

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

Part III

Item 17. Financial Statements

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

Item 18. Financial Statements

See pages F-1 through F-64, which are incorporated herein by reference.

Item 19. Exhibits

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

(a) Exhibits.

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Exhibit Number	Description of Exhibits
1.1	English translation of Amended and Restated Bylaws (Estatutos Sociales) of the Registrant, dated as of April 30, 2009 (previously filed with the Securities and Exchange Commission as Exhibit 1.1 to the Registrant's Annual Report on Form 20-F for the year ended December 31, 2008, and incorporated herein by reference).
2.1	Indenture relating to Senior Debt Securities, dated as of August 8, 2000, between the Registrant, as Issuer, and The Bank of New York, as Trustee (previously filed with the Securities and Exchange Commission as Exhibit 4.1 to the Registrant's Registration Statement on Form F-4 (File number 333-12738), as amended, and incorporated herein by reference).
2.2	Third Supplemental Indenture relating to the 8% Senior Notes due 2011, dated as of September 13, 2001, between the Registrant, as Issuer, and The Bank of New York and Banque Internationale à Luxembourg, S.A. (previously filed with the Securities and Exchange Commission as Exhibit 4.4 to the Registrant's Registration Statement on Form F-4 (File number 333-14200) (the 2001 Form F-4) and incorporated herein by reference).
2.3	Fourth Supplemental Indenture relating to the 8.5% Senior Exchange Notes due 2032 between the Registrant, as Issuer, and The Bank of New York and Dexia Banque Internationale à Luxembourg (previously filed with the Securities Exchange Commission as Exhibit 4.5 to the Registrant's Registration Statement on Form F-4 (the 2002 Form F-4) and incorporated herein by reference).
2.4	Fifth Supplemental Indenture relating to the 8% Senior Notes due 2011 between Registrant, as Issuer, and The Bank of New York and Dexia Banque Internationale à Luxembourg (previously filed with the Securities and Exchange Commission as Exhibit 4.5 to the 2001 Form F-4 and incorporated herein by reference).
2.5	Sixth Supplemental Indenture relating to the 8.5% Senior Notes due 2032 between Registrant, as Issuer, and The Bank of New York and Dexia Banque Internationale à Luxembourg (previously filed with the Securities and Exchange Commission as Exhibit 4.7 to the 2002 Form F-4 and incorporated herein by reference).
2.6	Seventh Supplemental Indenture relating to the 6 5/8% Senior Notes due 2025 between Registrant, as Issuer, and The Bank of New York and Dexia Banque Internationale à Luxembourg, dated March 18, 2005 (previously filed with the Securities and Exchange Commission as Exhibit 2.8 to the Registrant's Annual Report on Form 20-F for the year ended December 31, 2004 (the 2004 Form 20-F) and incorporated herein by reference).
2.7	Eighth Supplemental Indenture relating to the 6 5/8% Senior Notes due 2025 between Registrant, as Issuer, and The Bank of New York and Dexia Banque Internationale à Luxembourg, dated May 26, 2005 (previously filed with the Securities and Exchange Commission as Exhibit 2.9 to the 2004 Form 20-F and incorporated herein by reference).
2.8	Ninth Supplemental Indenture relating to the 6 5/8% Senior Notes due 2025 between Registrant, as Issuer, The Bank of New York and Dexia Banque Internationale à Luxembourg, dated September 6, 2005 (previously filed with the Securities and Exchange Commission as Exhibit 2.8 to the Registrant's Annual Report on Form 20-F for the year ended December 31, 2005 (the 2005 Form 20-F) and incorporated herein by reference).
2.9	Tenth Supplemental Indenture related to the 8.49% Senior Notes due 2037 between Registrant, as Issuer, The Bank of New York and The Bank of New York (Luxembourg) S.A., dated as of May 9, 2007 (previously filed with the Securities and Exchange Commission as Exhibit 2.9 to the Registrant's Annual Report on Form 20-F for the year ended December 31, 2006, and incorporated herein by reference).
2.10	Eleventh Supplemental Indenture relating to the 8.49% Senior Exchange Notes due 2037 between Registrant, as Issuer, The Bank of New York and The Bank of New York (Luxembourg) S.A., dated as August 24, 2007 (previously filed with the Securities and Exchange Commission as Exhibit 4.12 to the Registrant's Registration Statement on Form F-4 (File number 333-144460), as amended, and incorporated herein by reference).

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Exhibit Number	Description of Exhibits
2.11	Twelfth Supplemental Indenture related to the 6.0% Senior Notes due 2018 between Registrant, as Issuer, The Bank of New York and The Bank of New York (Luxembourg) S.A., dated as of May 12, 2008 (previously filed with the Securities and Exchange Commission as Exhibit 2.11 to the Form 20-F for the year ended December 31, 2007 (the 2007 Form 20-F) and incorporated herein by reference).
2.12	Form of Deposit Agreement between the Registrant, The Bank of New York, as depositary and all holders and beneficial owners of the Global Depositary Shares, evidenced by Global Depositary Receipts (previously filed with the Securities and Exchange Commission as an Exhibit to the Registrant's Registration Statement on Form F-6 (File number 333-146130) and incorporated herein by reference).
2.13	Thirteenth Supplemental Indenture relating to the 6.0% Senior Exchange Notes due 2018 between Registrant, as Issuer, The Bank of New York Mellon and The Bank of New York (Luxembourg) S.A., dated as of August 21, 2008 (previously filed with the Securities and Exchange Commission as Exhibit 4.14 to the Registrant's Registration Statement on Form F-4 (File number 333-144460), as amended, and incorporated herein by reference).
2.14	Fourteenth Supplemental Indenture relating to the 6.625% Senior Notes due 2040 between Registrant, as Issuer, The Bank of New York Mellon and The Bank of New York (Luxembourg) S.A., dated as of November 30, 2009 (previously filed with the Securities and Exchange Commission as Exhibit 4.15 to the Registrant's Registration Statement on Form F-4 (File number 333-164595), as amended, and incorporated herein by reference).
2.15	Fifteenth Supplemental Indenture relating to the 6.625% Senior Exchange Notes due 2040 between Registrant, as Issuer, The Bank of New York Mellon and The Bank of New York (Luxembourg) S.A., dated as of March 22, 2010 (previously filed with the Securities and Exchange Commission as Exhibit 2.15 to the Registrant's Annual Report on Form 20-F for the year ended December 31, 2009 and incorporated herein by reference).
4.1	Form of Indemnity Agreement between the Registrant and its directors and executive officers (previously filed with the Securities and Exchange Commission as Exhibit 10.1 to the Registrant's Registration Statement on Form F-4 (File number 33-69636), as amended, and incorporated herein by reference).
4.2	Amended and Restated Collateral Trust Agreement, dated as of June 13, 1997, as amended, among PanAmSat Corporation, Hughes Communications, Inc., Satellite Company, LLC, the Registrant and IJB Schroder Bank and Trust Company (previously filed with the Securities and Exchange Commission as an Exhibit to the Registrant's Annual Report on Form 20-F for the year ended December 31, 2001 and incorporated herein by reference).
4.3	Amended and Restated Bylaws (Estatutos Sociales) of Innova, S. de R.L. de C.V. (Innova) dated as of December 22, 1998 (previously filed with the Securities and Exchange Commission as an Exhibit to Innova's Annual Report on Form 20-F for the year ended December 31, 2004 and incorporated herein by reference).
4.4	English translation of Ps.2,100.0 million credit agreement, dated as of March 10, 2006, by and among Innova, the Registrant and Banamex (previously filed with the Securities and Exchange Commission as Exhibit 4.7 to the 2005 Form 20-F and incorporated herein by reference).
4.5	English summary of Ps.1,400.0 million credit agreement, dated as of April 7, 2006, by and among Innova, the Registrant and Banco Santander Serfin, S.A. (the April 2006 Credit Agreement) and the April 2006 Credit Agreement (in Spanish) (previously filed with the Securities and Exchange Commission as Exhibit 4.7 to the 2005 Form 20-F and incorporated herein by reference).
4.6	Administration Trust Agreement relating to Trust No. 80375, dated as of March 23, 2004, by and among Nacional Financiera, S.N.C., as trustee of Trust No. 80370, Banco Inbursa, S.A., as trustee of Trust No. F/0553, Banco Nacional de México, S.A., as trustee of Trust No. 14520-1, Nacional Financiera, S.N.C., as trustee of Trust No. 80375, Emilio Azcárraga Jean, Promotora Inbursa, S.A. de C.V., the Registrant and Grupo Televisión, S.A. de C.V. (as previously filed with the Securities and Exchange Commission as an Exhibit to Schedules 13D or 13D/A in respect of various parties to the Trust Agreement (File number 005-60431) and incorporated herein by reference).

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Exhibit Number	Description of Exhibits
4.7	Full-Time Transponder Service Agreement, dated as of November , 2007, by and among Intelsat Corporation, Intelsat LLC, Corporación de Radio y Televisión del Norte de México, S. de R. L. de C.V. and SKY Brasil Serviços Ltda (previously filed with the Securities and Exchange Commission as Exhibit 4.16 to the 2007 Form 20-F and incorporated herein by reference).
4.8	Third Amended and Restated Program License Agreement, dated as of January 22, 2009, by and between Televisa, S.A. de C.V., as successor in interest to Televisa Internacional, S.A. de C.V. and Univision Communications Inc. (previously filed with the Securities and Exchange Commission on February 2, 2009 (File number 001-12610) and incorporated herein by reference).
4.9*	Investment Agreement, dated as of December 20, 2010 (the Investment Agreement), by and among the Registrant, Televisa, S.A. de C.V., Univision Communications Inc., Broadcasting Media Partners, Inc., and UCI s direct and indirect licensee subsidiaries named therein (previously filed with the Securities and Exchange Commission as Exhibit 4.19 to the Registrant s Annual Report on Form 20-F for the year ended December 31, 2010 and incorporated herein by reference).
4.10	Amendment, dated as of February 28, 2011, to the Investment Agreement, dated as of December 20, 2010, by and among Broadcasting Media Partners, Inc., BMPI Services II, LLC, Univision Communications Inc., the Registrant and Pay-TV Venture, Inc. (previously filed with the Securities and Exchange Commission as Exhibit 4.20 to the Registrant s Annual Report on Form 20-F for the year ended December 31, 2010 and incorporated herein by reference).
4.11	\$1,125 million aggregate principal amount of 1.5% Convertible Debentures due 2025 issued by Broadcasting Media Partners, Inc. pursuant to the Investment Agreement, dated as of December 20, 2010 (previously filed with the Securities and Exchange Commission as Exhibit 4.21 to the Registrant s Annual Report on Form 20-F for the year ended December 31, 2010 and incorporated herein by reference).
4.12	Amended and Restated Certificate of Incorporation of Broadcasting Media Partners, Inc. (previously filed with the Securities and Exchange Commission as Exhibit 4.22 to the Registrant s Annual Report on Form 20-F for the year ended December 31, 2010 and incorporated herein by reference).
4.13	Amended and Restated Bylaws of Broadcasting Media Partners, Inc. dated as of December 20, 2010 (previously filed with the Securities and Exchange Commission as Exhibit 4.23 to the Registrant s Annual Report on Form 20-F for the year ended December 31, 2010 and incorporated herein by reference).
4.14*	Amended and Restated Stockholders Agreement, dated as of December 20, 2010, by and among Broadcasting Media Partners, Inc., Broadcast Media Partners Holdings, Inc., Univision Communications Inc., and certain stockholders of Broadcasting Media Partners, Inc. (previously filed with the Securities and Exchange Commission as Exhibit 4.24 to the Registrant s Annual Report on Form 20-F for the year ended December 31, 2010 and incorporated herein by reference).
4.15	Amendment, dated as of February 28, 2011, to the Amended and Restated Stockholders Agreement, dated as of December 20, 2010, by and among Broadcasting Media Partners, Inc., Broadcast Media Partners Holdings, Inc., Univision Communications Inc., and certain stockholders of Broadcasting Media Partners, Inc. (previously filed with the Securities and Exchange Commission as Exhibit 4.25 to the Registrant s Annual Report on Form 20-F for the year ended December 31, 2010 and incorporated herein by reference).
4.16*	Amended and Restated Principal Investor Agreement, dated as of December 20, 2010, by and among Broadcasting Media Partners, Inc., Broadcast Media Partners Holdings, Inc., Univision Communications Inc., the Registrant and certain investors (previously filed with the Securities and Exchange Commission as Exhibit 4.26 to the Registrant s Annual Report on Form 20-F for the year ended December 31, 2010 and incorporated herein by reference).
4.17*	Amended and Restated 2011 Program License Agreement, dated as of February 28, 2011, by and among Televisa, S.A. de C.V. and Univision Communications Inc. (previously filed with the Securities and Exchange Commission as Exhibit 4.27 to the Registrant s Annual Report on Form 20-F for the year ended December 31, 2010 and incorporated herein by reference).

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Exhibit Number	Description of Exhibits
4.18	Amendment to International Program Rights Agreement, dated as of December 20, 2010, by and among Univision Communications Inc. and the Registrant (previously filed with the Securities and Exchange Commission as Exhibit 4.28 to the Registrant's Annual Report on Form 20-F for the year ended December 31, 2010 and incorporated herein by reference).
4.19*	Amended and Restated 2011 Mexico License Agreement, dated as of February 28, 2011, by and among Univision Communications Inc. and Videoserpel, Ltd. (previously filed with the Securities and Exchange Commission as Exhibit 4.29 to the Registrant's Annual Report on Form 20-F for the year ended December 31, 2010 and incorporated herein by reference).
4.20	Letter Agreement, dated as of February 28, 2011, by and among Televisa, S.A. de C.V., the Registrant and Univision Communications Inc. (previously filed with the Securities and Exchange Commission as Exhibit 4.30 to the Registrant's Annual Report on Form 20-F for the year ended December 31, 2010 and incorporated herein by reference).
4.21*	Purchase and Assignment and Assumption Agreement, dated as of December 20, 2010, by and among Pay-TV Venture, Inc., TuTv LLC and Univision Communications Inc., solely for purposes of Section 1.4, Televisa, S.A. de C.V., as successor to Visat, S.A. de C.V. and Televisa Internacional, S.A. de C.V., and, solely for purposes of Section 1.5, the Registrant (previously filed with the Securities and Exchange Commission as Exhibit 4.31 to the Registrant's Annual Report on Form 20-F for the year ended December 31, 2010 and incorporated herein by reference).
4.22	English summary of Shareholders' and Share Purchase Agreement, dated as of December 16, 2010 (and amended on April 7, 2011), by and among Grupo Salinas Telecom, S.A. de C.V., Mexico Media Investments, S.L., Sociedad Unipersonal, GSF Telecom Holdings, S.A.P.I. de C.V., Orilizo Holding B.V. and Grupo Iusacell, S.A. de C.V. and Assignment Agreement with respect to the Shareholders' and Share Purchase Agreement, dated as of April 7, 2011, by and among Mexico Media Investments S.L., Sociedad Unipersonal, as assignor and Corporativo Vasco de Quiroga, S.A. de C.V., as assignee, with the consent of Grupo Salinas Telecom, S.A. de C.V., GSF Telecom Holdings, S.A.P.I. de C.V., Orilizo Holding B.V. and Grupo Iusacell, S.A. de C.V. (previously filed with the Securities and Exchange Commission as Exhibit 4.32 to the Registrant's Annual Report on Form 20-F for the year ended December 31, 2010 and incorporated herein by reference).
4.23	English summary of Irrevocable Guaranty Trust Agreement, dated as of December 16, 2010 (and amended on December 16, 2010 and April 7, 2011), by and among Grupo Salinas Telecom, S.A. de C.V., México Media Investments, S.L., GSF Telecom Holdings, S.A.P.I. de C.V. and Banco Invex, S.A., Institución de Banca Múltiple, Invex Grupo Financiero and Assignment Agreement with respect to the Irrevocable Guaranty Trust Agreement, dated as of April 7, 2011, by and among Mexico Media Investments S.L., Sociedad Unipersonal, as assignor and Corporativo Vasco de Quiroga, S.A. de C.V., as assignee, with the consent of Grupo Salinas Telecom, S.A. de C.V., GSF Telecom Holdings, S.A.P.I. de C.V. and Banco Invex, S.A., Institución de Banca Múltiple, Invex Grupo Financiero (previously filed with the Securities and Exchange Commission as Exhibit 4.33 to the Registrant's Annual Report on Form 20-F for the year ended December 31, 2010 and incorporated herein by reference).
4.24	English Summary of Amendment and Restatement of the Indenture, dated April 7, 2011, relating to the issuance of the Series 1 and Series 2 Debentures by GSF Telecom Holdings, Sociedad Anónima Promotora de Inversión de Capital Variable with the consent of Deutsche Bank México, Sociedad Anónima, Institución de Banca Múltiple, División Fiduciaria and Assignment Agreement with respect to the Series 1 and Series 2 Debentures, dated April 7, 2011, by and among Mexico Media Investments S.L., Sociedad Unipersonal, as assignor and Corporativo Vasco de Quiroga, S.A. de C.V., as assignee, with the consent of GSF Telecom Holdings, S.A.P.I. de C.V. and Deutsche Bank México, S.A., Institución de Banca Múltiple, División Fiduciaria (previously filed with the Securities and Exchange Commission as Exhibit 4.34 to the Registrant's Annual Report on Form 20-F for the year ended December 31, 2010 and incorporated herein by reference).

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Exhibit Number	Description of Exhibits
4.25	English summary of Ps.400 million credit agreement, dated as of March 23, 2011, between the Registrant and Banco Nacional de Mexico, S.A. integrante del Grupo Financiero Banamex (previously filed with the Securities and Exchange Commission as Exhibit 4.35 to the Registrant's Annual Report on Form 20-F for the year ended December 31, 2010 and incorporated herein by reference).
4.26	English summary of Ps.800 million credit agreement, dated as of March 23, 2011, between the Registrant and Banco Nacional de Mexico, S.A. integrante del Grupo Financiero Banamex (previously filed with the Securities and Exchange Commission as Exhibit 4.36 to the Registrant's Annual Report on Form 20-F for the year ended December 31, 2010 and incorporated herein by reference).
4.27	English summary of Ps.400 million credit agreement, dated as of March 23, 2011, between the Registrant and Banco Nacional de Mexico, S.A. integrante del Grupo Financiero Banamex (previously filed with the Securities and Exchange Commission as Exhibit 4.37 to the Registrant's Annual Report on Form 20-F for the year ended December 31, 2010 and incorporated herein by reference).
4.28	English summary of Ps.2,500 million credit agreement, dated as of March 30, 2011, between the Registrant and BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer (previously filed with the Securities and Exchange Commission as Exhibit 4.38 to the Registrant's Annual Report on Form 20-F for the year ended December 31, 2010 and incorporated herein by reference).
4.29	English summary of Ps.2,500 million credit agreement, dated as of March 28, 2011, between the Registrant and HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC (previously filed with the Securities and Exchange Commission as Exhibit 4.39 to the Registrant's Annual Report on Form 20-F for the year ended December 31, 2010 and incorporated herein by reference).
4.30	English summary of Ps.2,000 million credit agreement, dated as of March 30, 2011, between the Registrant and Banco Santander (México), S.A., Institución de Banca Múltiple, Grupo Financiero Santander (previously filed with the Securities and Exchange Commission as Exhibit 4.40 to the Registrant's Annual Report on Form 20-F for the year ended December 31, 2010 and incorporated herein by reference).
8.1	List of Subsidiaries of Registrant.
12.1	CEO Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated April 11, 2013.
12.2	CFO Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated April 11, 2013.
13.1	CEO Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated April 11, 2013.
13.2	CFO Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated April 11, 2013.
23.1	Consent of PricewaterhouseCoopers S.C.

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

Instruments defining the rights of holders of certain issues of long-term debt of the Registrant and its consolidated subsidiaries have not been filed as exhibits to this Form 20-F because the authorized principal amount of any one of such issues does not exceed 10% of the total assets of the Registrant and its subsidiaries on a consolidated basis. The Registrant agrees to furnish a copy of each such instrument to the Securities and Exchange Commission upon request.

(b) Financial Statement Schedules

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

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SIGNATURE

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

GRUPO TELEVISA, S.A.B.

By: /s/ Salvi Rafael Folch Viadero
Name: Salvi Rafael Folch Viadero
Title: Chief Financial Officer

By: /s/ Jorge Lutteroth Echegoyen
Name: Jorge Lutteroth Echegoyen
Title: Vice President Corporate Controller

Date: April 11, 2013

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GRUPO TELEVISIA, S. A. B. AND SUBSIDIARIES

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Report of Independent Registered Public Accounting Firm

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

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows present fairly, in all material respects, the financial position of Grupo Televisa, S.A.B. (the Company) and subsidiaries at December 31, 2012, 2011 and January 1, 2011, and the results of their operations, and their cash flows for each of the two years in the period ended December 31, 2012, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control Over Financial Reporting appearing in Item 15. Our responsibility is to express opinions on these financial statements and the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States of America) and International Standards on Auditing. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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

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

PricewaterhouseCoopers, S.C.

/s/ C.P.C. Jorge López de Cárdenas Melgar

Audit Partner

México, D.F.

April 11, 2013

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	Notes	December 31, 2012	December 31, 2011	January 1, 2011
ASSETS				
Current assets:				
Cash and cash equivalents	6	Ps. 19,063,325	Ps. 16,275,924	Ps. 20,942,531
Temporary investments	6	5,317,296	5,422,563	10,446,840
Trade notes and accounts receivable, net	7	18,982,277	19,243,712	17,701,125
Other accounts and notes receivable, net		2,475,533	2,458,802	4,112,470
Derivative financial instruments	14	2,373	99,737	
Due from affiliated companies	19	1,436,892	450,064	196,310
Transmission rights and programming	8	4,462,348	4,178,945	4,004,415
Inventories, net		1,508,581	1,383,822	1,254,536
Other current assets		1,389,129	1,146,189	1,117,740
Total current assets		54,637,754	50,659,758	59,775,967
Non-current assets:				
Accounts receivable		334,775	253,795	67,763
Derivative financial instruments	14	12,627	45,272	189,400
Transmission rights and programming	8	6,435,609	6,123,913	5,171,242
Investments in financial instruments	9	20,867,624	40,084,420	18,143,425
Investments in jointly controlled entities and associates	10	22,111,315	3,936,085	3,614,393
Property, plant and equipment, net	11	48,363,191	40,874,886	37,632,378
Intangible assets, net	12	11,126,791	10,673,931	11,117,075
Plan assets in excess of post-employment benefits	15		105,090	170,585
Deferred income taxes	23	1,073,888	451,885	
Other assets		102,603	91,018	79,588
Total non-current assets		110,428,423	102,640,295	76,185,849
Total assets		Ps. 165,066,177	Ps. 153,300,053	Ps. 135,961,816

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

Table of Contents**GRUPO TELEVISIA, S.A.B. AND SUBSIDIARIES****Consolidated Statements of Financial Position****As of December 31, 2012, 2011 and January 1, 2011****(In thousands of Mexican Pesos) (Notes 1, 2 and 3)**

	Notes	December 31, 2012	December 31, 2011	January 1, 2011
LIABILITIES				
Current liabilities:				
Short-term debt and current portion of long-term debt	13	Ps. 375,000	Ps. 1,169,872	Ps. 1,468,490
Current portion of finance lease obligations	13	439,257	381,891	280,137
Trade accounts payable		8,594,138	7,862,602	7,472,253
Customer deposits and advances		21,215,862	20,926,324	18,587,871
Income taxes payable		512,593	275,120	507,743
Other taxes payable		843,225	1,113,122	936,144
Interest payable		741,819	792,645	750,743
Employee benefits		301,800	252,492	199,638
Due to affiliated companies		27,463	43,089	48,753
Derivative financial instruments	14	1,176		74,329
Other accrued liabilities		3,193,304	3,184,827	2,982,309
Total current liabilities		36,245,637	36,001,984	33,308,410
Non-current liabilities:				
Long-term debt, net of current portion	13	52,616,419	54,794,914	45,579,673
Finance lease obligations, net of current portion	13	4,531,893	201,844	349,674
Derivative financial instruments	14	351,586	310,604	103,528
Customer deposits and advances		769,301	460,000	495,508
Other long-term liabilities		1,977,886	2,441,332	2,688,511
Deferred income taxes	23			195,927
Post-employment benefits	15	38,852		
Total non-current liabilities		60,285,937	58,208,694	49,412,821
Total liabilities		96,531,574	94,210,678	82,721,231
EQUITY				
Capital stock	16	4,978,126	5,040,808	4,883,782
Additional paid-in-capital		15,889,819	15,889,819	3,844,524
Retained earnings	17	51,073,399	45,492,624	41,493,638
Accumulated other comprehensive income, net		1,805,884	1,323,202	546,535
Shares repurchased	16	(13,103,223)	(15,971,710)	(6,156,625)
Equity attributable to stockholders of the Company		60,644,005	51,774,743	44,611,854
Non-controlling interests	18	7,890,598	7,314,632	8,628,731
Total equity		68,534,603	59,089,375	53,240,585
Total liabilities and equity		Ps. 165,066,177	Ps. 153,300,053	Ps. 135,961,816

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

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Table of Contents**GRUPO TELEVISIA, S.A.B. AND SUBSIDIARIES****Consolidated Statements of Income****For the Years ended December 31, 2012 and 2011****(In thousands of Mexican Pesos, except per CPO amounts) (Notes 1, 2 and 3)**

	Notes	2012	2011
Net sales	25	Ps. 69,290,409	Ps. 62,581,541
Cost of sales	20	36,795,944	33,486,015
Selling expenses	20	6,251,773	5,500,628
Administrative expenses	20	7,452,707	6,727,561
Income before other expense	25	18,789,985	16,867,337
Other expense, net	21	(650,432)	(593,661)
Operating income		18,139,553	16,273,676
Finance expense	22	(4,522,185)	(5,787,493)
Finance income	22	1,171,693	1,146,517
Finance expense, net		(3,350,492)	(4,640,976)
Share of losses of jointly controlled entities and associates net	10	(666,602)	(449,318)
Income before income taxes		14,122,459	11,183,382
Income taxes	23	4,053,291	3,226,067
Net income		Ps. 10,069,168	Ps. 7,957,315
Net income attributable to:			
Stockholders of the Company		Ps. 8,760,637	Ps. 6,665,936
Non-controlling interests	18	1,308,531	1,291,379
Net income		Ps. 10,069,168	Ps. 7,957,315
Basic earnings per CPO attributable to stockholders of the Company	24	Ps. 3.08	Ps. 2.37
Diluted earnings per CPO attributable to stockholders of the Company	24	Ps. 2.83	Ps. 2.24

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

Table of Contents**GRUPO TELEVISA, S.A.B. AND SUBSIDIARIES****Consolidated Statements of Comprehensive Income****For the Years Ended December 31, 2012 and 2011****(In thousands of Mexican Pesos) (Notes 1, 2 and 3)**

	Notes	2012	2011
Net income		Ps. 10,069,168	Ps. 7,957,315
Other comprehensive income (loss):			
Actuarial (losses) gains on defined benefit pension plans	15	(75,065)	2,218
Exchange differences on translating foreign operations		(287,343)	241,725
Equity instruments	9	212,948	
Cash flow hedges		(141,098)	150,016
Convertible debentures issued by BMP	9	1,202,489	545,136
Convertible debentures issued by GSF:			
(Loss) gain from changes in fair value	9	(1,628,675)	695,675
Reclassification accumulated result	9	933,000	
Available-for-sale investments	9	377,863	(402,187)
Share of equity accounts of jointly controlled entities and associates	10	50,606	(37,314)
Other comprehensive income before income taxes		644,725	1,195,269
Income taxes		(183,474)	(344,169)
Total other comprehensive income		461,251	851,100
Total comprehensive income		Ps. 10,530,419	Ps. 8,808,415
Total comprehensive income attributable to:			
Stockholders of the Company		Ps. 9,243,319	Ps. 7,442,603
Non-controlling interests	18	1,287,100	1,365,812
Total comprehensive income		Ps. 10,530,419	Ps. 8,808,415

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

Table of Contents**GRUPO TELEVISIA, S.A.B. AND SUBSIDIARIES****Consolidated Statements of Changes in Equity****For the Years Ended December 31, 2012 and 2011****(In thousands of Mexican Pesos) (Notes 1, 2 and 3)**

	Capital Stock Issued (Note 16)	Additional Paid-in Capital	Retained Earnings (Note 17)	Accumulated Other Comprehensive Income	Shares Repurchased (Note 16)	Equity Attributable to Stockholders of the Company	Non-controlling Interests (Note 18)	Total Equity
Balance at January 1, 2011	Ps. 4,883,782	Ps. 3,844,524	Ps. 41,493,638	Ps. 546,535	Ps. (6,156,625)	Ps. 44,611,854	Ps. 8,628,731	Ps. 53,240,585
Dividends			(1,023,012)			(1,023,012)	(2,202,243)	(3,225,255)
Shares issued	120,787	10,379,213				10,500,000	(39,454)	10,460,546
Shares repurchased					(11,442,740)	(11,442,740)		(11,442,740)
Sale of shares			(697,467)		1,627,655	930,188		930,188
Acquisition of a non-controlling interest in Cablemás (Note 3)	36,239	1,666,082	(1,595,796)			106,525	(470,076)	(363,551)
Stock-based compensation			649,325			649,325		649,325
Other adjustments to non-controlling interests							31,862	31,862
Comprehensive income			6,665,936	776,667		7,442,603	1,365,812	8,808,415
Balance at December 31, 2011	5,040,808	15,889,819	45,492,624	1,323,202	(15,971,710)	51,774,743	7,314,632	59,089,375
Dividends			(1,002,692)			(1,002,692)	(672,988)	(1,675,680)
Share cancellation	(62,682)		(1,929,032)		1,991,714			
Shares repurchased					(533,038)	(533,038)		(533,038)
Sale of shares			(876,775)		1,409,811	533,036		533,036
Stock-based compensation			628,637			628,637		628,637
Other adjustments to non-controlling interests							(38,146)	(38,146)
Comprehensive income			8,760,637	482,682		9,243,319	1,287,100	10,530,419
Balance at December 31, 2012	Ps. 4,978,126	Ps. 15,889,819	Ps. 51,073,399	Ps. 1,805,884	Ps. (13,103,223)	Ps. 60,644,005	Ps. 7,890,598	Ps. 68,534,603

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

Table of Contents**GRUPO TELEVISIA, S.A.B. AND SUBSIDIARIES****Consolidated Statements of Cash Flows****For the Years Ended December 31, 2012 and 2011****(In thousands of Mexican Pesos) (Notes 1, 2 and 3)**

	2012	2011
Operating Activities:		
Income before income taxes	Ps. 14,122,459	Ps. 11,183,382
Adjustments to reconcile income before income taxes to net cash provided by operating activities:		
Share in net loss of jointly controlled entities and associates	666,602	449,318
Depreciation and amortization	8,474,240	7,361,552
Write-off and other amortization of assets	221,204	276,429
Disposition of property, plant and equipment	270,556	61,633
Provision for doubtful accounts and write-off of receivables	814,153	689,057
Post-employment benefits	183,523	93,561
Interest income	(106,529)	(226,769)
Stock-based compensation	628,637	649,325
Derivative financial instruments	152,909	656,905
Gain on disposition of investments	(24,856)	
Interest expense	4,369,276	4,173,820
Unrealized foreign exchange (gain) loss, net	(540,302)	1,194,945
	29,231,872	26,563,158
Increase in trade notes and accounts receivable, net	(594,478)	(2,097,433)
Increase in transmission rights and programming	(599,758)	(1,355,910)
Increase in due from affiliated companies, net	(1,057,783)	(134,595)
Increase in inventories	(27,207)	(113,275)
(Increase) decrease in other accounts and notes receivable and other current assets	(761,179)	1,367,361
Increase (decrease) in trade accounts payable	711,155	(21,162)
Increase in customer deposits and advances	608,647	2,269,052
(Decrease) increase in other liabilities, taxes payable and deferred taxes	(352,634)	112,785
(Decrease) increase in post-employment benefits	(67,429)	36,235
Income taxes paid	(4,535,143)	(3,622,589)
	(6,675,809)	(3,559,531)
Net cash provided by operating activities	22,556,063	23,003,627
Investing activities:		
Temporary investments, net	170,396	5,238,418
Due from affiliated companies, net	(18,140)	(64,800)
Held-to-maturity and available-for-sale investments	(274,958)	(313,853)
Disposition of held-to-maturity and available-for-sale investments	308,643	580,793
Investment in Convertible Debentures		(19,229,056)
Equity method and other investments	(452,023)	(1,907,471)
Disposition of equity method and other investments	12,830	66,310
Investments in property, plant and equipment	(11,428,422)	(9,668,501)
Disposition of property, plant and equipment	336,278	529,970
Investments in intangible assets	(822,027)	(464,156)

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Net cash used in investing activities	(12,167,423)	(25,232,346)
Financing activities:		
Long-term Mexican banks	239,400	9,700,000
Repayment of Senior Notes due 2011		(898,776)
Prepayment of bank loan facility (Empresas Cablevisión)		(2,700,135)
Repayment of Mexican peso debt	(1,020,000)	(410,000)
Capital lease payments	(645,184)	(332,673)
Interest paid	(4,355,869)	(4,067,162)
Repurchase and sale of capital stock		(12,552)
Dividends paid	(1,002,692)	(1,023,012)
Non-controlling interests	(672,988)	(2,649,274)
Derivative financial instruments	(90,466)	(149,518)
Net cash used in financing activities	(7,547,799)	(2,543,102)
Effect of exchange rate changes on cash and cash equivalents	(53,440)	105,214
Net increase (decrease) in cash and cash equivalents	2,787,401	(4,666,607)
Cash and cash equivalents at beginning of year	16,275,924	20,942,531
Cash and cash equivalents at end of year	Ps. 19,063,325	Ps. 16,275,924

Non-cash transactions:

The principal non-cash transactions included the acquisition in 2012 of property and equipment and intangible assets under lease agreements recognized as finance leases (see Notes 11, 13 and 19); and the issuance of the Company's shares in 2011 as consideration for the acquisition of a non-controlling interest in Cablemás (see Notes 3 and 16).

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

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GRUPO TELEVISIA, S.A.B. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2012 and 2011

(In thousands of Mexican Pesos, except per CPO, per share, par value and exchange rate amounts)

1. Corporate Information

Grupo Televisa, S.A.B. (the Company) is a Sociedad Anónima Bursátil, or limited liability stock corporation, incorporated under the laws of Mexico. Pursuant to the terms of the Company's bylaws (Estatutos Sociales) its corporate existence continues through 2106. The shares of the Company are listed and traded in the form of Certificados de Participación Ordinarios or CPOs on the Mexican Stock Exchange (Bolsa Mexicana de Valores) under the ticker symbol TLEVISA CPO, and in the form of Global Depository Shares or GDSs, on the New York Stock Exchange, or NYSE, under the ticker symbol TV. The Company's principal executive offices are located at Avenida Vasco de Quiroga 2000, Colonia Santa Fe, 01210 México, D. F., México.

Grupo Televisa, S.A.B. together with its consolidated subsidiaries (the Group) 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 telecommunications 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.

2. Accounting Policies

The principal accounting policies followed by the Group and observed in the preparation of these consolidated financial statements are summarized below.

(a) Basis of Presentation

As required by regulations issued by the Mexican Bank and Securities Commission (Comisión Nacional Bancaria y de Valores) for listed companies in Mexico, beginning on January 1, 2012, the Group discontinued using Mexican Financial Reporting Standards (Mexican FRS) as issued by the Mexican Financial Reporting Standards Board (Consejo Mexicano de Normas de Información Financiera or CINIF) and began using International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) for financial reporting purposes.

The consolidated financial statements of the Group as of December 31, 2012, 2011 and January 1, 2011 (the date of transition to IFRS), and for the years ended December 31, 2012 and 2011, are presented in accordance with IFRS as issued by the IASB. Through December 31, 2011 the consolidated financial statements of the Group were reported in accordance with Mexican IFRS.

In preparing its opening IFRS statement of financial position as of January 1, 2011, the Group adjusted amounts previously reported in its consolidated financial statements prepared in accordance with Mexican FRS. Information relating to certain differences between Mexican FRS and IFRS as they relate to the initial adoption of IFRS in the Group's consolidated financial statements for the year ended December 31, 2011, as well as an explanation of how the transition from Mexican FRS to IFRS affected the Group's financial position, financial performance and cash flows, are presented in Note 27 to these consolidated financial statements.

The consolidated financial statements have been prepared on a historical cost basis, except by the measurement at fair value of temporary investments, derivative financial instruments, available-for-sale financial assets, and equity financial instruments as described below.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group accounting policies. Changes in assumptions may have a significant impact on the consolidated financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate. The areas involving a higher degree of judgment or complexity, or areas where estimates and assumptions are significant to the Group's financial statements are disclosed in Note 5 to these consolidated financial statements.

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These consolidated financial statements were authorized for issuance on March 8, 2013, by the Group's Chief Financial Officer.

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Table of Contents**(b) Consolidation**

The financial statements of the Group are prepared on a consolidated basis and include the assets, liabilities and results of operations of all companies in which the Company has a controlling interest (subsidiaries). All intercompany balances and transactions have been eliminated from the financial statements.

Subsidiaries

The subsidiaries are those entities over which the Company has the power to govern its operating and financial policies, generally because it holds more than half of its voting shares. The existence and effects of potential voting rights that are currently exercisable or convertible are considered when assessing whether or not the Company controls another entity. The subsidiaries are consolidated from the date on which control is obtained by the Company and cease to consolidate from the date on which said control is lost.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis.

Acquisition-related costs are expensed as incurred.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in income or loss.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions—that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

When the Company ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This means that amounts previously recognized in other comprehensive income are reclassified to income or loss.

At December 31, 2012 and 2011, the main subsidiaries of the Company are as follows:

Entity	Company's Ownership Interest ⁽¹⁾	Business Segment ⁽²⁾
Grupo Telesistema, S.A. de C.V. and subsidiaries, including Televisa, S.A. de C.V. (Televisa)	100%	Content
Editorial Televisa, S.A. de C.V. and subsidiaries	100%	Publishing
Innova, S. de R.L. de C.V. and subsidiaries (collectively, Sky ⁽³⁾)	58.7%	Sky
Empresas Cablevisión, S.A.B. de C.V. and subsidiaries (collectively, Empresas Cablevisión)	51%	Cable and Telecom
The Company's subsidiaries in the Cablemás business (collectively, Cablemás ⁽⁴⁾)	100%	Cable and Telecom

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Televisión Internacional, S.A. de C.V. and subsidiaries (collectively, TVI)	50%	Cable and Telecom
Cablestar, S.A. de C.V. and subsidiaries ⁽⁵⁾	66.1%	Cable and Telecom
Consortio Nekeas, S.A. de C.V. and subsidiaries	100%	Other Businesses
Grupo Distribuidoras Intermex, S.A. de C.V. and subsidiaries	100%	Other Businesses
Sistema Radiópolis, S.A. de C.V. and subsidiaries	50%	Other Businesses
Televisa Juegos, S.A. de C.V. and subsidiaries	100%	Other Businesses

- (1) Percentage of equity interest directly or indirectly held by the Company in the parent company of the consolidated entity.
- (2) See Note 25 for a description of each of the Group's business segments.
- (3) Sky is a satellite television provider in Mexico, Central America and the Dominican Republic. Although the Group holds a majority of Sky's equity and designates a majority of the members of Sky's Board of Directors, the non-controlling interest has certain governance and veto rights in Sky, including the right to block certain transactions between the companies in the Group and Sky.
- (4) Cablemás, S.A. de C.V., the former holding company of the Cablemás business, was merged into the Company on April 29, 2011. As a result of this merger, the Company became the direct holding company of the subsidiaries comprising the Cablemás business (see Note 3).
- (5) Cablestar, S.A. de C.V. is a majority-owned subsidiary of Empresas Cablevisión.

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The Group's Content, Sky and Cable and Telecom segments, as well as the Group's Radio business, which is reported in the Other Businesses segment, require concessions (licenses) granted by the Mexican Federal Government for a fixed term, subject to renewal in accordance with Mexican law. Also, the Group's Gaming business, which is reported in the Other Businesses segment, requires a permit granted by the Mexican Federal Government for a fixed term, subject to renewal in accordance with Mexican law. Additionally, the Group's Sky businesses in Central America and the Dominican Republic require concessions (licenses) or permits granted by local regulatory authorities for a fixed term, subject to renewal in accordance with local laws. The concessions and licenses held by the Group are not subject to pricing regulations. At December 31, 2012, the expiration dates of the Group's concessions and permits were as follows:

Segments	Expiration Dates
Content	In 2021
Sky	Various from 2015 to 2027
Cable and Telecom	Various from 2013 to 2041
Other Businesses:	
Radio	Various from 2015 to 2020
Gaming	In 2030

(c) Investments in Jointly Controlled Entities and Associates

The financial statements of the Group are prepared on a consolidated basis and include the assets, liabilities and results of operations of all companies in which the Company has a controlling interest (subsidiaries). All intercompany balances and transactions have been eliminated from the financial statements.

Jointly controlled entities are all entities where the Group exercises joint control with other stockholder or more stockholders without exercising control individually. Associates are all entities over which the Group has significant influence but not control, generally those entities with a shareholding of between 20% and 50% of the voting rights. Investments in jointly controlled entities and associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition.

As of December 31, 2012, the Group had investments in jointly controlled entities and associates, including a 50% joint interest in GSF Telecom Holdings, S.A.P.I. de C.V. and subsidiaries (collectively, GSF) and a 8% interest in Broadcasting Media Partners Inc. and subsidiaries (collectively, BMP). GSF is the parent company of Grupo Iusacell, S.A. de C.V. (Iusacell), a provider of telecommunication services, primarily engaged in providing mobile services throughout Mexico; and BMP is the parent company of Univision Communications Inc. (Univision), the premier Spanish-language media company in the United States (see Notes 3, 9 and 10).

The Group recognizes equity in losses of jointly controlled entities and associates up to the amount of its initial investment, subsequent capital contributions and long-term loans, or beyond that when guaranteed commitments have been made by the Group in respect of obligations incurred by investees, but not in excess of such guarantees. If a jointly controlled entity or an associate for which the Group had recognized equity losses up to the amount of its guarantees generates net income in the future, the Group would not recognize its proportionate share of this net income until the Group first recognizes its proportionate share of previously unrecognized losses.

If the Group's share of losses of a jointly controlled entity or an associate equals or exceeds its interest in the investee, the Group discontinues recognizing its share of further losses. The interest in a jointly controlled entity or an associate is the carrying amount of the investment in the investee under the equity method together with any other long-term investment that, in substance, form part of the Group's net investment in the investee. After the Group's interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the jointly controlled entity or associate.

(d) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's executive officers (chief operating decision makers) who are responsible for allocating resources and assessing performance for each of the Group's operating segments.

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Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The presentation and functional currency of the Group's consolidated financial statements is the Mexican peso, which is used for compliance with its legal and tax obligations.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or measurement where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement as part of finance income or expense, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analyzed between exchange differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortized cost are recognized in income or loss, and other changes in carrying amount are recognized in other comprehensive income or loss.

Translation of Non-Mexican subsidiaries' financial statements

The financial statements of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows: (a) assets and liabilities are translated at the closing rate at the date of the statement of financial position; (b) income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and (c) all resulting translation differences are recognized in other comprehensive income or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Translation differences arising are recognized in other comprehensive income or loss.

Assets and liabilities of non-Mexican subsidiaries that use the Mexican Peso as a functional currency are translated into Mexican Pesos by utilizing the exchange rate of the statement of financial position date for monetary assets and liabilities, and historical exchange rates for nonmonetary items, with the related adjustment included in the consolidated statement of income as income or finance expense.

Beginning in the third quarter of 2011, the Group designated as an effective hedge of foreign exchange exposure a portion of the outstanding principal amount of its U.S. dollar denominated long-term debt in connection with its net investment in shares of common stock of BMP, which amounted to U.S.\$197.7 million and U.S.\$174.8 million as of December 31, 2012 and 2011, respectively. Consequently, any foreign exchange gain or loss attributable to this designated hedging long-term debt is credited or charged directly to other comprehensive income or loss as a cumulative result from foreign currency translation (see Notes 3, 9 and 23).

(f) Cash and Cash Equivalents and Temporary Investments

Cash and cash equivalents consist of cash on hand and all highly liquid investments with an original maturity of three months or less at the date of acquisition. Cash is stated at nominal value and cash equivalents are measured at fair value, and the changes in the fair value are recognized in the income statement.

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

As of December 31, 2012 and 2011, cash equivalents and temporary investments primarily consisted of fixed short-term deposits and corporate fixed income securities denominated in U.S. dollars and Mexican pesos, with an average yield of approximately 0.23% for U.S. dollar deposits

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and 4.56% for Mexican peso deposits in 2012, and approximately 0.76% for U.S. dollar deposits and 4.60% for Mexican peso deposits in 2011.

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(g) Transmission Rights and Programming

Programming is comprised of programs, literary works, production talent advances and films.

Transmission rights and literary works are valued at the lesser of acquisition cost and net realizable value. Programs and films are valued at the lesser of production cost, which consists of direct production costs and production overhead, and net realizable value. Payments for production talent advances are initially capitalized and subsequently included as direct or indirect costs of program production.

The Group's policy is to capitalize the production costs of programs which benefit more than one annual period and amortize them over the expected period of future program revenues based on the Company's historical revenue patterns for similar productions.

Transmission rights, programs, literary works, production talent advances and films are recorded at acquisition or production cost. Cost of sales is calculated for the month in which such transmission rights, programs, literary works, production talent advances and films are matched with related revenues.

Transmission rights are amortized over the lives of the contracts. Transmission rights in perpetuity are amortized on a straight-line basis over the period of the expected benefit as determined by past experience, but not exceeding 25 years.

(h) Inventories

Inventories of paper, magazines, materials and supplies are recorded at the lower of cost or its net realization value. The net realization value is the estimated selling price in the normal course of business, less costs estimated to conduct the sale. Cost is determined using the average cost method.

(i) Financial Assets

The Group classifies its financial assets in the following categories: loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, with changes in carrying value recognized in the income statement in the line which most appropriately reflects the nature of the item or transaction. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables are presented as trade notes and accounts receivable and other accounts and notes receivable in the consolidated statement of financial position (see Note 7).

Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest rate method, less impairment, if any. Any gain or loss arising from these investments is included in finance income or loss in the consolidated statement of income. Held-to-maturity investments are included in investments in financial instruments, except for those with maturities less than 12 months from the end of the reporting period, which are classified as temporary investments (see Note 9).

Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through income or loss, and include debt securities and equity instruments. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions. Equity instruments in this category are those of companies in which the Group does not exercise joint control nor significant influence, but intent to hold for an indefinite term, and are neither classified as held for trading nor designated at fair

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value through income. After initial measurement, available-for-sale assets are measured at fair value with unrealized gains or losses recognized as other comprehensive income or loss until the investment is derecognized or the investment is determined to be impaired, at which time the cumulative gain or loss is recognized in the consolidated statement of income either in other finance income or expense (debt securities) or other income or expense (equity instruments). Interest earned whilst holding available-for-sale financial assets is reported as interest income using the effective interest rate method (see Notes 9 and 14).

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Table of Contents***Financial Assets at Fair Value through Income***

Financial assets at fair value through income are financial assets held for trading. A financial assets is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

Impairment of Financial Assets

The Group assesses at each statements of financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective and other-than-temporary evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset. If it is determined that a financial asset or group of financial assets have sustained a decline other than temporary in their value a charge is recognized in income in the related period.

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

Impairment of Financial Assets Recognized at Amortized Cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets measured at amortized cost is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

(j) Property, Plant and Equipment

Property, plant and equipment are recorded at acquisition cost.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to income or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation of property, plant and equipment is based upon the carrying value of the assets in use and is computed using the straight-line method over the estimated useful lives of the asset, as follows:

	Estimated useful lives
Buildings	20-65 years
Building improvements	5-20 years
Technical equipment	3-20 years
Satellite transponders	15 years
Furniture and fixtures	3-11 years
Transportation equipment	4-8 years
Computer equipment	3-5 years
Leasehold improvements	2-20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within other income or expense in the consolidated income statement.

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(k) Intangible Assets

Intangible assets are recognized at acquisition cost. Intangible assets acquired through business combinations are recorded at fair value at the date of acquisition. Intangible assets with indefinite useful lives, which include goodwill, publishing trademarks and television network concessions, are not amortized. Intangible assets with finite useful lives, which include licenses subscriber, lists and other items, are amortized on a straight-line basis over their estimated useful lives, which range principally from 3 to 20 years.

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the identifiable assets, liabilities and contingent liabilities of the acquire and the fair value of the non-controlling interest in the acquire.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (CGUs), or groups of CGUs, that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognized as an expense and may be subsequently reversed under certain circumstances.

(l) Impairment of Long-lived Assets

The Group reviews for impairment the carrying amounts of its long-lived assets, tangible and intangible, including goodwill (see Note 12), at least once a year, or whenever events or changes in business circumstances indicate that these carrying amounts may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. To determine whether an impairment exists, the carrying value of the reporting unit is compared with its recoverable amount. Fair value estimates are based on quoted market values in active markets, if available. If quoted market prices are not available, the estimate of fair value is based on various valuation techniques, including discounted value of estimated future cash flows, market multiples or third-party appraisal valuations.

(m) Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

(n) Debt

Debt is recognized initially at fair value, net of transaction costs incurred. Debt is subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the debt using the effective interest method.

Fees paid on the establishment of debt facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

(o) Customer Deposits and Advances

Customer deposit and advance agreements for television advertising services provide that customers receive preferential prices that are fixed for the contract period for television broadcast advertising time based on rates established by the Group. Such rates vary depending on when the advertisement is aired, including the season, hour, day, rating and type of programming.

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(p) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provisions due to passage of time is recognized as interest expense.

(q) Equity

The capital stock and other equity accounts include the effect of restatement through December 31, 1997, determined by applying the change in the Mexican National Consumer Price Index between the dates capital was contributed or net results were generated and December 31, 1997, the date through which the Mexican economy was considered hyperinflationary under the guidelines of the IFRS. The restatement represented the amount required to maintain the contributions and accumulated results in Mexican Pesos in purchasing power as of December 31, 1997.

(r) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services provided. The Group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The Group derives the majority of its revenues from media and entertainment-related business activities both in Mexico and internationally. Revenues are recognized when the service is provided and collection is probable. A summary of revenue recognition policies by significant activity is as follows:

Advertising revenues, including deposits and advances from customers for future advertising, are recognized at the time the advertising services are rendered.

Revenues from program services for network subscription and licensed and syndicated television programs are recognized when the programs are sold and become available for broadcast.

Revenues from magazine subscriptions are initially deferred and recognized proportionately as products are delivered to subscribers. Revenues from the sales of magazines are recognized on the date of circulation of delivered merchandise, net of a provision for estimated returns.

The revenue from publishing distribution is recognized upon distribution of the products.

Sky program service revenues, including advances from customers for future direct-to-home (DTH) program services, are recognized at the time the service is provided.

Cable television, internet and telephone subscription, and pay-per-view and installation fees are recognized in the period in which the services are rendered.

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Revenues from telecommunications and data services are recognized in the period in which these services are provided. Telecommunications services include long distance and local telephony, as well as leasing and maintenance of telecommunications facilities.

Revenues from attendance to soccer games, including revenues from advance ticket sales for soccer games and other promotional events, are recognized on the date of the relevant event.

Motion picture production and distribution revenues are recognized as the films are exhibited.

Gaming revenues consist of the net win from gaming activities, which is the difference between amounts wagered and amounts paid to winning patrons.

In respect to sales of multiple products or services, the Group evaluates whether it has fair value evidence for each deliverable in the transaction. For example, the Group sells cable television, internet and telephone subscription to subscribers in a bundled package at a rate lower than if the subscriber purchases each product on an individual basis. Subscription revenues received from such subscribers are allocated to each product in a pro-rata manner based on the fair value of each of the respective services.

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(s) Interest Income

Interest income is recognized using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognized using the original effective interest rate.

(t) Employee Benefits

Pension and Seniority Premium Obligations

Plans exist for pensions and seniority premiums (post-employment benefits), for most of the Group's employees funded through irrevocable trusts. Increases or decreases in the consolidated liability or asset for post-employment benefits are based upon actuarial calculations. Contributions to the trusts are determined in accordance with actuarial estimates of funding requirements. Payments of post-employment benefits are made by the trust administrators.

Actuarial gains and losses related to experience adjustments and changes in actuarial assumptions of post-employment benefits are recognized in the period in which they are incurred as part of other comprehensive income or loss in consolidated equity.

Profit Sharing

The employees' profit sharing required to be paid under certain circumstances in Mexico, is recognized as a direct benefit to employees in the consolidated statements of income in the period in which it is incurred.

Termination Benefits

Termination benefits, not associated with a restructuring event, which mainly represent severance payments by law, are recognized in the consolidated statement of income for the period in which they are incurred.

(u) Income Taxes

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statements of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the

same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

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The Group recognizes derivative financial instruments as either assets or liabilities in the consolidated statements of financial position and measures such instruments at fair value. The accounting for changes in the fair value of a derivative financial instrument depends on the intended use of the derivative financial instrument and the resulting designation. For a derivative financial instrument designated as a cash flow hedge, the effective portion of such derivative's gain or loss is initially reported as a component of accumulated other comprehensive income and subsequently reclassified into income when the hedged exposure affects income. The ineffective portion of the gain or loss is reported in income immediately. For a derivative financial instrument designated as a fair value hedge, the gain or loss is recognized in income in the period of change together with the offsetting loss or gain on the hedged item attributed to the risk being hedged. For derivative financial instruments that are not designated as accounting hedges, changes in fair value are recognized in income in the period of change. During the years ended December 31, 2012 and 2011, certain derivative financial instruments qualified for hedge accounting (see Note 14).

(w) Comprehensive Income

Comprehensive income includes the net income for the period presented in the income statement plus other results for the period reflected in the stockholders' equity which are from non-owner sources.

(x) Stock-based Compensation

The share-based compensation expense is measured at fair value at the date the equity benefits are conditionally sold to officers and employees, and is recognized in consolidated stockholders' equity with charge to consolidated income (administrative expense) over the vesting period (see Note 16). The Group accrued a stock-based compensation expense of Ps.628,637 and Ps.649,325 for the years ended December 31, 2012 and 2011, respectively.

(y) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys the right to use the asset.

Leases of property, plant and equipment other assets where the Group holds substantially all the risks and rewards of ownership are classified as finance leases. Finance lease assets are capitalized at the commencement of the lease term at the lower of the present value of the minimum lease payments or the fair value of the lease asset. The obligations relating to finance leases, net of finance charges in respect of future periods, are recognized as liabilities. Leases are subsequently measured at amortized cost using the effective interest method.

Leases where a significant portion of the risks and rewards are held by the lessor are classified as operating leases. Rentals are charged to the income statement on a straight line basis over the period of the lease.

Leasehold improvements are depreciated at the lesser of its useful life or contract term.

(z) New and Amended IFRS not yet Effective

As mentioned in Notes 2 (a) and 27, as of January 1, 2012 the Group adopted IFRS for the preparation of its consolidated financial statements. Below is a list of the new and amended standards that have been issued by the IASB and are effective for annual periods starting on or after January 1, 2013. Management has evaluated the potential impact of these pronouncements and concluded that there is no significant impact on the Group's consolidated financial statements in accordance with IFRS.

New or Amended Standard	Content	Effective for Annual Periods Beginning On or After
IAS 1 (amended in 2011)	Presentation of items of other comprehensive income	July 1, 2012

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IAS 19 (amended in 2011)	Employee benefits	January 1, 2013
IAS 27 (amended in 2011)	Separate financial statements	January 1, 2013
IAS 28 (amended in 2011)	Associates and joint ventures	January 1, 2013
IFRS 7 (amended in 2011)	Disclosure-Offsetting Financial Assets and Financial Liabilities	January 1, 2013
IFRS 9	Financial instruments	January 1, 2015
IFRS 10	Consolidated financial statements	January 1, 2013
IFRS 11	Joint arrangements	January 1, 2013
IFRS 12	Disclosure of interests in other entities	January 1, 2013
IFRS 13	Fair value measurement	January 1, 2013
Annual improvements	2009-2011 Cycle	January 1, 2013
Annual improvements	2010-2012 Cycle	January 1, 2014

Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) requires entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).

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IAS 19 *Employee Benefits* (as amended in 2011) eliminates the corridor approach for the recognition of actuarial gains or losses, and requires the calculation of finance costs on a net funding basis.

IAS 27 *Separate Financial Statements* (as amended in 2011) includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.

IAS 28 *Investments in Associates and Joint Ventures* (as amended in 2011) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.

Disclosures-Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7), was issued in December 2011. These amendments require entities to disclose information so that users of its financial statements are able to evaluate the effect of potential effect of netting arrangements and similar agreements on the entity's financial position.

IFRS 9 *Financial Instruments* was issued in November 2009, as the first phase in a project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. It addresses the classification and measurement of financial assets. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. In October 2010 sections were added to IFRS 9 addressing financial liabilities. The de-recognition requirements in IAS 39 were also transferred to IFRS 9. The amendments to IFRS 9 and IFRS 7 (*Mandatory Effective Date and Transition Disclosures*) were issued in December 2011. These amendments to IFRS 9 modify the relief from restating prior periods, and also add transition disclosures to IFRS 7 that are required to be applied when IFRS 9 is first applied.

IFRS 10 *Consolidated Financial Statements* replaces IAS 27 and SIC 12 and establishes principles for the preparation and presentation of consolidated financial statements when an entity controls one or more other entities. It defines the principle of control and establishes control as the basis for consolidation. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee, and sets out the accounting requirements for the preparation of consolidated financial statements.

IFRS 11 *Joint Arrangements* focuses on the rights and obligations of the arrangement rather than its legal form. It specifies that there are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is not longer allowed.

IFRS 12 *Disclosures of Interests in Other Entities* includes the disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities.

IFRS 13 *Fair Value Measurement* aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS.

Annual Improvements 2009-2011 Cycle and *Annual Improvements 2010-2012 Cycle* were published in May 2012 and first quarter 2013, respectively, and set out amendments to certain IFRS. These amendments result from proposals made during the IASB's Annual Improvements process, which provides a vehicle for making non-urgent but necessary amendments to IFRS. The IFRS amended and the topics addressed by these amendments are as follows:

Annual Improvements 2009-2011 Cycle

IFRS 1 *First-time Adoption of IFRS*
IAS 1 *Presentation of Financial Statements*
IAS 16 *Property, Plant and Equipment*
IAS 32 *Financial Instruments: Presentation*
IAS 34 *Interim Financial Reporting*

Subject of Amendment

Repeated application of IFRS 1 and borrowing costs
Clarification of the requirements for comparative information
Classification of servicing equipment
Tax effect of distribution to holders of equity instruments
Interim segment information for total assets and liabilities

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Definition of vesting condition

Accounting for a contingent consideration

Aggregation of operating segments; and reconciliation of the total of the reportable segments' assets to the entity's assets

Short-term receivables and payables

Current/non-current classification of liabilities

Interest paid that is capitalized

Recognition of deferred tax assets for unrealized losses

Revaluation method proportionate restatement of accumulated depreciation

Key management personnel

Harmonization of disclosures for value in use and fair value less costs of disposal

3. Acquisitions, Investments and Dispositions

In December 2011, the Company agreed to exchange on a non-cash basis its 40.8% interest in Gestora de Inversiones Audiovisuales La Sexta, S.A. (La Sexta), a free-to-air television channel in Spain, for a 14.5% equity participation in Imagina Media Audiovisual, S. L. (Imagina), a significant provider of content and audiovisual services for the media and entertainment industry in Spain. All closing conditions applicable to this transaction were met on February 29, 2012, and the Company recognized a pre-tax gain of Ps.24,856 as a result of this transaction in the consolidated statement of income for the year ended December 31, 2012, and classified its investment in Imagina as an equity financial instrument, with changes in related fair value recognized as other comprehensive income or loss (see Notes 9 and 21).

In April 2011, the Company, Iusacell and GSF reached an agreement under which the Group made an investment intended to hold a 50% equity stake in GSF, which consisted of (i) U.S.\$37.5 million (Ps.442,001) in 1.093875% of the outstanding shares of common stock of GSF, which amount was paid in cash by the Group in April 2011; and (ii) U.S.\$1,565 million (Ps.19,229,056) in unsecured debentures issued by GSF that were mandatorily convertible into shares of common stock of GSF, subject to regulatory approval and other customary closing conditions. The debentures issued by GSF were divided into two tranches, the Series 1 Debentures and the Series 2 Debentures. The Series 1 Debentures were the 364,996 registered unsecured debentures of GSF, par value U.S.\$1,000 each, representing in the aggregate U.S.\$365 million (Ps.4,302,146), issued against the payment in cash made by the Group in April 2011. The Series 2 Debentures were the 1,200,000 registered unsecured debentures of GSF, par value U.S.\$1,000 each, representing in the aggregate U.S.\$1,200 million (Ps.14,926,910), issued against payments in cash made by the Group in the period from April through October 2011, in the aggregate amount of U.S.\$1,200 million (Ps.14,926,910). These debentures had a conversion date on or before December 2015, with an annual interest rate of 2%, which was receivable on a quarterly basis. In addition, the Company agreed to make an additional payment of U.S.\$400 million (Ps.5,140,000) to GSF if cumulative EBITDA of Iusacell, as defined, reaches U.S.\$3,472 million (Ps.44,615,200) at any time between 2011 and 2015. In February 2012, the Company was notified of the resolution by which the Mexican Antitrust Commission did not approve the conversion of the debentures into shares of common stock of GSF. In March 2012, the Company filed an appeal before the Mexican Antitrust Commission requesting such authority to reverse its resolution and authorize the conversion. In June 2012, (i) the Mexican Antitrust Commission approved, subject to the acceptance of certain conditions, the conversion by the Group of the debentures issued by GSF into common stock of GSF; (ii) the Group accepted the conditions established by the Mexican Antitrust Commission and converted the debentures issued by GSF into common stock of GSF; and (iii) GSF became a jointly controlled entity of the Group with a 50% interest and the Group began to share equal governance rights with the other owner of GSF. As of June 30, 2012, the Group recognized at fair value its 50% interest in GSF in the amount of Ps.18,738,057, which included related intangible assets and goodwill, and began to account for this jointly controlled entity by using the equity method. Before that date, this investment was accounted for as an equity financial instrument with changes in fair value recognized in other comprehensive income or loss. In connection with the conversion of debentures into common stock of GSF, the Group reclassified a cumulative net loss in fair value of Ps.933,000 recognized in other comprehensive income or loss through June 30, 2012, to other finance expense in the consolidated statement of income for the year ended December 31, 2012. In February 2013, the Group made a capital contribution in connection with its 50% interest in GSF in the amount of Ps.260,000 (see Notes 9, 10 and 22).

On March 31, 2011, the stockholders of Cablemás approved, among other matters, a capital increase in Cablemás, by which a wholly-owned subsidiary of the Company increased its equity interest in Cablemás from 58.3% to 90.8%. On April 29, 2011, the stockholders of the Company approved, among other matters: (i) the merger of Cablemás into the Company on that date, for which regulatory approvals were obtained in the first half of 2011; and (ii) an increase in the capital stock of the Company in connection with this merger, by which the Group's controlling interest in Cablemás increased from 90.8% to 100%. These transactions between stockholders, which were completed in October 2011, resulted in a net loss of Ps.1,595,796, which decreased retained earnings attributable to stockholders of the Company in the year ended December 31, 2011 (see Note 18).

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On December 20, 2010, the Group, Univision, BMP and other parties affiliated with the investor groups that owned BMP entered into various agreements and completed certain transactions. As a result, the Group: (i) made an aggregate cash investment of U.S.\$1,255 million in BMP in the form of a capital contribution in the amount of U.S.\$130 million (Ps.1,613,892), representing 5% of the outstanding shares of common stock of BMP, and 1.5% Convertible Debentures of BMP due 2025 in the principal amount of U.S.\$1,125 million (Ps.13,904,222), which are convertible at the Company's option into additional shares equivalent to a 30% equity stake of BMP, subject to existing laws and regulations in the United States, and other conditions; (ii) acquired an option to purchase at fair value additional shares equivalent to a 5% equity stake of BMP, subject to existing laws and regulations in the United States, and other terms and conditions and (iii) sold to Univision its entire interest in TuTv, LLC (TuTv), which represented 50% of TuTv's capital stock, for an aggregate cash amount of U.S.\$55 million (Ps.681,725). In connection with this investment, (i) the Company entered into an amended Program License Agreement (PLA) with Univision, pursuant to which Univision has the right to broadcast certain Televisa content in the United States for a term that commenced on January 1, 2011 and ends on the later of 2025 or seven and one-half years after the Group has sold two-thirds of its initial investment in BMP, and which includes an increased percentage of royalties from Univision and (ii) the Group entered into a new program license agreement with Univision, the Mexico License Agreement (MLA), under which the Group has the right to broadcast certain Univision's content in Mexico for the same term as that of the PLA. In connection with its option to purchase at fair value additional shares equivalent to a 5% equity of BMP, in the fourth quarter of 2011 and third quarter of 2012, the Group entered into agreements to buy from existing BMP stockholders additional 219,125 shares and 97,389 shares, respectively, of common stock of BMP in the aggregate cash amount of U.S.\$49.1 million (Ps.669,392) and U.S.\$22.5 million (Ps.301,534), respectively. As a result of these acquisitions, the Group increased its equity stake in BMP to 7.1% and 8%, respectively (see Notes 9, 10 and 22).

4. Financial Risk Management

(a) Market Risk

Market risk is the exposure to an adverse change in the value of financial instruments caused by market factors including changes in equity prices, interest rates, foreign currency exchange rates, commodity prices and inflation rates. The following information includes forward-looking statements that involve risks and uncertainties. Actual results could differ from those presented.

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

(i) Foreign Exchange Risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the U.S. dollar and the Mexican peso. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

Foreign currency exchange risk is monitored by assessing the net monetary liability position in U.S. dollars and the forecasted cash flow needs for anticipated U.S. dollar investments and servicing the Group's U.S. dollar denominated debt.

Management has set up a policy to require Group companies to manage their foreign exchange risk against their functional currency. To manage their foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, entities in the Group use forward contracts. In compliance with the procedures and controls established by the Risk Management Committee, in 2012 and 2011, the Group entered into certain derivative transactions with certain financial institutions in order to manage its exposure to market risks resulting from changes in interest rates, foreign currency exchange rates, and inflation rates. The objective in managing foreign currency and inflation fluctuations is to reduce earnings and cash flow volatility.

Table of Contents**Foreign Currency Position**

The foreign currency position of monetary items of the Group at December 31, 2012, was as follows:

	Foreign Currency Amounts (Thousands)	Year-End Exchange Rate	Mexican Pesos
Assets:			
U.S. Dollars	2,222,666	Ps. 12.8500	Ps. 28,561,258
Euros	85,677	17.0649	1,462,069
Argentinean Pesos	161,871	2.6128	422,937
Chilean Pesos	3,920,100	0.0267	104,667
Colombian Pesos	13,057,063	0.0072	94,011
Other currencies			393,745
Liabilities:			
U.S. Dollars	2,775,721	Ps. 12.8500	Ps. 35,668,015
Euros	8,657	17.0649	147,731
Argentinean Pesos	128,010	2.6128	334,465
Chilean Pesos	1,609,003	0.0267	42,960
Colombian Pesos	14,314,919	0.0072	103,067
Other currencies			77,371

As of March 8, 2013, the exchange rate was Ps.12.6260 per U.S. dollar, which represents the interbank free market exchange rate on that date as reported by Banco Nacional de México, S.A.

The Group is also subject to the risk of foreign currency exchange rate fluctuations, resulting from the net monetary position in U.S. dollars of the Group's Mexican operations, as follows (in millions of U.S. dollars):

	December 31,	
	2012	2011
U.S. dollar-denominated monetary assets, primarily cash and cash equivalents, held-to-maturity investments, non-current investments, and convertible debentures ⁽¹⁾	U.S.\$ 2,285.5	U.S.\$ 2,004.1
U.S. dollar-denominated monetary liabilities, primarily trade accounts payable, Senior debt securities and other notes payable ⁽²⁾	(2,745.3)	(2,477.0)
Net liability position	U.S.\$ (459.8)	U.S.\$ (472.9)

⁽¹⁾ In 2012 and 2011, include U.S. dollar equivalent amounts of U.S.\$108.4 million and U.S.\$108.3 million, respectively, related to other foreign currencies, primarily euros.

⁽²⁾ In 2012 and 2011, include U.S. dollar equivalent amounts of U.S.\$10.5 million and U.S.\$32.7 million, respectively, related to other foreign currencies, primarily euros.

At December 31, 2012, a hypothetical 10% depreciation in the U.S. dollar to Mexican peso exchange rate would result in a loss in earnings of Ps.590,821.

In December 2012 and 2011, the Group entered into foreign exchange option agreements to buy U.S.\$135.0 million and U.S.\$337.5 million, respectively, to hedge against a Mexican peso depreciation of 30% with various expiration dates until the end of 2015 and 2014, respectively.

The fair value of these option contracts was an asset of Ps.12,419 and Ps.50,279 as of December 31, 2012 and 2011, respectively.

(ii) Cash Flow Interest Rate Risk

The Group monitors the exposure to interest rate risk by: (i) evaluating differences between interest rates on its outstanding debt and short-term investments and market interest rates on similar financial instruments; (ii) reviewing its cash flow needs and financial ratios (indebtedness and interest coverage); (iii) assessing current and forecasted trends in the relevant markets; and (iv) evaluating peer Group and industry practices. This approach allows the Group to determine the interest rate mix between variable and fixed rate debt.

The Group's interest rate risk arises from long-term debt. Debt issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Debt issued at fixed rates expose the Group to fair value interest rate risk. During recent years the Group has maintained most of its debt in fixed rate instruments.

Based on various scenarios, the Group manages its cash flow interest rate risk by using cross-currency interest rate swap agreements and floating-to-fixed interest rate swaps. Cross-currency interest rate swap agreements allow the Group to hedge against Mexican peso depreciation on the interest payments for medium-term periods. Interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates.

Table of Contents**Sensitivity and Fair Value Analyses**

The sensitivity analyses that follow are intended to present the hypothetical change in fair value or loss in earnings due to changes in interest rates, inflation rates, foreign currency exchange rates and debt and equity market prices as they affect the Group's financial instruments at December 31, 2012 and 2011. These analyses address market risk only and do not take into consideration other risks that the Group faces in the ordinary course of business, including country risk and credit risk. The hypothetical changes reflect management view of changes that are reasonably possible over a one-year period. For purposes of the following sensitivity analyses, the Group has made conservative assumptions of expected near-term future changes in U.S. interest rates, Mexican interest rates, inflation rates and Mexican peso to U.S. dollar exchange rate of 10%. The results of the analyses do not purport to represent actual changes in fair value or losses in earnings that the Group will incur.

	Fair Value at December 31,	
	2012	2011
Assets:		
Temporary investments ⁽¹⁾	Ps. 5,317,296	Ps. 5,422,563
Convertible debentures BMP ⁽²⁾	6,990,427	6,248,364
Embedded derivative BMP ⁽³⁾	9,611,873	9,519,384
Mandatory convertible debentures issued by GSF		19,909,099
Long-term receivable GTAC ⁽⁴⁾	674,403	541,251
Held-to-maturity investments ⁽⁵⁾	389,957	545,174
Available-for-sale investments ⁽⁶⁾	2,986,933	2,812,200
Shares of common stock of Imagina ⁽¹⁴⁾	867,581	
Loan and interest receivable from La Sexta		572,132
Derivative financial instruments ⁽¹⁵⁾	15,000	145,009
Liabilities:		
U.S. dollar-denominated debt:		
Senior Notes due 2018 ⁽⁷⁾	Ps. 7,565,438	Ps. 7,825,723
Senior Notes due 2025 ⁽⁸⁾	10,041,580	9,810,391
Senior Notes due 2032 ⁽⁹⁾	5,582,657	5,466,460
Senior Notes due 2040 ⁽¹⁰⁾	9,981,058	9,536,133
Peso-denominated debt:		
Notes due 2020 ⁽¹²⁾	10,636,900	10,007,300
Senior Notes due 2037 ⁽¹¹⁾	5,191,110	4,487,760
Short-term and long-term notes payable to Mexican banks ⁽¹³⁾	14,535,200	14,972,478
Derivative financial instruments ⁽¹⁵⁾	352,762	310,604

⁽¹⁾ At December 31, 2012, the Group's temporary investments consisted of highly liquid securities, including without limitation debt securities (primarily Mexican peso and U.S. dollar-denominated in 2012 and 2011). Given the short-term nature of these investments, an increase in U.S. and/or Mexican interest rates would not significantly decrease the fair value of these investments.

⁽²⁾ At December 31, 2012, these notes are recorded at fair value. Assuming an increase in the fair value of these notes of a hypothetical 10% increase in the fair value of these notes, the fair value would exceed the carrying value by approximately Ps.699,043 (U.S.\$54.4 million) at December 31, 2012.

⁽³⁾ At December 31, 2012, these notes are recorded at fair value. Assuming an increase in the fair value of these notes of a hypothetical 10% increase in the fair value of these notes, the fair value would exceed the carrying value by approximately Ps.961,187 (U.S.\$74.8 million) at December 31, 2012.

⁽⁴⁾ At December 31, 2012, fair value exceeded the carrying value of these notes by Ps.37,633 (U.S.\$2.9 million). Assuming an increase in the fair value of these notes of a hypothetical 10% increase in the fair value of these notes the fair value would exceed the carrying value by approximately Ps.105,073 (U.S.\$8.2 million) at December 31, 2012.

⁽⁵⁾

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At December 31, 2012, fair value exceeded the carrying value of these notes by Ps.1,453 (U.S.\$0.1 million). Assuming an increase in the fair value of these notes of a hypothetical 10% increase in the quoted market price of these notes, the fair value would exceed the carrying value by approximately Ps.40,449 (U.S.\$3.1 million) at December 31, 2012.

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- (6) At December 31, 2012, these investments are recorded at fair value. Assuming an increase in the fair value of these notes of a hypothetical 10% increase in the quoted market price of these notes, the fair value would exceed the carrying value by approximately Ps.298,693 (U.S.\$23.2 million) at December 31, 2012.
- (7) At December 31, 2012, fair value exceeded the carrying value of these notes by Ps.1,140,438 (U.S.\$88.8 million). Assuming an increase in the fair value of these notes of a hypothetical 10% increase in the quoted market price of these notes, the fair value would exceed the carrying value by approximately Ps.1,896,981 (U.S.\$147.6 million) at December 31, 2012.
- (8) At December 31, 2012, fair value exceeded the carrying value of these notes by Ps.2,331,581 (U.S.\$181.4 million). Assuming an increase in the fair value of these notes of a hypothetical 10% increase in the quoted market price of these notes, the fair value would exceed the carrying value by approximately Ps.3,335,739 (U.S.\$259.6 million) at December 31, 2012.
- (9) At December 31, 2012, fair value exceeded the carrying value of these notes by Ps.1,727,657 (U.S.\$134.4 million). Assuming an increase in the fair value of these notes of a hypothetical 10% increase in the quoted market price of these notes, the fair value would exceed the carrying value by approximately Ps.2,285,922 (U.S.\$177.9 million) at December 31, 2012.
- (10) At December 31, 2012, fair value exceeded the carrying value of these notes by Ps.2,271,058 (U.S.\$176.7 million). Assuming an increase in the fair value of these notes of a hypothetical 10% increase in the quoted market price of these notes, the fair value would exceed the carrying value by approximately Ps.3,269,163 (U.S.\$254.4 million) at December 31, 2012.
- (11) At December 31, 2012, fair value exceeded the carrying value of these notes by Ps.691,110 (U.S.\$53.8 million). Assuming an increase in the fair value of these notes of a hypothetical 10% increase in the quoted market price of these notes, the fair value would exceed the carrying value by approximately Ps.1,210,221 (U.S.\$94.2 million) at December 31, 2012.
- (12) At December 31, 2012, fair value exceeded the carrying value of these notes by Ps.636,900 (U.S.\$49.6 million). Assuming an increase in the fair value of these notes of a hypothetical 10% increase in the quoted market price of these notes, the fair value would exceed the carrying value by approximately Ps.1,700,590 (U.S.\$132.3 million) at December 31, 2012.
- (13) At December 31, 2012, fair value exceeded the carrying value of these notes by Ps.945,800 (U.S.\$73.6 million). At December 31, 2012, a hypothetical 10% increase in Mexican interest rates of these notes, the fair value would exceed the carrying value by approximately Ps.2,399,319 (U.S.\$186.7 million) at December 31, 2012.
- (14) At December 31, 2012, these shares are recorded at fair value. Assuming an increase in the fair value of these notes of a hypothetical 10% increase in the fair value of these notes, the fair value would exceed the carrying value by approximately Ps.86,758 (U.S.\$6.8 million) at December 31, 2012.
- (15) Given the nature of these derivative instruments, an increase of 10% in the interest and/or exchange rates would not have a significant impact on the fair value of these financial instruments.

(b) Credit Risk

Credit risk is managed on a Group basis, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of AA in local scale for domestic institutions and BBB in global scale for foreign institutions are accepted. If customers are independently rated, these ratings are used. If there is no independent rating, the Group's risk control function assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Company's management.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by the counterparties.

The Group historically has not had significant credit losses arising from customers.

Table of Contents**(c) Liquidity Risk**

Cash flow forecasting is performed in the operating entities of the Group and aggregated by corporate management. Corporate management monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal statement of financial position ratio targets and, if applicable external regulatory or legal requirements.

Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing investments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts. At December 31, 2012 and 2011, the Group held cash and cash equivalents of Ps.19,063,325 and Ps.16,275,924, respectively, and temporary investments of Ps.5,317,296 and Ps.5,422,563, respectively, that are expected to readily generate cash inflows for managing liquidity risk (see Note 6).

The table below analyses the Group's non-derivative and derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less Than 12 Months January 1, 2013 to December 31, 2013	12-36 Months January 1, 2014 to December 31, 2015	36-60 Months January 1, 2016 to December 31, 2017	Maturities Subsequent to December 31, 2017	Total
At December 31, 2012					
Debt ⁽¹⁾	Ps. 375,000	Ps. 544,620	Ps. 10,764,780	Ps. 42,105,000	Ps. 53,789,400
Finance lease liabilities	439,257	579,009	555,274	3,397,610	4,971,150
Derivative financial instruments (interest rate swaps)	1,176		132,075	219,511	352,762
Trade and other payables	1,374,217	758,371	347,181	248,968	2,755,737

	Less Than 12 Months January 1, 2012 to December 31, 2012	12-36 Months January 1, 2013 to December 31, 2014	36-60 Months January 1, 2015 to December 31, 2016	Maturities Subsequent to December 31, 2016	Total
At December 31, 2011					
Debt ⁽¹⁾	Ps. 1,170,000	Ps. 413,820	Ps. 9,311,180	Ps. 45,932,000	Ps. 56,827,000
Finance lease liabilities	381,891	151,848	20,922	29,074	583,735
Derivative financial instruments (interest rate swaps)			138,599	172,005	310,604
Trade and other payables	1,723,018	246,271	196,175	164,558	2,330,022

⁽¹⁾ The amounts of debt are disclosed on a nominal basis (see Note 13).

Certain of the Group's derivative financial instruments (coupon swaps) are in hedge relationships and are due to settle within 12 months of the statement of financial position date. These contracts require undiscounted contractual cash inflows of U.S.\$19.9 million and U.S.\$67.5 million in

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2012 and 2011, respectively and undiscounted contractual cash outflows of Ps.256,073 and Ps.852,220 in 2012 and 2011, respectively.

Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders and to maintain an optimal capital structure in order to minimize the cost of capital.

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5. Critical Accounting Estimates and Assumptions

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. By definition, the resulting accounting estimates will seldom equal the related actual results. The estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of consolidated assets and liabilities within the next financial year are addressed below.

(a) Accounting for Programming

The Group produces a significant portion of programming for initial broadcast over its television networks in Mexico, its primary market. Following the initial broadcast of this programming, the Group then licenses some of this programming for broadcast in secondary markets, such as Mexico, the United States, Latin America, Asia, Europe and Africa. Under IFRS, in order to properly capitalize and subsequently amortize production costs related to this programming, the Group must estimate the expected future benefit period over which a given program will generate revenues (generally, over a five-year period). The Group then amortizes the production costs related to a given program over the expected future benefit period. Under this policy, the Group generally expenses approximately 70% of the production costs related to a given program in its initial broadcast run and defers and expenses the remaining production costs over the remainder of the expected future benefit period (see Note 2(g)).

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

The Group also purchases programming from, and enters into license arrangements with, various third party programming producers and providers, pursuant to which it receives the rights to broadcast programming produced by third parties over its television networks in Mexico. In the case of programming acquired from third parties, the Group estimates the expected future benefit period based on the anticipated number of showings in Mexico. In the case of programming licensed from third parties, the Group estimates the expected future benefit period based upon the term of the license. To the extent that a given future expected benefit period is shorter than the estimate, the Group may have to accelerate the purchase price or the license fee sooner than anticipated. Conversely, to the extent that a given future expected benefit period is longer than the estimate, the Group may have to extend the amortization schedule for the remaining portion of the purchase price or the license fee.

(b) Equity Investments

Some of the Group's investments are structured as equity investments (see Notes 2 (c) and 10). As a result, the results of operations attributable to these investments are not consolidated with the results of the Group's various segments for financial reporting purposes, but are reported as share of income (losses) of jointly controlled entities and associates in the consolidated income statement (see Note 10).

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

The Group periodically evaluates its investments in these joint ventures and associates for impairment, taking into consideration the performance of these ventures as compared to projections related to net sales, expenditures, strategic plans and future required cash contributions, among other factors. In doing so, the Group evaluates whether any declines in value are other than temporary. The Group has taken impairment charges in the past for some of these investments. Given the dynamic environments in which these businesses operate, as well as changing macroeconomic conditions, there can be no assurance that the Group's future evaluations will not result in recognizing additional impairment charges for these investments.

Once the carrying balance of a given investment is reduced to zero, the Group evaluates whether it should suspend the equity method of accounting, taking into consideration both quantitative and qualitative factors, such as long-term loans guarantees it has provided to these joint ventures and associates, future funding commitments and expectations as to the viability of the business. These conditions may change from year to year, and accordingly, the Group periodically evaluates whether to continue to account for its various investments under the equity method.

Table of Contents**(c) Goodwill and Other Indefinite-lived Intangible Assets**

Goodwill and other intangible assets with indefinite useful lives are reviewed for impairment at least annually. When an impairment test is performed, the recoverable amount is assessed by reference to the higher of the net present value of the expected future cash flows (value in use) of the relevant cash generating unit and the fair value less cost to sell.

The recoverable amount of cash generating units has been determined based on value in use calculations. These calculations require the use of estimates, including management's expectations of future revenue growth, operating costs, profit margins and operating cash flows for each cash generating unit.

There were no goodwill impairments recorded in 2012 and 2011.

(d) Long-lived Assets

The Group presents certain long-lived assets other than goodwill and indefinite-lived intangible assets in its consolidated statement of financial position. Long-lived assets are tested for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may no longer be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Recoverability is analyzed based on projected cash flows. Estimates of future cash flows involve considerable management judgment. These estimates are based on historical data, future revenue growth, anticipated market conditions, management plans, and assumptions regarding projected rates of inflation and currency fluctuations, among other factors. If these assumptions are not correct, the Group would have to recognize a write-off or write-down or accelerate the amortization schedule related to the carrying value of these assets (see Notes 2 (l), 12 and 21). The Group has not recorded any significant impairment charges over the past few years.

(e) Deferred Income Taxes

The Group records its deferred tax assets based on the likelihood that these assets are realized in the future. This likelihood is assessed by taking into consideration the future taxable income and ongoing prudent and feasible tax planning strategies. In the event the Group were to determine that it would be able to realize its deferred tax assets in the future in excess of the net recorded amount, an adjustment to the deferred tax asset would increase income in the period such determination was made. Should the Group determine that it would not be able to realize all or part of its net deferred tax asset in the future, an adjustment to the deferred tax asset would be charged to income in the period such determination was made.

(f) Financial Assets and Liabilities Measured at Fair Value

The Group has a significant amount of financial assets and liabilities which are measured at fair value on a recurring basis. The degree of management's judgment involved in determining the fair value of a financial asset and liability varies depending upon the availability of quoted market prices. When observable quoted market prices exist, that is the fair value estimate the Group uses. To the extent such quoted market prices do not exist, management uses other means to determine fair value.

6. Cash and Cash Equivalents and Temporary Investments

Cash and cash equivalents as of December 31, 2012, 2011 and January 1, 2011, consisted of:

	December 31, 2012	December 31, 2011	January 1, 2011
Cash and bank accounts	Ps. 1,777,349	Ps. 943,698	Ps. 991,887
Short-term investments ⁽¹⁾	17,285,976	15,332,226	19,950,644
Total cash and cash equivalents	Ps. 19,063,325	Ps. 16,275,924	Ps. 20,942,531

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(1) Highly-liquid investments with an original maturity of three months or less at the date of acquisition. Temporary investments as of December 31, 2012, 2011 and January 1, 2011, consisted of:

	December 31, 2012	December 31, 2011	January 1, 2011
Short-term investments ⁽²⁾	Ps. 43,435	Ps. 60,871	Ps. 122,403
Other financial assets ⁽³⁾	5,153,058	5,157,836	9,869,511
Current maturities of non-current held-to-maturity securities	120,803	203,856	454,926
Total temporary investments	Ps. 5,317,296	Ps. 5,422,563	Ps. 10,446,840

(2) Short-term investments with a maturity of over three months and up to one year at the date of acquisition.

(3) Other financial assets include equity instruments held for trading and current held-to-maturity investments.

Table of Contents**7. Trade Notes and Accounts Receivable, Net**

Trade notes and accounts receivable as of December 31, 2012, 2011 and January 1, 2011 consisted of:

	December 31, 2012	December 31, 2011	January 1, 2011
Non-interest bearing notes received from customers as deposits and advances	Ps. 14,608,137	Ps. 13,465,534	Ps. 13,313,673
Trade accounts receivable	6,559,863	7,559,848	5,966,189
Allowance for doubtful accounts	(2,185,723)	(1,781,670)	(1,578,737)
	Ps. 18,982,277	Ps. 19,243,712	Ps. 17,701,125

8. Transmission Rights and Programming

At December 31, 2012, 2011 and January 1, 2011 transmission rights and programming consisted of:

	December 31, 2012	December 31, 2011	January 1, 2011
Transmission rights	Ps. 6,609,643	Ps. 6,394,688	Ps. 5,335,669
Programming	4,288,314	3,908,170	3,839,988
	10,897,957	10,302,858	9,175,657
Non-current portion of:			
Transmission rights	4,138,222	3,949,693	3,268,187
Programming	2,297,387	2,174,220	1,903,055
	6,435,609	6,123,913	5,171,242
Current portion of transmission rights and programming	Ps. 4,462,348	Ps. 4,178,945	Ps. 4,004,415

9. Investments in Financial Instruments

At December 31, 2012, 2011 and January 1, 2011, the Group had the following investments in financial instruments:

	December 31, 2012	December 31, 2011	January 1, 2011
Loan and interest receivable from La Sexta ⁽¹⁾	Ps.	Ps. 572,132	Ps. 354,942
Held-to-maturity investments ⁽⁵⁾	388,504	543,581	935,494
Available-for-sale financial assets:			
1.5% Convertible Debentures due 2025 issued by BMP ⁽²⁾	6,990,427	6,248,364	5,041,901
Embedded derivative BMP	9,611,873	9,519,384	8,862,321
Mandatorily Convertible Debentures issued by GSF ⁽³⁾		19,909,099	
Shares of common stock of GSF ⁽³⁾		457,633	

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Shares of common stock of Imagina ⁽¹⁾	867,581		
Available-for-sale investments ⁽⁴⁾	2,986,933	2,812,200	2,922,625
Other	22,306	22,027	26,142
	Ps. 20,867,624	Ps. 40,084,420	Ps. 18,143,425

- (1) As of December 31, 2011, the balance includes the Company's 40.8% investment in shares of capital stock of La Sexta in the carrying amount of Ps.47,129, which was accounted for by the equity method through that date, and a related loan receivable in the principal amount of Ps.572,132, were classified as an investment held to sale in connection with an exchange transaction for a 14.5% equity participation in Imagina. In 2010, the Group made short-term loans in connection with its interest in La Sexta in the principal amount of 21.5 million (Ps.354,942). In February 2011, these loans were capitalized by the Company as an investment in La Sexta and the Company's percentage ownership in La Sexta increased from 40.5% to 40.8% (see Notes 3, 10 and 21).
- (2) As of December 31, 2012, the Group held 1.5% Convertible Debentures due 2025 issued by BMP in the principal amount of U.S.\$1,125 million (Ps.13,904,222). These convertible debentures are classified as available-for-sale financial assets in the Group's consolidated statements of financial position (see Notes 3, 9, 14 and 19).
- (3) Through June 2012, the Group recognized its investment in debentures mandatorily convertible into common shares of GSF, as well as its 1.09% interest in shares of common stock of GSF, as equity financial instruments with changes in fair value accounted for as other comprehensive income or loss. In June 2012, the Group (i) converted the debentures into common shares of GSF and became the holder of a 50% equity interest in GSF; and (ii) recycled a cumulative net loss of Ps.933,000 to other finance expense in the consolidated statement of income for the year ended December 31, 2012, which was previously accounted for as other comprehensive income or loss; and (iii) recognized an initial investment in GSF, a jointly controlled entity, in the amount of Ps.18,738,057 (see Note 3).

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- (4) The Group has an investment in an open ended fund that has as a primary objective to achieve capital appreciation by using a broad range of strategies through investments and transactions in telecom, media and other sectors across global markets, including Latin America and other emerging markets. Shares may be redeemed on a quarterly basis at the Net Asset Value (NAV) per share as of such redemption date. The Group determined the fair value of this fund using the NAV per share. The NAV per share is calculated by determining the value of the fund assets and subtracting all of the fund liabilities and dividing the result by the total number of issued shares (see Note 2 (i)).
- (5) Held-to-maturity investments represent corporate fixed income securities with long-term maturities. These investments are stated at amortized cost. Maturities of these investments subsequent to December 31, 2012, are as follows: Ps.123,373 in 2014, Ps.130,740 in 2015, Ps.81,453 in 2016 and Ps.52,938 thereafter. Held-to-maturity financial assets as of December 31, 2012 and 2011 and January 1, 2011 are denominated primarily in Mexican pesos.

A roll forward of available-for-sale financial assets for the years ended December 31, 2012 and 2011 is presented as follows:

	2012	2011
At January 1,	Ps. 38,946,680	Ps. 16,826,847
Exchange differences	(1,472,695)	2,113,352
Acquisition	867,581	20,366,732
Reclassification	(20,366,732)	
Changes in fair value	2,481,980	(360,251)
At December 31,	Ps. 20,456,814	Ps. 38,946,680

10. Investments in Jointly Controlled Entities and Associates

At December 31, 2012, 2011 and January 1, 2011, the Group had the following investments in jointly controlled entities and associates accounted for by the equity method:

	Ownership as of December 31, 2012	December 31, 2012	December 31, 2011	January 1, 2011
Jointly controlled entities:				
GSF ⁽¹⁾	50%	Ps. 18,072,210	Ps.	Ps.
GTAC ⁽²⁾	33.3%	574,707	504,456	418,708
Associates:				
BMP ⁽³⁾	8%	2,539,814	2,443,103	1,613,892
Ocesa Entretenimiento, S.A. de C.V. and subsidiaries (collectively, OCEN ⁽⁴⁾)	40%	842,328	810,386	815,381
La Sexta (see Note 9)			47,129	647,099
Other		82,256	131,011	119,313
		Ps. 22,111,315	Ps. 3,936,085	Ps. 3,614,393

(1) Effective in June 2012, the Group shares equal governance rights that the other owner of GSF, and began to account for this jointly controlled entity under the equity method (see Note 3).

(2) In 2010, Grupo de Comunicaciones de Alta Capacidad, S.A.P.I. de C.V. (GTAC) was granted a 20-year contract for the lease of a pair of dark fiber wires held by the Mexican Federal Electricity Commission and a concession to operate a public telecommunications network in Mexico with an expiration date in 2030. GTAC is a jointly controlled entity, in which a subsidiary of the Company, a subsidiary of Grupo de Telecomunicaciones Mexicanas, S.A. de C.V. and a subsidiary of Megacable, S.A. de C.V. have an equal equity participation of 33.3%. GTAC started operations in the second half of 2011 and commercial services in the first quarter of 2012. In June 2010, a subsidiary of the Company entered into a long-term credit facility agreement to provide financing to GTAC for up to Ps.688,217, with an annual interest

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rate of the Mexican Interbank Interest Rate (Tasa de Interés Interbancaria de Equilibrio or TIIE) plus 200 basis points. Under the terms of this agreement, principal and interest are payable at dates agreed by the parties, between 2013 and 2027. As of December 31, 2012, 2011 and January 1, 2011, GTAC had used a principal amount of Ps.562,083, Ps.459,083 and Ps.372,083, respectively, under this credit facility, with a related accrued interest receivable of Ps.74,687, Ps.39,261 and Ps.11,980, respectively. The net investment in GTAC as of December 31, 2012, 2011 and January 1, 2011, include amounts receivable in connection with the credit facility to GTAC of Ps.648,720, Ps.504,456 and Ps.384,063, respectively (see Note 14).

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- (3) The Group accounts for its 8% investment in common stock of BMP, the parent company of Univision, under the equity method due to the Group's ability to exercise significant influence over BMP's operations. The Group determined it has the ability to exercise significant influence over the operating and financial policies of BMP because as of December 31, 2012, 2011 and January 1, 2011, the Group (i) owned 842,850, 745,461 and 526,336 Class C shares of common stock of BMP, respectively, representing 8%, 7.1% and 5% of the outstanding total shares of BMP as of those dates, respectively; (ii) held 1.5% Convertible Debentures due 2025 issued by BMP with interest payable on a quarterly basis, which can be converted into additional 4,858,485 shares of common stock of BMP equivalent to a 30% equity stake of BMP on a fully-diluted, as-converted basis, at the option of the Group, subject to certain conditions and regulations; (iii) owned an option to acquire at fair value additional shares of common stock of BMP representing 2%, 2.9% and 5% of the outstanding total shares of BMP as of those dates, respectively, subject to certain conditions and regulations; (iv) had three of 20 designated members of the Board of Directors of BMP; and (v) had entered into program license agreements with Univision, an indirect wholly-owned subsidiary of BMP, through the later of 2025 or seven and one-half years after the Group has sold two-thirds of its initial investment in BMP (see Notes 3, 9, 14 and 19).
- (4) OCEN is a majority-owned subsidiary of Corporación Interamericana de Entretenimiento, S.A. de C.V., and is engaged in the live entertainment business in Mexico. In 2011, OCEN paid dividends to the Group in the aggregate amount of Ps.64,960. The investment in OCEN includes a goodwill of Ps.359,613 as of December 31, 2012, 2011 and January 1, 2011 (see Note 19).

Aggregate amounts of current assets, non-current assets, current liabilities and non-current liabilities as of December 31, 2012, 2011 and January 1, 2011, related to the Group's interests in jointly controlled entities are set forth as follows:

	December 31, 2012	December 31, 2011	January 1, 2011
Assets:			
Current assets	Ps. 2,998,333	Ps. 73,570	Ps. 85,972
Non-current assets	13,065,320	476,142	348,880
Total assets	16,063,653	549,712	434,852
Liabilities:			
Current liabilities	4,310,519	67,367	400,207
Non-current liabilities	5,129,837	459,083	
Total liabilities	9,440,356	526,450	400,207
Net assets	6,623,297	23,262	34,645
Other concepts that are part of the investments:			
Long-term credit facility and interest receivable from GTAC	648,720	504,456	384,063
Goodwill and other intangible assets	11,433,007		
Corporate adjustments	(58,107)	(23,262)	
Total investments	Ps. 18,646,917	Ps. 504,456	Ps. 418,708

Aggregate amounts of net sales, operating loss, loss before income taxes and net loss for the years ended December 31, 2012 and 2011, related to the Group's interests in jointly controlled entities are set forth as follows:

	2012	2011
Net sales	Ps. 7,482,784	Ps. 16,000
Operating loss	(1,664,532)	(16,396)
Loss before income taxes	(2,175,491)	(23,272)
Net loss	(1,906,669)	(23,272)

Aggregate amounts of current assets, non-current assets, current liabilities and non-current liabilities as of December 31, 2012 and 2011 and January 1, 2011, related to the Group's interests in associates are set forth as follows:

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	December 31, 2012	December 31, 2011	January 1, 2011
Assets			
Current assets	Ps. 1,448,538	Ps. 2,284,546	Ps. 2,744,435
Non-current assets	10,381,188	11,225,464	7,754,784
Total assets	11,829,726	13,510,010	10,499,219
Liabilities			
Current assets	1,341,150	2,907,108	2,747,327
Non-current assets	12,191,286	11,808,757	7,356,358
Total liabilities	13,532,436	14,715,865	10,103,685
Net assets	(1,702,710)	(1,205,855)	395,534
Other concepts that are part of the investments:			
Goodwill and other intangible assets	5,167,108	4,988,754	3,281,928
Corporate adjustments		(351,270)	(481,777)
Total investments	Ps. 3,464,398	Ps. 3,431,629	Ps. 3,195,685

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Aggregate amounts of selected income (loss) for the years ended December 31, 2012 and 2011, related to the Group's interests in associates are set forth as follows:

	2012	2011
Net sales	Ps. 4,554,872	Ps. 6,413,597
Operating loss	805,055	353,208
Loss before income taxes	99,758	(413,583)
Net income (loss)	57,900	(489,538)

The Group recognized its share of comprehensive loss of jointly control entities and associates for the years ended December 31, 2012 and 2011, as follows:

	2012	2011
Share of losses of jointly controlled entities and associates, net	Ps. (666,602)	Ps. (449,318)
Share of other comprehensive (loss) income of jointly controlled entities and associates:		
Foreign currency translation adjustments, net	(291,460)	292,720
Gain (loss) on equity accounts, net	50,606	(37,314)
	(240,854)	255,406
	Ps. (907,456)	Ps. (193,912)

Table of Contents**11. Property, Plant and Equipment, Net**

The analysis of the changes in property, plant and equipment is as follows:

Changes	Buildings and land	Technical equipment	Satellite transponders	Furniture and fixtures	Transportation equipment	Computer equipment	Leasehold improvements	Construction in progress	Total
Cost:									
January 1, 2011	Ps. 13,994,397	Ps. 45,130,429	Ps. 3,593,873	Ps. 823,033	Ps. 2,523,704	Ps. 3,665,716	Ps. 1,372,590	Ps. 2,860,281	Ps. 73,964,023
Additions	30,498	1,433,016		13,836	60,033	218,540	20,758	8,165,446	9,942,127
Retirements	(5,457)	(1,071,277)		(3,602)	(545,072)	(58,636)	(8,290)	(4,324)	(1,696,658)
Transfers and reclassifications	192,907	6,466,284		38,079	86,689	545,627	38,098	(7,367,684)	
Acquisition of subsidiaries	3,275	234,232		5,264	7,235	43,962			293,968
Effect of translation	39,482	84,575		7,798	3,743	7,785	1,230	(166)	144,447
December 31, 2011	14,255,102	52,277,259	3,593,873	884,408	2,136,332	4,422,994	1,424,386	3,653,553	82,647,907
Additions	27,776	1,825,760		16,287	72,751	158,635	62,352	13,631,268	15,794,829
Retirements	(157,216)	(5,647,233)		(106,991)	(74,934)	(410,043)	(164,706)	(1,319)	(6,562,442)
Transfers and reclassifications	228,280	8,650,639	4,275,619	(51,549)	88,886	82,443	113,129	(13,387,447)	
Acquisition of subsidiaries		18,384		1,513	1,241	752	4,872		26,762
Effect of translation	(23,495)	(100,489)		(18,921)	(1,788)	(5,618)	(1,561)	23	(151,849)
December 31, 2012	Ps. 14,330,447	Ps. 57,024,320	Ps. 7,869,492	Ps. 724,747	Ps. 2,222,488	Ps. 4,249,163	Ps. 1,438,472	Ps. 3,896,078	Ps. 91,755,207
Depreciation:									
January 1, 2011	Ps. (4,348,559)	Ps. (25,793,988)	Ps. (1,785,226)	Ps. (473,861)	Ps. (968,931)	Ps. (2,535,821)	Ps. (425,259)	Ps.	Ps. (36,331,645)
Depreciation of the year	(338,084)	(5,001,849)	(177,475)	(49,546)	(229,589)	(522,304)	(114,339)		(6,433,186)
Retirements	12,247	777,231		(1,837)	224,415	54,980	(11,819)		1,055,217
Transfers and reclassifications	(7,290)	(24,839)					32,129		
Effect of translation	(6,426)	(40,225)		(6,567)	(3,011)	(5,541)	(1,637)		(63,407)
December 31, 2011	(4,688,112)	(30,083,670)	(1,962,701)	(531,811)	(977,116)	(3,008,686)	(520,925)		(41,773,021)
Depreciation of the year	(213,347)	(6,071,153)	(239,201)	(57,198)	(222,578)	(609,205)	(133,220)		(7,545,902)
Write-off of the year		(25,247)							(25,247)
Retirements	89,953	5,178,719		102,268	66,965	386,262	47,210		5,871,377
Transfers and reclassifications	5,870	(250,452)		(977)	252	250,513	(5,206)		
Acquisition of subsidiaries		(7,379)		(605)	(267)	(288)	(2,036)		(10,575)
Effect of translation	10,670	56,358		17,489	2,633	3,285	917		91,352
December 31, 2012	Ps. (4,794,966)	Ps. (31,202,824)	Ps. (2,201,902)	Ps. (470,834)	Ps. (1,130,111)	Ps. (2,978,119)	Ps. (613,260)	Ps.	Ps. (43,392,016)

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Book value:										
At January 1, 2011	Ps. 9,645,838	Ps. 19,336,441	Ps. 1,808,647	Ps. 349,172	Ps. 1,554,773	Ps. 1,129,895	Ps. 947,331	Ps. 2,860,281	Ps. 37,632,378	
At December 31, 2011	Ps. 9,566,990	Ps. 22,193,589	Ps. 1,631,172	Ps. 352,597	Ps. 1,159,216	Ps. 1,414,308	Ps. 903,461	Ps. 3,653,553	Ps. 40,874,886	
At December 31, 2012	Ps. 9,535,481	Ps. 25,821,496	Ps. 5,667,590	Ps. 253,913	Ps. 1,092,377	Ps. 1,271,044	Ps. 825,212	Ps. 3,896,078	Ps. 48,363,191	

Depreciation charged to income in 2012 and 2011 was Ps.7,571,149 and Ps.6,433,186, respectively.

In March 2010, Sky reached an agreement with a subsidiary of Intelsat to lease 24 transponders on Intelsat IS-21 satellite, mainly for signal reception and retransmission services over the satellite's estimated 15-year service life. IS-21 replaced Intelsat IS-9 as Sky's primary transmission satellite and started service in the fourth quarter of 2012. This lease agreement contemplates monthly payments of U.S.\$3.0 million to be paid by Sky beginning in the fourth quarter of 2012. In October 2012, the Group recognized this agreement as a finance lease obligation in the net amount of U.S.\$326.3 million (Ps.4,192,955).

Table of Contents**12. Intangible Assets, Net**

The analysis of the changes in intangible assets is as follows:

Changes	Intangible assets with indefinite useful lives			Intangible assets with finite useful lives			Total
	Goodwill	Trademarks	Concessions	Licenses	Subscriber lists	Other intangible assets	
Cost:							
January 1, 2011	Ps. 2,677,551	Ps. 1,749,493	Ps. 3,775,969	Ps. 1,881,371	Ps. 2,894,556	Ps. 876,292	Ps. 13,855,232
Additions	31,104		58,821	404,535	4,624	348,963	848,047
Retirements				(1,159)	(99,500)	(20,929)	(121,588)
Transfers and reclassifications	(86,813)		86,813		(13,880)	13,880	
Effect of translation		272		1,241		6,376	7,889
December 31, 2011	2,621,842	1,749,765	3,921,603	2,285,988	2,785,800	1,224,582	14,589,580
Additions		10,000	15,432	561,867	175,261	882,662	1,645,222
Retirements	(310)			(624,227)	(281,000)	(28,467)	(934,004)
Acquisition of subsidiaries				6,534	10,386		16,920
Transfers and reclassifications			(43,856)			43,856	
Effect of translation		(509)		(139)		(3,515)	(4,163)
December 31, 2012	Ps. 2,621,532	Ps. 1,759,256	Ps. 3,893,179	Ps. 2,230,023	Ps. 2,690,447	Ps. 2,119,118	Ps. 15,313,555
Amortization:							
January 1, 2011	Ps.	Ps.	Ps. (268,799)	Ps. (1,097,105)	Ps. (1,223,630)	Ps. (148,623)	Ps. (2,738,157)
Amortization of the year			(1,839)	(433,176)	(385,243)	(108,108)	(928,366)
Write-off and other amortization of the year	(49,900)					(226,529)	(276,429)
Retirements				(1,823)	24,506	12,455	35,138
Transfers and reclassifications					1,834	(1,834)	
Effect of translation				(984)		(6,851)	(7,835)
December 31, 2011	(49,900)		(270,638)	(1,533,088)	(1,582,533)	(479,490)	(3,915,649)
Amortization of the year				(400,265)	(364,940)	(163,133)	(928,338)
Other amortization of the year						(195,957)	(195,957)
Retirements				561,302	273,979	20,745	856,026
Acquisition of subsidiaries				(2,940)	(5,193)		(8,133)
Transfers and reclassifications			33,444			(33,444)	
Effect of translation				686		4,601	5,287
December 31, 2012	Ps. (49,900)	Ps.	Ps. (237,194)	Ps. (1,374,305)	Ps. (1,678,687)	Ps. (846,678)	Ps. (4,186,764)
Book value:							
At January 1, 2011	Ps. 2,677,551	Ps. 1,749,493	Ps. 3,507,170	Ps. 784,266	Ps. 1,670,926	Ps. 727,669	Ps. 11,117,075
At December 31, 2011	Ps. 2,571,942	Ps. 1,749,765	Ps. 3,650,965	Ps. 752,900	Ps. 1,203,267	Ps. 745,092	Ps. 10,673,931
At December 31, 2012	Ps. 2,571,632	Ps. 1,759,256	Ps. 3,655,985	Ps. 855,718	Ps. 1,011,760	Ps. 1,272,440	Ps. 11,126,791

Amortization charged to income in 2012 and 2011 was Ps.1,124,295 and Ps.1,204,795, respectively.

The changes in the net carrying amount of goodwill and trademarks for the year ended December 31, 2012, were as follows:

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	Balance as of December 31, 2011	Acquisitions	Foreign Currency Translation Adjustments	Adjustments/ Reclassifications	Balance as of December 31, 2012
Goodwill:					
Content	Ps. 242,283	Ps.	Ps.	Ps. (310)	Ps. 241,973
Cable and Telecom	1,859,048				1,859,048
Publishing	470,611				470,611
	Ps. 2,571,942	Ps.	Ps.	Ps. (310)	Ps. 2,571,632
Trademarks (see Note 3):					
Publishing	Ps. 465,474	Ps.	Ps. (509)	Ps.	Ps. 464,965
Cable and Telecom	1,284,291				1,284,291
Other		10,000			10,000
	Ps. 1,749,765	Ps. 10,000	Ps. (509)	Ps.	Ps. 1,759,256

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Table of Contents**13. Debt and Finance Lease Obligations**

Debt and finance lease obligations outstanding as of December 31, 2012, 2011 and January 1, 2011 were as follows:

	December 31, 2012	December 31, 2011	January 1, 2011
U.S. dollar debt:			
8% Senior Notes due 2011	Ps. 889,066	Ps. 889,066	Ps. 889,066
6% Senior Notes due 2018 ⁽¹⁾	6,388,636	6,946,173	6,129,009
6.625% Senior Notes due 2025 ⁽¹⁾	7,240,710	7,879,501	6,859,453
8.50% Senior Notes due 2032 ⁽¹⁾	3,821,000	4,157,784	3,668,909
6.625% Senior Notes due 2040 ⁽¹⁾	7,538,562	8,209,292	7,230,383
Bank loan facility (Empresas Cablevisión) ⁽²⁾			2,780,460
Total U.S. dollar debt	24,988,908	27,192,750	27,557,280
Mexican peso debt:			
7.38% Notes due 2020 ⁽³⁾	9,944,750	9,937,697	9,930,644
8.49% Senior Notes due 2037 ⁽¹⁾	4,482,297	4,481,572	4,480,815
Bank loans ⁽⁴⁾	8,586,064	9,582,767	999,424
Bank loans (Sky) ⁽⁵⁾	3,500,000	3,500,000	3,500,000
Bank loans (TVI) ⁽⁶⁾	1,489,400	1,270,000	580,000
Total Mexican peso debt	28,002,511	28,772,036	19,490,883
Total debt ⁽⁹⁾	52,991,419	55,964,786	47,048,163
Less: Short-term debt and current portion of long-term debt	375,000	1,169,872	1,468,490
Long-term debt, net of current portion	Ps. 52,616,419	Ps. 54,794,914	Ps. 45,579,673
Finance lease obligations:			
Satellite transponder lease obligation ⁽⁷⁾	Ps. 4,132,365	Ps. 225,575	Ps. 414,921
Other ⁽⁸⁾	838,785	358,160	214,890
Total finance lease obligations	4,971,150	583,735	629,811
Less: Current portion	439,257	381,891	280,137
Finance lease obligations, net of current portion	Ps. 4,531,893	Ps. 201,844	Ps. 349,674

⁽¹⁾ The Senior Notes due 2018, 2025, 2032, 2037 and 2040, in the outstanding principal amount of U.S.\$500 million, U.S.\$600 million, U.S.\$300 million, Ps.4,500,000 and U.S.\$600 million, respectively, are unsecured obligations of the Company, rank equally in right of payment with all existing and future unsecured and unsubordinated indebtedness of the Company, and are junior in right of payment to all of the existing and future liabilities of the Company's subsidiaries. Interest on the Senior Notes due 2018, 2025, 2032, 2037 and 2040, including additional amounts payable in respect of certain Mexican withholding taxes, is 6.31%, 6.97%, 8.94%, 8.93% and 6.97% per annum, respectively, and is payable semi-annually. These Senior Notes may not be redeemed prior to maturity, except (i) in the event of certain changes in law affecting the Mexican withholding tax treatment of certain payments on the securities, in which case the securities will be redeemable, as a whole but not in part, at the option of the Company; and (ii) in the event of a change of control, in which case the

Company may be required to redeem the securities at 101% of their principal amount. Also, the Company may, at its own option, redeem the Senior Notes due 2018, 2025, 2037 and 2040, in whole or in part, at any time at a redemption price equal to the greater of the principal amount of these Senior Notes or the present value of future cash flows, at the redemption date, of principal and interest amounts of the Senior Notes discounted at a fixed rate of comparable U.S. or Mexican sovereign bonds. The Senior Notes due 2018, 2032 and 2040 were priced at 99.280%, 99.431% and 98.319%, respectively, for a yield to maturity of 6.097%, 8.553% and 6.755%, respectively. The Senior Notes due 2025 were issued in two aggregate principal amounts of U.S.\$400 million and U.S.\$200 million, and were priced at 98.081% and 98.632%, respectively, for a yield to maturity of 6.802% and 6.787%, respectively. The agreement of these Senior Notes contains covenants that limit the ability of the Company and certain restricted subsidiaries engaged in Television Broadcasting, Pay Television Networks and Programming Exports, to incur or assume liens, perform sale and leaseback transactions, and consummate certain mergers, consolidations and similar transactions. The Senior Notes due 2018, 2025, 2032, 2037 and 2040 are registered with the U.S. Securities and Exchange Commission.

- ⁽²⁾ This bank loan facility with an original maturity in 2012 was entered into by Empresas Cablevisión in the aggregate principal amount of U.S.\$225 million. Annual interest on this loan facility was payable on a quarterly basis at LIBOR plus an applicable margin that ranged from 0.475% to 0.800% depending on a leverage ratio. In March 2011, Empresas Cablevisión prepaid all amounts outstanding under this loan facility.

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- (3) In October 2010, the Company issued 7.38% Notes (Certificados Bursátiles) due 2020 through the Mexican Stock Exchange (Bolsa Mexicana de Valores) in the aggregate principal amount of Ps.10,000,000. Interest on these Notes is payable semi-annually. The Company may, at its own option, redeem these Notes, in whole or in part, at any semi-annual interest payment date at a redemption price equal to the greater of the principal amount of the outstanding Notes and the present value of future cash flows, at the redemption date, of principal and interest amounts of the Notes discounted at a fixed rate of comparable Mexican sovereign bonds. The agreement of these Notes contains covenants that limit the ability of the Company and certain restricted subsidiaries appointed by the Company's Board of Directors, and engaged in Television Broadcasting, Pay Television Networks and Programming Exports, to incur or assume liens, perform sale and leaseback transactions, and consummate certain mergers, consolidations and similar transactions.
- (4) In March 2011, the Company entered into long-term credit agreements with four Mexican banks in the aggregate principal amount of Ps.8,600,000, with an annual interest rate between 8.09% and 9.4%, payable on a monthly basis, and principal maturities between 2016 and 2021. The proceeds of these loans were used for general corporate purposes. Under the terms of these loan agreements, the Company is required to (a) maintain certain financial coverage ratios related to indebtedness and interest expense; and (b) comply with the restrictive covenant on spin-offs, mergers and similar transactions. This line item also include in 2011, outstanding balance in the principal amount of Ps.1,000,000, in connection with certain credit agreement entered into by the Company with a Mexican bank, with maturity in 2012. Interest on this loan was 10.35% per annum, payable on a monthly basis. Under the terms of this credit agreement, the Company and certain restricted subsidiaries engaged in Television Broadcasting, Pay Television Networks and Programming Exports were required to maintain (a) certain financial coverage ratios related to indebtedness and interest expense; and (b) certain restrictive covenants on indebtedness, dividend payments, issuance and sale of capital stock, and liens. In April 2012, the Company repaid this loan in full at its maturity.
- (5) Includes in 2012 and 2011, two long-term loans entered into by Sky with Mexican banks in the principal amount of Ps.1,400,000 and Ps.2,100,000, with a maturity in 2016, bearing annual interest of TIEE plus 24 basis points and 8.74%, respectively, with interest payable on a monthly basis. This Sky long-term indebtedness is guaranteed by the Company. Under the terms of these loan agreements, Sky is required to maintain (a) certain financial coverage ratios related to indebtedness and interest expense; and (b) certain restrictive covenants on indebtedness, liens, asset sales, and certain mergers and consolidations.
- (6) Includes in 2012 and 2011, outstanding balances in the aggregate principal amount of Ps.1,489,400 and Ps.1,270,000, respectively, in connection with certain credit agreements entered into by TVI with Mexican banks, with maturities between 2013 and 2017, bearing interest at an annual rate in the range of TIEE plus 1.90% to TIEE plus 2.50%, with interest payable on a monthly basis.
- (7) Starting from the fourth quarter of 2012, Sky is obligated to pay a monthly fee of U.S.\$3.0 million under a capital lease agreement entered into with Intelsat Global Sales & Marketing Ltd. (Intelsat) in March 2010 for satellite signal reception and retransmission service from 24 KU-band transponders on satellite IS-21, which became operational in October 2012. The service term for IS-21 will end at the earlier of (a) the end of 15 years or (b) the date IS-21 is taken out of service. This line item also includes in 2012 and 2011 the agreement to pay a monthly fee of U.S.\$1.7 million under a capital lease agreement entered into with Intelsat (formerly PanAmSat Corporation) in February 1999 for satellite signal reception and retransmission service from 12 KU-band transponders on satellite IS-9, which became operational in September 2000. The agreement provided that the service term for IS-9 was to end at the earlier of (a) the end of 15 years or (b) the date IS-9 is taken out of service. In 2010, Intelsat notified Sky that IS-9 experienced certain technical anomalies in its primary propulsion system, resulting in a shortened satellite life through 2012 instead of its original estimated life through 2015. Accordingly, Sky reduced the carrying value of the corresponding asset and the present value of the minimum payments in accordance with the related agreement and based on the remaining useful life of IS-9. The obligations of Sky under the IS-9 agreement were terminated in October 2012 (see Note 11).
- (8) Includes minimum lease payments of property and equipment and intangible assets under leases that qualify as capital leases. The capital leases have terms which expire at various dates between 2013 and 2029.
- (9) Total debt is presented net of unamortized finance costs as of December 31, 2012, 2011 and January 1, 2011, in the aggregate amount of Ps.797,981, Ps.862,214 and Ps.916,639, respectively.

Maturities of Debt and Finance Lease Obligations

Debt maturities for the years subsequent to December 31, 2012, are as follows:

2013	Ps.	375,000
2014		270,960
2015		273,660
2016		9,178,855
2017		1,585,925
Thereafter		42,105,000
	Ps.	53,789,400

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Future minimum payments under finance lease obligations for the years subsequent to December 31, 2012, are as follows:

2013	Ps. 779,425
2014	603,480
2015	563,470
2016	544,255
2017	540,569
Thereafter	4,740,888
	7,772,087
Less: Amount representing interest	2,800,937
	Ps. 4,971,150

14. Financial Instruments

The Group's financial instruments recorded in the consolidated statements of financial position included cash and cash equivalents, temporary investments, accounts and notes receivable, a long-term loan receivable from GTAC, convertible debentures issued by BMP with an option to convert these debentures into common stock of BMP, debt securities classified as held-to-maturity investments, investments in securities in the form of an open-ended fund classified as available-for-sale investments, accounts payable, debt and derivative financial instruments. For cash and cash equivalents, temporary investments, accounts receivable, accounts payable, and short-term notes payable due to banks and other financial institutions, the carrying amounts approximate fair value due to the short maturity of these instruments. The fair value of the Group's long-term debt securities are based on quoted market prices.

The fair value of the long-term loans that the Group borrowed from leading Mexican banks (see Note 13) has been estimated using the borrowing rates currently available to the Group for bank loans with similar terms and average maturities. The fair value of held-to-maturity securities, available-for-sale investments, and currency option, interest rate swap and share put option agreements is based on quotes obtained from financial institutions.

The carrying and estimated fair values of the Group's non-derivative financial instruments as of December 31, 2012, 2011 and January 1, 2011 were as follows:

	December 31, 2012		December 31, 2011		January 1, 2011	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets:						
Temporary investments	Ps. 5,317,296	Ps. 5,317,296	Ps. 5,422,563	Ps. 5,422,563	Ps. 10,446,840	Ps. 10,446,840
Trade notes and accounts receivable, net	18,982,277	18,982,277	19,243,712	19,243,712	17,701,125	17,701,125
1.5% Convertible Debentures due 2025 issued by BMP (see Note 9)	6,990,427	6,990,427	6,248,364	6,248,364	5,041,901	5,041,901
Embedded derivative	9,611,873	9,611,873	9,519,384	9,519,384	8,862,321	8,862,321
Long-term loan and interest receivable from GTAC (see Note 10)	636,770	674,403	498,344	541,251	384,063	442,840
Held-to-maturity investments (see Note 9)	388,504	389,957	543,581	545,174	935,494	933,606
Shares of common stock of Imagina (see Note 9)	867,581	867,581				
Loan and interest receivable from La Sexta assets (see Note 9)			572,132	572,132	354,942	354,942
Mandatorily Convertible Debentures issued by GSF (see Note 9)			19,909,099	19,909,099		
Other available-for-sale financial assets (see Note 9)	2,986,933	2,986,933	2,812,200	2,812,200	2,922,625	2,922,625
Liabilities:						
	Ps. 25,700,000	Ps. 33,170,733	Ps. 27,957,000	Ps. 32,638,707	Ps. 25,604,342	Ps. 28,801,931

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Senior Notes due 2011, 2018, 2025, 2032 and 2040						
Senior Notes due 2037	4,500,000	5,191,110	4,500,000	4,487,760	4,500,000	4,207,320
Notes due 2020	10,000,000	10,636,900	10,000,000	10,007,300	10,000,000	9,474,300
Short-term loans and long-term notes payable to Mexican banks	13,589,400	14,535,200	14,370,000	14,972,478	5,080,000	5,442,615
Finance lease obligations	4,971,150	4,886,123	583,735	583,735	629,811	629,811
Bank loan facility (Empresas Cablevisión)					2,780,460	2,575,555

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The carrying values (based on estimated fair values), notional amounts, and maturity dates of the Group's derivative financial instruments as of December 31, 2012, 2011 and January 1, 2011 were as follows:

December 31, 2012:

	Carrying Value	Notional Amount (U.S. Dollars in Thousands)	Maturity Date
Derivative Financial Instruments			
Assets:			
Derivatives not recorded as accounting hedges:			
Options ^(e)	Ps. 12,419	U.S.\$405,000	2013, 2014 and 2015
TVI's interest rate swap ^(g)	1,443	Ps.1,300,000	February 2016
Derivatives recorded as accounting hedges (cash flow hedges):			
Cross-currency interest rate swaps ^(a)	1,138	U.S.\$600,000/Ps.7,644,600	January 2013
Total assets	Ps. 15,000 ⁽¹⁾		
Liabilities:			
Derivatives not recorded as accounting hedges:			
Sky's interest rate swap ^(c)	Ps. 132,075	Ps.1,400,000	April 2016
TVI's forward ^(h)	1,176	U.S.\$3,000/Ps.39,804	January 2013
Derivatives recorded as accounting hedges (cash flow hedges):			
Interest rate swap ^(f)	219,511	Ps.2,500,000	March 2018
Total liabilities	Ps. 352,762		

December 31, 2011:

	Carrying Value	Notional Amount (U.S. Dollars in Thousands)	Maturity Date
Derivative Financial Instruments			
Assets:			
Derivatives not recorded as accounting hedges:			
Options ^(e)	Ps. 50,279	U.S.\$337,500	2012, 2013 and 2014
Derivatives recorded as accounting hedges (cash flow hedges):			
		U.S.\$2,000,000/	
Cross-currency interest rate swaps ^(a)	94,730	Ps. 24,189,000	January, March and May 2012
Total assets	Ps. 145,009 ⁽¹⁾		
Liabilities:			
Derivatives not recorded as accounting hedges:			
Sky's interest rate swap ^(c)	Ps. 138,599	Ps. 1,400,000	April 2016
Derivatives recorded as accounting hedges (cash flow hedges):			
Interest rate swap ^(f)	172,005	Ps. 2,500,000	March 2018
Total liabilities	Ps. 310,604		

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January 1, 2011:

	Carrying Value		Notional Amount (U.S. Dollars in Thousands)	Maturity Date
Derivative Financial Instruments				
Assets:				
Derivatives recorded as accounting hedges (cash flow hedges):				
Empresas Cablevisión s cross-currency swaps ^(b)	Ps.	189,400	U.S.\$225,000/Ps. 2,435,040	December 2012
Total assets	Ps.	189,400		
Liabilities:				
Derivatives recorded as accounting hedges (cash flow hedges):				
			U.S.\$2,000,000/	
Cross-currency interest rate swaps ^(a)	Ps.	74,329	Ps. 25,727,550	March and July 2011
Derivatives not recorded as accounting hedges:				
Sky s interest rate swaf ^{c)}		102,485	Ps.1,400,000	April 2016
Cablemás embedded derivatives ^(d)		1,043	U.S.\$3,852	July 2011 to February 2018
Total liabilities	Ps.	177,857		

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- (1) Includes derivative financial instruments of Ps.2,373 that were classified in current assets in the consolidated statement of financial position as of December 31, 2012.
- (a) In order to reduce the adverse effects of exchange rates on the Senior Notes due 2018, 2025, 2032 and 2040, during 2012 and 2011, the Company entered into interest rate swap agreements with various financial institutions that allow the Company to hedge against Mexican Peso depreciation on interest payments to be made in 2013, 2012 and 2011. Under these transactions, the Company receives semi-annual payments based on the aggregate notional amount U.S.\$600 million and U.S.\$2,000 million as of December 31, 2012 and 2011, respectively, at an average annual rate of 6.6250% and 6.75%, respectively, and the Company makes semi-annual payments based on an aggregate notional amount of Ps.7,644,600 and Ps.24,189,000 as of December 31, 2012 and 2011, respectively, at an average annual rate of 6.5896% and 6.91%, respectively, without an exchange of the notional amount upon which the payments are based. As a result of the change in fair value of these transactions, in the years ended December 31, 2012 and 2011, the Company recorded a gain (loss) of Ps.41,336 and Ps.(88,470), respectively, relating to the interest rate swaps not recorded as accounting hedges, in consolidated finance expense, net (other finance expense), and as of December 31, 2012 and 2011, the Company has recorded in consolidated equity, as accumulated other comprehensive income or loss attributable to stockholders of the Company, a cumulative gain for changes in fair value of Ps.1,138 and Ps.94,730, respectively, relating to interest rate swaps recorded as accounting hedges.
- (b) In December 2007, in connection with the issuance of its U.S.\$225 million long-term debt, Empresas Cablevisión entered into a cross-currency swap agreement to hedge interest rate risk and foreign currency exchange risk on such long-term debt. Under this agreement, Empresas Cablevisión received variable rate coupon payments in U.S. dollars at an annual interest rate of LIBOR to 90 days plus 42.5 basis points, and principal amount payments in U.S. dollars, in exchange for fixed rate coupon payments in Mexican Pesos at an annual interest rate of 8.3650%, and principal amount payments in Mexican Pesos. At the final exchange, Empresas Cablevisión would receive a principal amount of U.S.\$225 million, in exchange for Ps.2,435,040. At December 31, 2010, this derivative contract qualified as a cash flow hedge, and therefore, the Group had recorded in consolidated accumulated other comprehensive income or loss, a cumulative gain for changes in fair value of Ps.170,003, together with a cumulative unrealized foreign exchange loss of Ps.322,965, related to the long-term debt. In March 2011, Empresas Cablevisión liquidated this derivative contract and received a cash amount of U.S.\$7.6 million (Ps.91,200) in connection with a prepayment of its U.S.\$225 million debt (see Note 13).
- (c) In December 2006, Sky entered into a derivative transaction agreement from April 2009 through April 2016 to hedge the variable interest rate exposure resulting from a Mexican Peso loan of a total principal amount of Ps.1,400,000. Under this transaction, Sky receives 28-day payments based on an aggregate notional amount of Ps.1,400,000 at an annual variable rate of TIEE+24 basis points and makes 28-day payments based on the same notional amount at an annual fixed rate of 8.415%. The Group recorded the change in fair value of this transaction as interest expense in consolidated other finance expense, net (see Note 13).
- (d) Certain Cablemás office lease agreements included embedded derivatives identified as forwards for obligations denominated in U.S. Dollars. The Group recognized changes in related fair value as foreign exchange gain or loss in consolidated finance expense, net. In March 2011, Cablemás terminated these lease agreements.
- (e) In December 2012 and 2011, the Company entered into derivative agreements (knock-out option calls) with two financial institutions to reduce the adverse effect of exchange rates on the Senior Notes due 2018, 2025, 2032 and 2040, and hedge against severe Mexican peso depreciation on interest payments to be made in the second half of 2012, 2013, 2014 and 2015. Under these transactions, the Company has the option to receive in 2012 and 2011 an aggregate amount of U.S.\$135.0 million in exchange for an aggregate amount of Ps.2,497,500, and U.S.\$337.5 million in exchange for aggregate amount of Ps.6,041,250, respectively, at maturity dates between July 2012, November 2014 and November 2015, only if the exchange rate of the Mexican peso during each agreement period is not above a limit agreed between the parties. If the exchange rate exceeds such limit at any time during the agreement period, the option is extinguished. The Company paid in 2012 and 2011 premiums for these agreements in the aggregate amount of U.S.\$0.9 million (Ps.11,489) and U.S.\$2.56 million (Ps.34,812), respectively. The Company recognized the change in fair value of this transaction as well as the related premium amortization in consolidated finance expense, net (other finance expense, net).
- (f) In March 2011, the Company entered into a derivative transaction agreement (interest rate swap) from March 2011 through March 2018 to hedge the variable interest rate exposure resulting from a Mexican peso loan of a total principal amount of Ps.2,500,000. Under this transaction, the Company receives 28-day payments based on an aggregate notional amount of Ps.2,500,000 through September 2016, Ps.1,875,000 through March 2017, Ps.1,250,000 through September 2017, and Ps.625,000 through March 2018, at an annual variable rate of TIEE and makes 28-day payments based on the same notional amount at an annual fixed rate of 7.4325%. The Company recognized the change in fair value of this transaction in consolidated finance expense, net (other finance expense, net).
- (g) In 2012, TVI entered into a derivative transaction agreement (interest rate swap) from January 2012 through February 2016 to hedge the variable interest rate exposure resulting from a Mexican peso loan of a total principal amount of Ps.1,300,000. Under this transaction, the Company receives 28-day payments based on an aggregate notional amount of Ps.1,300,000 and payment based on the same notional at annual fixed rate of 5.032%. As a result of the change in fair value of these transactions, in the year ended December 31, 2012, TVI recorded a loss of Ps.867, in consolidated other finance expense, net.
- (h) At December 31, 2012, TVI had foreign currency contracts in the aggregate notional amount of U.S.\$3.0 million to exchange U.S. dollars for Mexican pesos at an average rate of Ps.13.2680 per U.S. dollar in 2013.

Table of Contents**Fair Value Measurement****Assets and Liabilities Measured at Fair Value on a Recurring Basis**

All Fair Value Adjustments as of December 31, 2012 and 2011 represent assets or liabilities measured at fair value on a recurring basis. In determining fair value, the Group's financial instruments are separated into three categories: temporary investments, available-for-sale investments and derivative instruments. Fair value as of December 31, 2012 and 2011, were calculated as follows:

Financial assets and liabilities measured at fair value as of December 31, 2012 and 2011:

	Balance as of December 31, 2012	Quoted Prices in Active Markets for Identical Assets (Level 1)	Internal models with Significant Observable Inputs (Level 2)	Internal Models with Significant Unobservable Inputs (Level 3)
Assets:				
Temporary investments	Ps. 5,317,296	Ps. 2,844,386	Ps. 2,472,910	Ps.
Available-for-sale investments:				
Open ended fund	2,986,933		2,986,933	
Convertible Debentures due 2025	6,990,427			6,990,427
Embedded derivative BMP	9,611,873			9,611,873
Shares of Common Stock of Imagina	867,581			867,581
Derivative financial instruments	15,000		15,000	
Total	Ps. 25,789,110	Ps. 2,844,386	Ps. 5,474,843	Ps. 17,469,881
Liabilities:				
Derivative financial instruments	Ps. 352,762	Ps.	Ps. 352,762	Ps.
Total	Ps. 352,762	Ps.	Ps. 352,762	Ps.

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	Balance as of December 31, 2011	Quoted Prices in Active Markets for Identical Assets (Level 1)	Internal models with Significant Observable Inputs (Level 2)	Internal Models with Significant Unobservable Inputs (Level 3)
Assets:				
Temporary investments	Ps. 5,422,563	Ps. 2,735,124	Ps. 2,687,439	Ps.
Available-for-sale investments:				
Open ended fund	2,812,200		2,812,200	
Convertible Debentures due 2025	6,248,364			6,248,364
Embedded derivative BMP	9,519,384			9,519,384
GSF convertible debenture	19,909,099			19,909,099
Derivative financial instruments	145,009		145,009	
Total	Ps. 44,056,619	Ps. 2,735,124	Ps. 5,644,648	Ps. 35,676,847
Liabilities:				
Derivative financial instruments	Ps. 310,604	Ps.	Ps. 310,604	Ps.
Total	Ps. 310,604	Ps.	Ps. 310,604	Ps.

The table below presents the reconciliation for all assets and liabilities measured at fair value using internal models with significant unobservable inputs (Level 3) during the year ended December 31, 2012.

	Financial assets
Balance at beginning of year	Ps. 35,676,847
Reclassification to investment in jointly controlled entities and associates	(19,909,099)
Included in finance expense	(367,937)
Included in other comprehensive income	1,415,437
Shares of Common Stock of Imagina	654,633
Balance at the end of year	Ps. 17,469,881

Temporary Investments

Temporary investments include highly liquid securities, including without limitation debt with a maturity of three months, or over, and up to one year at the consolidated statement of financial position date, stock and other financial instruments denominated principally in U.S. dollars and Mexican pesos (see Notes 2 (f) and 6).

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

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

Available-for-Sale Investments

Investments in debt securities or with readily determinable fair values, not classified as held-to-maturity are classified as available-for-sale, and are recorded at fair value with unrealized gains and losses included in consolidated stockholders' equity as accumulated other comprehensive

result.

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

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Open ended fund

The Group has an investment in an open ended fund that has as a primary objective to achieve capital appreciation by using a broad range of strategies through investments and transactions in telecom, media and other sectors across global markets, including Latin America and other emerging markets. Shares may be redeemed on a quarterly basis at the NAV per share as of such redemption date (see Notes 4 and 9).

BMP Convertible Debentures due 2025

As described in Note 3, on December 20, 2010, the Company made a cash investments in the form of 1.5% Convertible Debentures due 2025 issued by BMP, the parent company of Univision, in the principal amount of U.S.\$1,125 million (Ps.13,904,222), which are convertible at the Company's option into additional shares currently equivalent to a 30% equity stake of BMP, subject to existing laws and regulations in the United States, and other conditions (see Notes 4 and 9).

The Group determined the fair value of the Convertible Debentures using the income approach based on post-tax discounted cash flows. The income approach requires management to make judgments and involves the use of significant estimates and assumptions. These estimates and assumptions include long-term growth rates and operating margins used to calculate projected future cash flows, risk-adjusted discount rates based on weighted average cost of capital within a range of 8% to 10%, among others. The Group's estimates for market growth are based on historical data, various internal estimates and observable external sources when available, and are based on assumptions that are consistent with the strategic plans and estimates used to manage the underlying business. Since the described methodology is an internal model with significant unobservable inputs, the Convertible Debentures are classified in Level 3.

GSF Unsecured Convertible Debentures

As described in Note 3, on April 7, 2011, the Company reached an agreement with GSF, the controlling company of Iusacell, under which the Company made an investment of U.S.\$1,565 million (Ps.19,229,056) in unsecured debentures issued by GSF that are mandatorily convertible into shares of common stock of GSF.

The Group determined the fair value of the Convertible Debentures using the expected present value valuation methodology based on post-tax discontinued cash flows. The expected present value methodology requires management to make judgments and involves the use of significant estimates and assumptions. These estimates and assumptions include long-term growth rates, operating margins used to calculate projected future cash flow and risk-adjusted discount rates based on weighted average cost of capital within a range of 13% to 15%, among others. The Group's estimates for market growth are based on current conditions and reasonable forecasts, various internal estimates and observable external sources when available, and are based on assumptions that are consistent with the strategic plans and estimates used to manage the underlying business. Since the described methodology is an internal model with significant unobservable inputs, the Convertible Debentures are classified in level 3.

Derivative financial instruments

Derivative financial instruments include swaps, forwards and options (see Notes 2 (v), 4 and 14).

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

When appropriate, valuations are adjusted for various factors such as liquidity, bid/offer spreads and credit spreads considerations. Such adjustments are generally based on available market evidence. In the absence of such evidence, management's best estimate is used. All derivatives are classified in Level 2.

Assets and Liabilities Measured at Fair Value on a Non-Recurring Basis

The majority of the Group's non-financial instruments, which include goodwill, intangible assets, inventories, transmission rights and programming and property, plant and equipment, are not required to be carried at fair value on a recurring basis. However, if certain triggering events occur (or at least annually in the fourth quarter for goodwill and indefinite-lived intangible assets) such that a non-financial instrument is required to be evaluated for impairment, a resulting asset impairment would require that the non-financial instrument be recorded at the lower of carrying amount or its fair value.

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

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

15. Post-employment Benefits

Certain companies in the Group have collective bargaining contracts which include defined benefit pension plans and other retirement benefits for substantially all of their employees. Additionally, the Group has a defined benefit pension plan for executives. All pension benefits are based on salary and years of service rendered.

Under the provisions of the Mexican labor law, seniority premiums are payable based on salary and years of service to employees who resign or are terminated prior to reaching retirement age. Some companies in the Group have seniority premium benefits which are greater than the legal requirement. After retirement age employees are no longer eligible for seniority premiums.

Post-employment benefits are actuarially determined by using real assumptions and attributing the present value of all future expected benefits proportionately over each year from date of hire to age 65. The Group used a 6.5% and 7.0% discount rate and 5.0% and 5.5% salary scale for 2012 and 2011, respectively. The Group used a 6.5% and 7.7% return on assets rate for 2012 and 2011, respectively. The Group makes voluntary contributions from time to time to trusts for the pension and seniority premium plans which are generally deductible for tax purposes. As of December 31, 2012, 2011 and January 1, 2011, plan assets were invested in a portfolio that primarily consisted of debt and equity securities, including shares of the Company. Pension and seniority premium benefits are paid when they become due.

The reconciliation between defined benefit obligations and post-employment liability (asset) in the consolidated statements of financial position as of December 31, 2012, 2011 and January 1, 2011 is presented as follows:

	Pensions		Seniority Premiums		December 31, 2012	December 31, 2011	January 1, 2011
	Ps.		Ps.		Ps.	Ps.	Ps.
Vested benefit obligations	359,664		238,488		598,152	325,611	260,210
Unvested benefit obligations	1,344,893		67,466		1,412,359	1,443,837	1,411,867
Defined benefit obligations	1,704,557		305,954		2,010,511	1,769,448	1,672,077
Fair value of plan assets	1,348,334		520,423		1,868,757	1,798,158	1,783,737
Underfunded (overfunded) status of the plan assets	356,223		(214,469)		141,754	(28,710)	(111,660)
Prior service cost (benefit) for plan amendments ⁽¹⁾	(104,290)		1,388		(102,902)	(76,380)	(58,925)
Post-employment liability (asset)	Ps. 251,933		Ps. (213,081)		Ps. 38,852	Ps. (105,090)	Ps. (170,585)

⁽¹⁾ As of December 31, 2012, 2011 and January 1, 2011, the unrecognized prior service cost or benefit for plan amendments is to be amortized over the average remaining service period of employees.

The components of net periodic pension and seniority premium cost for the years ended December 31, consisted of the following:

	2012	2011
	Ps.	Ps.
Service cost	110,479	105,883
Interest cost	117,646	111,508
Prior service cost for plan amendments	(13,692)	(13,683)
Expected return on plan assets	(122,936)	(132,362)
Loss on curtailments and settlements	(332)	(1,584)
Business acquisition	356	

Net cost	Ps. 91,521	Ps. 69,762
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The Group's defined benefit obligations, plan assets, funded status and balances in the consolidated statements of financial position as of December 31, 2012 and 2011 associated with post-employment benefits are presented as follows:

	Pensions	Seniority Premiums	December 31, 2012	December 31, 2011
Defined benefit obligations:				
Beginning of year	Ps. 1,490,883	Ps. 278,565	Ps. 1,769,448	Ps. 1,672,077
Service cost	83,365	27,114	110,479	105,883
Interest cost	99,538	18,108	117,646	111,508
Benefits paid	(47,523)	(12,113)	(59,636)	(60,938)
Actuarial loss (gain)	78,283	(5,734)	72,549	(59,082)
Business acquisition	11	14	25	
End of year	1,704,557	305,954	2,010,511	1,769,448
Fair value of plan assets:				
Beginning of year	1,288,674	509,484	1,798,158	1,783,737
Actuarial return on plan assets	87,504	35,432	122,936	132,362
Actuarial (loss) gain	8,384	(10,900)	(2,516)	(62,449)
Contributions		400	400	1,390
Benefits paid	(36,228)	(13,993)	(50,221)	(56,882)
End of year	1,348,334	520,423	1,868,757	1,798,158
Underfunded (overfunded) status of the plan assets	Ps. 356,223	Ps. (214,469)	Ps. 141,754	Ps. (28,710)

The changes in the net post-employment liability (asset) in the consolidated statements of financial position as of December 31, 2012 and 2011 are as follows:

	Pensions	Seniority Premiums	December 31, 2012	December 31, 2011
Beginning net post-employment liability (asset)	Ps. 80,181	Ps. (185,271)	Ps. (105,090)	Ps. (110,044)
Adoption cost				(60,541)
Net periodic cost	102,334	(10,813)	91,521	69,762
Contributions		(400)	(400)	(1,390)
Actuarial loss	69,899	5,166	75,065	(2,218)
Benefits paid	(481)	(21,763)	(22,244)	(659)
Ending net post-employment liability (asset)	Ps. 251,933	Ps. (213,081)	Ps. 38,852	Ps. (105,090)

The post-employment benefits as of December 31, 2012 and 2011 and actuarial adjustments for the years ended December 31, 2012 and 2011, are summarized as follows:

	December 31, 2012	December 31, 2011
Pensions:		
Defined benefit obligations	Ps. 1,704,557	Ps. 1,490,883
Plan assets	1,348,334	1,288,674

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Unfunded (overfunded) status of the plans		356,223		202,209
Actuarial adjustments ⁽¹⁾		69,899		12,451
Seniority premiums:				
Defined benefit obligations	Ps.	305,954	Ps.	278,565
Plan assets		520,423		509,484
Unfunded (overfunded) status of the plans		(214,469)		(230,919)
Actuarial adjustments ⁽¹⁾		5,166		(9,084)

⁽¹⁾ On defined benefit obligations and plan assets.

Pension and Seniority Premium Plan Assets

The plan assets are invested according to specific investment guidelines determined by the technical committees of the pension plan and seniority premiums trusts and in accordance with actuarial computations of funding requirements. These investment guidelines require a minimum investment of 30% of the plan assets in fixed rate instruments, or mutual funds comprised of fixed rate instruments. The plan assets that are invested in mutual funds are all rated AA or AAA by at least one of the main rating agencies. These mutual funds vary in liquidity characteristics ranging from one day to one month. The investment goals of the plan assets are to preserve principal, diversify the portfolio, maintain a high degree of liquidity and credit quality, and deliver competitive returns subject to prevailing market conditions. Currently, the plan assets do not engage in the use of financial derivative instruments. The Group's target allocation in the foreseeable future is to maintain approximately 20% in equity securities and 80% in fixed rate instruments.

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The weighted average asset allocation by asset category as of December 31, 2012, 2011 and January 1, 2011 was as follows:

	December 31, 2012	December 31, 2011	January 1, 2011
Equity securities ⁽¹⁾	24.4%	15.2%	17.1%
Fixed rate instruments	75.6%	84.8%	82.9%
Total	100.0%	100.0%	100.0%

⁽¹⁾ Included within plan assets at December 31, 2012, 2011 and January 1, 2011 are shares of the Company held by the trust with a fair value of Ps.208,749, Ps.179,632 and Ps.284,623, respectively.

The weighted average expected long-term rate of return of plan assets of 7.2% and 7.7% were used in determining net periodic pension cost in 2012 and 2011, respectively. This rate reflects an estimate of long-term future returns for the plan assets. This estimate is primarily a function of the asset classes (equities versus fixed income) in which the plan assets are invested and the analysis of past performance of these asset classes over a long period of time. This analysis includes expected long-term inflation and the risk premiums associated with equity investments and fixed income investments.

The following table summarizes the Group's plan assets measured at fair value on a recurring basis as of December 31, 2012, 2011 and January 1, 2011:

	Balance as of December 31, 2012	Quoted prices in Active Markets for Identical Assets (Level 1)	Internal Models with Significant Observable Inputs (Level 2)	Internal Models with Significant Unobservable Inputs (Level 3)
Common stocks ⁽¹⁾	Ps. 208,749	Ps. 208,749	Ps.	Ps.
Mutual funds (fixed rate instruments) ⁽²⁾	858,260	858,260		
Money market securities ⁽³⁾	545,533	545,533		
Other equity securities	256,215	176,809	79,406	
Total investment assets	Ps. 1,868,757	Ps. 1,789,351	Ps. 79,406	Ps.

	Balance as of December 31, 2011	Quoted prices in Active Markets for Identical Assets (Level 1)	Internal Models with Significant Observable Inputs (Level 2)	Internal Models with Significant Unobservable Inputs (Level 3)
Common stocks ⁽¹⁾	Ps. 179,632	Ps. 179,632	Ps.	Ps.
Mutual funds (fixed rate instruments) ⁽²⁾	845,656	845,656		
Money market securities ⁽³⁾	680,271	680,271		
Other equity securities	92,599	36,615	55,984	

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	Ps.	1,798,158	Ps.	1,742,174	Ps.	55,984	Ps.
		Balance as of January 1, 2011		Quoted prices in Active Markets for Identical Assets (Level 1)		Internal Models with Significant Observable Inputs (Level 2)	Internal Models with Significant Unobservable Inputs (Level 3)
Total investment assets	Ps.	1,798,158	Ps.	1,742,174	Ps.	55,984	Ps.
Common stocks ⁽¹⁾	Ps.	284,623	Ps.	284,623	Ps.		Ps.
Mutual funds (fixed rate instruments) ⁽²⁾		718,017		718,017			
Money market securities ⁽³⁾		756,097		756,097			
Other equity securities		25,000				25,000	
Total investment assets	Ps.	1,783,737	Ps.	1,758,737	Ps.	25,000	Ps.

(1) Common stocks are valued at the closing price reported on the active market on which the individual securities are traded. All common stock included in this line item relate to the Company's CPOs.

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

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

The Group does not expect to make significant contributions to its plan assets in 2013.

Table of Contents**16. Capital Stock, Stock Purchase Plan and Long-term Retention Plan****Capital Stock**

The Company has four classes of capital stock: Series A Shares, Series B Shares, Series D Shares and Series L Shares, with no par value. The Series A Shares and Series B Shares are common shares. The Series D Shares are limited-voting and preferred dividend shares, with a preference upon liquidation. The Series L Shares are limited-voting shares.

The Company's shares are publicly traded in Mexico, primarily in the form of Ordinary Participation Certificates (CPOs), each CPO representing 117 shares comprised of 25 Series A Shares, 22 Series B Shares, 35 Series D Shares and 35 Series L Shares; and in the United States in the form of Global Depositary Shares (GDS), each GDS representing five CPOs. Non-Mexican holders of CPOs do not have voting rights with respect to the Series A, Series B and Series D Shares.

In April 2011, the Company's stockholders approved, among other matters: (i) the merger of Cablemás, S.A. de C.V. into the Company, for which regulatory approvals were obtained in the first half of 2011; (ii) an increase in the capital stock of the Company in the aggregate amount of Ps.1,359,040, which consisted of 2,901.6 million shares in the form of 24.8 million CPOs, in connection with the merger of Cablemás, S.A. de C.V. into the Company, by which the Company increased its interest in the Cablemás business from 90.8% to 100% (see Note 3); and (iii) an additional issuance of 17,550 million shares of the capital stock of the Company in the form of 150 million CPOs, in the aggregate amount of Ps.10,500,000, which was paid in cash primarily by the special purpose trust of the Company's Long-Term Retention Plan in October 2011.

At December 31, 2012, shares of capital stock and CPOs consisted of (in millions):

	Authorized and Issued ⁽¹⁾	Repurchased by the Company ⁽²⁾	Held by a Company's Trust ⁽³⁾	Outstanding
Series A Shares	123,273.9		(9,716.6)	113,557.3
Series B Shares	58,982.9		(6,292.7)	52,690.2
Series D Shares	90,086.5		(6,261.3)	83,825.2
Series L Shares	90,086.5		(6,261.3)	83,825.2
Total	362,429.8		(28,531.9)	333,897.9
Shares in the form of CPOs	301,145.5		(20,930.6)	280,214.9
Shares not in the form of CPOs	61,284.3		(7,601.3)	53,683.0
Total	362,429.8		(28,531.9)	333,897.9
CPOs	2,573.9		(178.9)	2,395.0

(1) As of December 31, 2012, the authorized and issued capital stock amounted to Ps.4,978,126 (nominal Ps.2,494,410).

(2) In connection with a share repurchase program that was approved by the Company's stockholders and is exercised at the discretion of management. In April 2012, the Company's stockholders approved the cancellation of 4,563.5 million shares of capital stock in the form of 39.0 million CPOs which were repurchased by the Company under this program.

(3) In connection with the Company's Stock Purchase Plan and Long-Term Retention Plan described below.

A reconciliation of the number of shares and CPOs outstanding for the years ended December 31, 2012 and 2011 is presented as follows (in millions):

Series A Shares	Series B Shares	Series D Shares	Series L Shares	Shares Outstanding	CPOs Outstanding
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As of January 1, 2011	111,058.2	51,165.5	81,399.6	81,399.6	325,022.9	2,325.7
Acquired by a Company's trust	(3,835.6)	(3,375.3)	(5,369.8)	(5,369.8)	(17,950.5)	(153.4)
Repurchased by the Company	(5.0)	(4.4)	(7.0)	(7.0)	(23.4)	(0.2)
Issuance of shares and CPOs	4,370.0	3,845.6	6,118.0	6,118.0	20,451.6	174.8
Released by the stock plans	1,021.9	559.5	890.0	890.0	3,361.4	25.4
As of December 31, 2011	112,609.5	52,190.9	83,030.8	83,030.8	330,862.0	2,372.3
Acquired by a Company's trust	(78.4)	(69.0)	(109.8)	(109.8)	(367.0)	(3.1)
Released by the stock plans	1,026.2	568.3	904.2	904.2	3,402.9	25.8
As of December 31, 2012	113,557.3	52,690.2	83,825.2	83,825.2	333,897.9	2,395.0

Under the Company's bylaws, the Company's Board of Directors consists of 20 members, of which the holders of Series A Shares, Series B Shares, Series D Shares and Series L Shares, each voting as a class, are entitled to elect eleven members, five members, two members and two members, respectively.

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Holders of Series D Shares are entitled to receive an annual, cumulative and preferred dividend equal to 5% of the nominal capital attributable to those Shares (nominal Ps.0.00034412306528 per share) before any dividends are payable in respect of Series A Shares, Series B Shares or Series L Shares. Holders of Series A Shares, Series B Shares and Series L Shares are entitled to receive the same dividends as holders of Series D Shares if stockholders declare dividends in addition to the preferred dividend that holders of Series D Shares are entitled to. If the Company is liquidated, Series D Shares are entitled to a liquidation preference equal to the nominal capital attributable to those Shares nominal Ps.0.00688246130560 per share before any distribution is made in respect of Series A Shares, Series B Shares and Series L Shares.

At December 31, 2012, the restated tax value of the Company's common stock was Ps.39,695,224. In the event of any capital reduction in excess of the tax value of the Company's common stock, such excess will be treated as dividends for income tax purposes (see Note 17).

Stock Purchase Plan

The Company has adopted a Stock Purchase Plan (the Plan) that provides, in conjunction with the Long-term Retention Plan described below, for the conditional sales of up to 8% of the Company's capital stock to key Group employees. Pursuant to this Plan, as of December 31, 2012, 2011 and January 1, 2011, the Company had assigned approximately 125.7 million CPOs, at sale prices that range from Ps.11.21 to Ps.26.16 per CPO, subject to certain conditions, including vesting periods within five years from the time the awards are granted. The shares sold pursuant to the Plan, some of which have been registered pursuant to a registration statement on Form S-8 under the Securities Act of 1933 of the United States, as amended, can only be transferred to the plan participants when the conditions set forth in the Plan and the related agreements are satisfied.

In January 2013, 2012 and 2011, 2.7 million CPOs, 2.8 million CPOs and 2.7 million CPOs, respectively, were vested and transferred to participants to be paid pursuant to this Plan.

Long-Term Retention Plan

The Company has adopted a Long-Term Retention Plan (the Retention Plan) which supplements the Company's existing Stock Purchase Plan described above, and provides for the conditional sale of the Company's capital stock to key Group employees. Pursuant to the Retention Plan, as of December 31, 2012, 2011 and January 1, 2011, the Company had assigned approximately 173.8 million CPOs, 150.5 million CPOs and 125.5 million CPOs or CPOs equivalent, respectively, at sale prices that range from Ps.13.45 per CPO to Ps.60.65 per CPO, subject to certain conditions, including adjustments based on the Group's consolidated operating income and vesting periods between 2008 and 2015. In 2012 and 2011, 26.3 million CPOs and 26.0 million CPOs, respectively, were vested and transferred to participants pursuant to this Retention Plan.

As of December 31, 2012, the designated Retention Plan trust owned approximately 4.7 million CPOs or CPOs equivalents, which have been reserved to a group of employees, and may be sold at a price of approximately Ps.28.05 per CPO, subject to certain conditions, in vesting periods between 2013 and 2023.

In connection with the Company's Plan and Retention Plan, the Group has determined the stock-based compensation expense (see Note 2(x)) by using the Black-Scholes pricing model at the date on which the stock was conditionally sold to personnel under the Group's stock-based compensation plans, on the following arrangements and weighted-average assumptions:

Arrangements:	Stock Purchase Plan			Long-Term Retention Plan		
	2004	2010	2009	2010	2011	2012
Year of grant	2004	2010	2009	2010	2011	2012
Number of CPOs or CPOs equivalent granted	32,918	8,300	24,857	24,869	25,000	25,000
Contractual life	1-3 years	1-3 years	3 years	3 years	3 years	3 years
Assumptions:						
Dividend yield	3%	0.64%	0.82%	0.48%	0.65%	0.66%
Expected volatility ⁽¹⁾	21.81%	35%	31%	35%	25%	27%
Risk-free interest rate	6.52%	4.96%	5%	5%	5.80%	4.90%
Expected average life of awards	2.62 years	1.22 years	2.89 years	2.93 years	3.01 years	2.99 years

⁽¹⁾ Volatility was determined by reference to historically observed prices of the Company's CPOs.

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A summary of the stock awards for employees as of December 31, is presented below (in Mexican pesos and thousands of CPOs):

	2012		2011	
	CPOs or CPOs equivalent	Weighted- Average Exercise Price	CPOs or CPOs equivalent	Weighted- Average Exercise Price
Stock Purchase Plan:				
Outstanding at beginning of year	7,738	13.45	8,852	12.95
Conditionally sold				
Paid by employees	(2,796)	13.45	(1,114)	8.55
Forfeited				
Outstanding at end of year	4,942	13.45	7,738	13.45
To be paid by employees at end of year	2,203	13.45	2,177	13.45
Long-Term Retention Plan:				
Outstanding at beginning of year	108,680	42.08	91,889	36.60
Conditionally sold	25,000	48.72	25,000	39.61
Paid by employees	(27,634)	27.75	(7,642)	24.75
Forfeited	(421)	48.16	(567)	40.40
Outstanding at end of year	105,625	47.38	108,680	42.08
To be paid by employees at end of year	31,342	43.24	32,714	37.92

As of December 31, 2012, the weighted-average remaining contractual life of the awards under the Stock Purchase Plan and Long-Term Retention Plan is 1.22 years.

17. Retained Earnings

	Legal Reserve	Unappropriated Earnings	Net Income for the Year	Retained Earnings
Balance at January 1, 2011	Ps. 2,135,423	Ps. 39,358,215	Ps.	Ps. 41,493,638
Dividends paid relating to 2010		(1,023,012)		(1,023,012)
Sale of repurchase shares		(697,467)		(697,467)
Net loss on acquisition of non-controlling interest in Cablemás (see Note 3)	3,584	(1,599,380)		(1,595,796)
Stock-based compensation		649,325		649,325
Net income for the year 2011			6,665,936	6,665,936
Balance at December 31, 2011	2,139,007	36,687,681	6,665,936	45,492,624
Appropriation of net income relating to 2011		6,665,936	(6,665,936)	
Dividends paid relating to 2011		(1,002,692)		(1,002,692)
Sale of repurchase shares		(876,775)		(876,775)
Stock-based compensation		628,637		628,637
Share cancellation		(1,929,032)		(1,929,032)
Net income for the year 2012			8,760,637	8,760,637
Balance at December 31, 2012	Ps. 2,139,007	Ps. 40,173,755	Ps. 8,760,637	Ps. 51,073,399

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In accordance with Mexican law, the legal reserve must be increased by 5% of annual net profits until it reaches 20% of the capital stock amount. As of December 31, 2012, 2011 and January 1, 2011, the Company's legal reserve amounted to Ps.2,139,007, Ps.2,139,007 and Ps.2,135,423, respectively and was classified into retained earnings in consolidated equity. As the legal reserve reached 20% of the capital stock amount, no additional increases were required in 2012 and 2011. This reserve is not available for dividends, but may be used to reduce a deficit or may be transferred to stated capital. Other appropriations of profits require the vote of the stockholders.

In April 2012, the Company's stockholders approved the payment of a dividend of Ps.0.35 per CPO and Ps.0.002991452991 per share of Series A, B, D and L, not in the form of a CPO, which was paid in cash in May 2012 in the aggregate amount of Ps.1,002,692 (see Note 16).

In April 2011, the Company's stockholders approved the payment of a dividend of Ps.0.35 per CPO and Ps.0.00299145299 per share of Series A, B, D and L, not in the form of a CPO, which was paid in cash in May 2011 in the aggregate amount of Ps.1,023,012 (see Note 16).

Dividends, either in cash or in other forms, paid by the Mexican companies in the Group will be subject to income tax if the dividends are paid from earnings that have not been subject to Mexican income taxes computed on an individual company basis under the provisions of the Mexican Income Tax Law. In this case, dividends will be taxable by multiplying such dividends by a 1.4286 factor and applying to the resulting amount the income tax rate of 30%.

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As of December 31, 2012, cumulative earnings that have been subject to income tax and can be distributed by the Company free of Mexican income tax were approximately Ps.21,781,489.

18. Non-controlling Interests

Non-controlling interests as of December 31, 2012, 2011 and January 1, 2011 consisted of:

	December 31, 2012	December 31, 2011	January 1, 2011
Capital stock ^{(1) (2)}	Ps. 1,330,426	Ps. 1,330,968	Ps. 1,740,350
Additional paid-in capital ^{(1) (2)}	3,137,342	3,137,342	2,767,415
Legal reserve	130,139	127,843	141,756
Retained earnings from prior years ^{(2) (3) (4)}	1,980,577	1,402,086	4,028,629
Net income for the year	1,308,531	1,291,379	
Accumulated other comprehensive (loss) income:			
Cumulative result from hedge derivative contracts, net of income taxes			(49,419)
Cumulative result from foreign currency translation	6,638	24,573	
Actuarial (losses) gains on defined benefit pension plans	(3,055)	441	
	Ps. 7,890,598	Ps. 7,314,632	Ps. 8,628,731

- (1) In March 2011, the stockholders of Empresas Cablevisión, S.A.B. de C.V. made a capital contribution in cash to increase the capital stock of this Company's subsidiary in the aggregate amount of Ps.3,000,000, of which Ps.1,469,165 was contributed by non-controlling interests.
- (2) In March 2011, the stockholders of Cablemás, S.A. de C.V. approved a capital distribution and a payment of dividends in the amount of Ps.4,580,463 and Ps.3,200,451, respectively, of which Ps.1,910,000 and Ps.1,334,000, respectively, were paid to its non-controlling equity interests.
- (3) In 2012 and 2011, the holding companies of the Sky segment paid a dividend to its equity owners in the aggregate amount of Ps.1,350,000 and Ps.1,850,000, respectively, of which Ps.558,000 and Ps.764,667, respectively, were paid to its non-controlling interests.
- (4) In 2012 and 2011, the stockholders of Sistema Radiópolis, S.A. de C.V. approved the payment of dividends in the amount of Ps.135,000, and Ps.120,000 respectively, of which Ps.67,500 and Ps.60,000 respectively, were paid to its non-controlling interest.

19. Transactions with Related Parties

The principal transactions carried out by the Group with affiliated companies, including equity investees, stockholders and entities in which stockholders have an equity interest, for the years ended December 31, were as follows:

	2012	2011
Revenues and interest income:		
Royalties (Univision) ^(a)	Ps. 3,261,522	Ps. 2,823,483
Programming production and transmission rights ^(b)	247,155	80,241
Telecom services ^(c)	91,918	
Administrative services ^(d)	48,692	124,357
Advertising ^(e)	194,647	16,104
Interest income ^(f)	225,867	231,668
	Ps. 4,069,801	Ps. 3,275,853

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Costs and expenses:			
Donations	Ps.	108,496	Ps. 107,595
Administrative services ^(d)		1,117	20,043
Technical services ^(g)		61,158	67,773
Programming production and transmission rights and Telecom ^(h)		135,307	201,775
	Ps.	306,078	Ps. 397,186

- (a) The Group receives royalties from Univision for programming provided pursuant to a PLA, as amended. The amended PLA includes a provision for certain yearly minimum guaranteed advertising, with a value of U.S.\$71.5 million and U.S.\$69.9 million for the fiscal years 2012 and 2011, respectively, to be provided by Univision, at no cost, for the promotion of the Group's businesses (see Notes 3, 9 and 10).
- (b) Services rendered to Univision and OCEN in 2012, and to Univision, La Sexta and OCEN in 2011.
- (c) Services rendered to GSF and GTAC in 2012. GSF, including Iusacell, became related parties to the Group in June 2012, with the conversion of debentures issued by GSF into capital stock of GSF (see Notes 3, 9, 10 and 26).

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- (d) The Group receives revenue from and is charged by affiliates for various services, such as equipment rental, security and other services, at rates which are negotiated. The Group provides management services to affiliates, which reimburse the Group for the incurred payroll and related expenses. Includes technical assistance rendered to Univision in 2011.
- (e) Advertising services rendered to Iusacell, Univision, OCEN and Editorial Clío, Libros y Videos, S.A. de C.V. (Editorial Clío) in 2012 and OCEN and Editorial Clío in 2011.
- (f) Includes in 2012 and 2011 interest income from the Group's investment in convertible debentures issued by BMP in the aggregate amount of Ps.221,540 and Ps.215,959, respectively (see Notes 3 and 9).
- (g) In 2012 and 2011, Sky received services from a subsidiary of DirecTV Latin America for play-out, uplink and downlink of signals.
- (h) Received mainly from Univision and Iusacell in 2012 and Barra Deportiva, S.A. de C.V. and Univision in 2011.

Other transactions with related parties carried out by the Group in the normal course of business include the following:

- (1) A consulting firm owned by a relative of one of the Group's directors, which has provided consulting services and research in connection with the effects of the Group's programming on its viewing audience. Total fees for such services during 2012 and 2011 amounted to Ps.18,239 and Ps.17,291, respectively.
- (2) From time to time, a Mexican bank made loans to the Group, on terms substantially similar to those offered by the bank to third parties. Some members of the Group's Board serve as board members of this bank.
- (3) Two of the Group's directors are members of the board as well as stockholders of a Mexican company, which is a producer, distributor and exporter of beer in Mexico. Such company purchases advertising services from the Group in connection with the promotion of its products from time to time, paying rates applicable to third-party advertisers for these advertising services.
- (4) Several other members of the Company's current board serve as members of the boards and/or are stockholders of other companies, some of which purchased advertising services from the Group in connection with the promotion of their respective products and services, paying rates applicable to third-party advertisers for these advertising services.
- (5) During 2012 and 2011, a professional services firm in which a current director of the Company maintains an interest provided legal advisory services to the Group in connection with various corporate matters. Total fees for such services amounted to Ps.59,936 and Ps.27,287, respectively.
- (6) During 2012 and 2011, a company in which a current director and executive of the Company is a stockholder, purchased unsold advertising from the Group for a total of Ps.365,908 and Ps.353,000, respectively.
- (7) During 2012 and 2011, a professional services firm in which two current directors of the Company maintain an interest provided finance advisory services to the Group in connection with various corporate matters. Total fees for such services amounted to Ps.146,185 and Ps.11,908, respectively.

During 2012 and 2011, the Group paid to its directors, alternate directors and executive officers an aggregate compensation of Ps.521,687 and Ps.494,800, respectively, for services in all capacities. This compensation included certain amounts related to the use of assets and services of the Group, as well as travel expenses reimbursed to directors and executive officers. Projected benefit obligations related to the Group's directors, alternate directors and executive officers amounted to Ps.140,735 and Ps.123,700 as of December 31, 2012 and 2011, respectively. Contributions made by the Group to the pension and seniority premium plans on behalf of these directors and executive officers amounted to Ps.130,809 and Ps.97,100 as of December 31, 2012 and 2011, respectively. In addition, the Group has made conditional sales of the Company's CPOs to its directors and executive officers under the Stock Purchase Plan and the Long-term Retention Plan.

The balances of receivables between the Group and affiliates as of December 31, 2012, 2011 and January 1, 2011, were as follows:

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	December 31, 2012	December 31, 2011	January 1, 2011
Receivables:			
BMP, including Univision	Ps. 715,719	Ps. 260,263	Ps.
GSF, including Iusacell	654,220		
Other	66,953	189,801	196,310
	Ps. 1,436,892	Ps. 450,064	Ps. 196,310

All significant account balances included in amounts due from affiliates bear interest. In 2012 and 2011, average interest rates of 6.8% and 4.8% were charged, respectively. Advances and receivables are short-term in nature; however, these accounts do not have specific due dates.

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Customer deposits and advances as of December 31, 2012, 2011 and January 1, 2011, included deposits and advances from affiliates and other related parties, in an aggregate amount of Ps.674,906, Ps.326,196 and Ps.4,990, respectively, which were primarily made by Iusacell and Univision in 2012 and Grupo TV Promo, S.A. de C.V., OCEN and Editorial Clío in 2012 and 2011.

In the second half of 2012, a subsidiary of the Company entered into an amended lease contract with GTAC for the right to use certain capacity in a telecommunication network. This amended lease agreement contemplates annual payments to GTAC in the amount of Ps.41,400 through 2029 beginning in August 2012, subject to inflation restatement, as well as an annual maintenance charge, which amount is to be agreed with by the parties at the end of each year, and was determined in the amount of Ps.8,793 for 2012. In the fourth quarter of 2012, the Group recognized this amended lease agreement as a finance lease obligation in the net amount of Ps.625,711 (see Notes 10, 12 and 13).

20. Cost of Sales, Selling Expenses and Administrative Expenses

Cost of sales represents primarily the production cost of programming, acquired programming and transmission rights at the moment of broadcasting or at the time the produced programs are sold and became available for broadcast. Such cost of sales also includes benefits to employees and post-employment benefits, network maintenance and interconnections, satellite links, paper and printing, depreciation of property, plant and equipment, leases of real estate property, and amortization of intangible assets.

Selling expenses and administrative expenses include primarily benefits to employees, sale commissions, postemployment benefits, share-based compensation to employees, depreciation of property and equipment, leases of real estate property, and amortization of intangibles.

The aggregate amount of depreciation and amortization included in cost of sales, selling expenses and administrative expenses, amounted to Ps.8,474,240 and Ps.7,361,552, for the years ended December 31, 2012 and 2011, respectively.

Amortization of other intangible assets included in cost of sales amounted to Ps.195,957 and Ps.226,529, for the years ended December 31, 2012 and 2011, respectively.

Employee benefits, share-based compensation and post-employment benefits incurred by the Group for the years ended December 31, 2012 and 2011, were as follows:

	2012	2011
Employee benefits	Ps. 11,058,682	Ps. 9,443,474
Share-based compensation	628,637	649,325
Post-employment benefits	91,521	69,762
Total	Ps. 11,778,840	Ps. 10,162,561

21. Other Expense, Net

Other (expense) income for the years ended December 31, is analyzed as follows:

	2012	2011
Gain on disposition of investment ⁽¹⁾	Ps. 24,856	Ps. (122,238)
Donations (see Note 19)	(118,532)	(137,227)
Financial advisory and professional services ⁽²⁾	(296,046)	(222,181)
Loss on disposition of property and equipment	(358,221)	97,511
Other, net	97,511	(112,015)
	Ps. (650,432)	Ps. (593,661)

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- (1) In 2012 included a gain on disposition of a 40.8% interest in La Sexta in the amount of Ps.24,856 (see Notes 3 and 9).
- (2) Includes financial advisory services in connection with contemplated dispositions and strategic planning projects and professional services in connection with certain litigation and other matters (see Notes 3 and 19).

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Table of Contents**22. Finance (Expense) Income**

Finance (expense) income for the years ended December 31, 2012 and 2011, included:

	2012	2011
Interest expense	Ps. (4,369,276)	Ps. (4,174,455)
Foreign exchange loss, net		(713,628)
Other finance expense, net ⁽¹⁾	(152,909)	(899,410)
Finance expense	(4,522,185)	(5,787,493)
Interest income ⁽²⁾	1,044,321	1,146,517
Foreign exchange gain, net	127,372	
Finance income	1,171,693	1,146,517
Finance expense, net	Ps. (3,350,492)	Ps. (4,640,976)

⁽¹⁾ Other finance (expense) income, net, consisted primarily of (loss) or gain from derivative financial instruments. In 2012 and 2011 included changes in fair value from an embedded derivative in a host contract related to the Group's investment in convertible debentures issued by BMP in the amount of Ps.901,623 and Ps.(503,200), respectively. In 2012 also included a non-cash cumulative net loss of (Ps.933,000) from changes in fair value related to the Group's investment in debentures issued by GSF, which amount was reclassified from accumulated other comprehensive loss to consolidated income in connection with the conversion of debentures issued by GSF into shares of common stock of GSF in June 2012 (see Notes 3, 9, 10 and 14).

⁽²⁾ In 2012 and 2011 included interest income from the Group's investments in convertible debentures issued by BMP and GSF in the aggregate amount of Ps.411,152 and Ps.435,281, respectively (see Notes 3, 9, 10 and 14).

23. Income Taxes

The Company is authorized by the Mexican tax authorities to compute its income tax on a consolidated basis. Mexican controlling companies are allowed to consolidate, for income tax purposes, income or losses of their Mexican subsidiaries up to 100% of their share ownership in such subsidiaries.

The Mexican corporate income tax rate in 2012 and 2011 was 30%. In accordance with current Mexican Income Law and Income Tax Law, the corporate income tax rate will be 30% in 2013, and is expected to be 29% in 2014, and 28% in 2015 and thereafter.

In general, Mexican companies are subject to paying the greater of the Flat Rate Business Tax (Impuesto Empresarial a Tasa Única or IETU) or the income tax. The IETU is calculated by applying a tax rate of 17.5%. Although the IETU is defined as a minimum tax, it has a wider taxable base as some of the tax deductions allowed for income tax purposes are not allowed for the IETU. As of December 31, 2012, the Company expects to pay primarily regular income tax on a tax consolidated basis.

In December 2009, the Mexican government enacted certain amendments and changes to the Mexican Income Tax Law that became effective as of January 1, 2010 (the 2010 Mexican Tax Reform). These amendments and changes included, among other, the following provisions: (i) under certain circumstances, the deferred income tax benefit derived from tax consolidation of a parent company and its subsidiaries is limited to a period of five years; therefore, the resulting deferred income tax has to be paid starting in the sixth year following the fiscal year in which the deferred income tax benefit was received; and (ii) the payment of this tax has to be made in installments of 25% in the first and second year, 20% in the third year and 15% in the fourth and fifth year.

The income tax provision for the years ended December 31, was comprised as follows:

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	2012	2011
Income taxes, current	Ps. (4,833,347)	Ps. (4,309,129)
Income taxes, deferred	780,056	1,083,062
	Ps. (4,053,291)	Ps. (3,226,067)

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The following items represent the principal differences between income taxes computed at the statutory rate and the Group's provision for income taxes.

	%	%
	2012	2011
Statutory income tax rate	30	30
Differences in inflation adjustments for tax and book purposes	4	
Unconsolidated income tax	2	(2)
Non-controlling interest	(1)	(1)
Asset tax	(8)	(3)
Tax loss carry-forwards	(1)	
Foreign operations	(6)	(4)
Equity in losses of affiliates, net	1	
Effect of conversion of Convertible bonds	7	
Flat rate business tax	1	9
Effective income tax rate	29	29

The Group has tax loss carry-forwards at December 31, 2012, as follows:

	Amount	Expiration
Operating tax loss carry-forwards:		
Unconsolidated ⁽¹⁾ :		
Mexican subsidiaries ⁽²⁾	Ps. 1,445,286	From 2013 to 2022
Non-Mexican subsidiaries ⁽³⁾	1,320,482	From 2013 to 2031
	Ps. 2,765,768	

⁽¹⁾ The Group has not recognized any deferred income tax asset for these tax loss carry-forwards as of December 31, 2012.

⁽²⁾ During 2012 and 2011, certain Mexican subsidiaries utilized unconsolidated operating tax loss carry-forwards in the amounts of Ps.317,221 and Ps.1,414,092, respectively. In 2012 and 2011 the carry-forwards amounts included the operating tax loss carry-forwards related to the non-controlling interest of Sky.

⁽³⁾ Approximately for the equivalent of U.S.\$102.8 million related to losses from subsidiaries in Europe, South America and the United States.

The analysis of deferred tax assets and liabilities is as follows:

	December 31, 2012	December 31, 2011	January 1, 2011
Deferred tax assets:			
Deferred tax assets to be recovered after more than 12 months	Ps. 2,194,650	Ps. 1,013,085	Ps. 752,579
Deferred tax assets to be recovered within 12 months	2,158,550	2,862,508	2,289,155
Deferred tax liabilities:			
Deferred tax liabilities to be paid after more than 12 months	(1,789,667)	(2,188,449)	(1,829,689)
	(1,489,645)	(1,235,259)	(1,407,972)

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Deferred tax liabilities to be paid within 12 months

Deferred tax assets (liabilities), net	Ps.	1,073,888	Ps.	451,885	Ps.	(195,927)
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The deferred taxes as of December 31, 2012, 2011 and January 1, 2011, were principally derived from the following temporary differences:

	December 31, 2012	December 31, 2011	January 1, 2011
Assets:			
Accrued liabilities	Ps. 538,771	Ps. 670,148	Ps. 1,369,786
Allowance for doubtful accounts	711,084	570,319	456,326
Customer advances	1,156,540	1,638,868	834,743
Options		546,542	
Other items	874,274	449,716	380,879
Liabilities:			
Inventories	(114,416)	(394,312)	(392,158)
Property, plant and equipment, net	(749,531)	(732,834)	(1,070,932)
Prepaid expenses	(2,175,850)	(1,423,355)	(1,431,112)
Deferred income taxes of Mexican companies	240,872	1,325,092	147,532
Deferred income taxes of foreign subsidiaries	169,047	(515,100)	(352,308)
Asset tax	903,484		
Flat rate business tax	(239,515)	(358,107)	8,849
Deferred income tax asset (liability), net	Ps. 1,073,888	Ps. 451,885	Ps. (195,927)

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The gross movement on the deferred income tax account is as follows:

	2012	2011
At January 1,	Ps. 451,885	Ps. (195,927)
Income statement charge	780,056	1,083,062
Tax charge relating to components of other comprehensive income	(120,846)	(434,498)
Tax charged directly to equity	(37,207)	(752)
At December 31,	Ps. 1,073,888	Ps. 451,885

The tax (charge) credit relating to components of other comprehensive income is as follows:

	Before tax	2012 Tax (charge) credit	After tax
Actuarial losses on defined benefit pension plans	Ps. (75,065)	Ps.	Ps. (75,065)
Exchange differences on translating foreign operations	(287,343)	82,483	(204,860)
Equity instruments	212,948	(59,625)	153,323
Derivatives financial instruments cash flow hedges	(141,098)	41,379	(99,719)
Convertible debentures issued by BMP	1,202,489	(336,698)	865,791
Convertible debentures issued by GSF:			
Loss from changes in fair value	(1,628,675)	456,029	(1,172,646)
Reclassification accumulated result	933,000	(261,240)	671,760
Available-for-sale investments	377,863	(105,802)	272,061
Share of income or loss of jointly controlled entities and associates	50,606		50,606
Other comprehensive income	Ps. 644,725	Ps. (183,474)	Ps. 461,251
Current tax		Ps. (62,628)	
Deferred tax		(120,846)	

	Before tax	2011 Tax (charge) credit	After tax
Actuarial gains on defined benefit pension plans	Ps. 2,218	Ps.	Ps. 2,218
Exchange differences on translating foreign operations	241,725	(54,782)	186,943
Equity instruments			
Derivatives financial instruments cash flow hedges	150,016	(54,610)	95,406
Convertible debentures issued by BMP	545,136	(152,600)	392,536
Convertible debentures issued by GSF:			
Gain from changes in fair value	695,675	(194,789)	500,886
Available-for-sale investments	(402,187)	112,612	(289,575)
Share of income or loss of jointly controlled entities and associates	(37,314)		(37,314)

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Other comprehensive income	Ps. 1,195,269	Ps. (344,169)	Ps. 851,100
Current tax		Ps. 90,329	
Deferred tax		(434,498)	

The effects of income tax payable as of December 31, 2012, 2011 and January 1, 2011, in connection with the 2010 Mexican Tax Reform, are as follows:

	December 31, 2012	December 31, 2011	January 1, 2011
Tax losses of subsidiaries, net	Ps. 431,872	Ps. 188,246	Ps. 49,911
Dividends distributed among the Group's entities		278,557	413,454
	431,872	466,803	463,365
Less: Current portion ^(a)	59,801	167,724	183,093
Non-current portion ^(b)	Ps. 372,071	Ps. 299,079	Ps. 280,272

^(a) Income tax provision accounted for as taxes payable in the consolidated statement of financial position as of December 31, 2012, 2011 and January 1, 2011.

^(b) Income tax provision accounted for as other long-term liabilities in the consolidated statement of financial position as of December 31, 2012, 2011 and January 1, 2011.

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At December 31, 2012, 2011 and January 1, 2011, the weighted average of outstanding total shares, CPOs and Series A, Series B, Series D and Series L Shares (not in the form of CPO units), was as follows (in thousands):

	December 31, 2012	December 31, 2011	January 1, 2011
Total Shares	333,371,978	329,462,906	326,849,555
CPOs	2,391,401	2,361,249	2,341,308
Shares not in the form of CPO units:			
Series A Shares	53,542,125	53,176,070	52,915,849
Series B Shares	187	187	187
Series D Shares	239	239	239
Series L Shares	239	239	239

Basic earnings per CPO and per each Series A, Series B, Series D and Series L Share (not in the form of a CPO unit) for the years ended December 31, 2012 and 2011, are presented as follows:

	2012		2011	
	Per CPO	Per Each Series A, B, D and L Share	Per CPO	Per Each Series A, B, D and L Share
Net income attributable to stockholders of the Company	Ps. 3.08	Ps. 0.03	Ps. 2.37	Ps. 0.02

Diluted earnings per CPO and per Share attributable to stockholders of the Company:

	December 31, 2012	December 31, 2011	January 1, 2011
Total Shares	362,429,887	347,780,734	343,718,907
CPOs	2,573,894	2,448,687	2,413,971
Shares not in the form of CPO units:			
Series A Shares	58,926,613	58,926,613	58,926,613
Series B Shares	2,357,208	2,357,208	2,357,208
Series D Shares	239	239	239
Series L Shares	239	239	239

Diluted earnings per CPO and per each Series A, Series B, Series D and Series L Share (not in the form of a CPO unit) for the years ended December 31, 2012 and 2011, are presented as follows:

	2012		2011	
	Per CPO	Per Each Series A, B, D and L Share	Per CPO	Per Each Series A, B, D and L Share
Net income attributable to stockholders of the Company	Ps. 2.83	Ps. 0.02	Ps. 2.24	Ps. 0.02

25. Segment Information

Reportable segments are those that are based on the Group's method of internal reporting.

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The Group is organized on the basis of services and products. The Group's segments are strategic business units that offer different entertainment services and products. The Group's reportable segments are as follows:

Content

At the beginning of 2012, the Group adjusted its segment reporting. Beginning in the first quarter of 2012, the business activities of Television Broadcasting, Pay Television Networks and Programming Exports, which were previously reported as separate reportable segments, and the Internet business, which was previously reported as part of the Other Businesses segment, are reported as a single segment, Content. The new Content segment categorizes the Group's sources of content revenue as follows: (a) Advertising; (b) Network Subscription Revenue; and (c) Licensing and Syndication. Given the cost structure of the Group's Content business, operating segment income is reported as a single line item.

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The Advertising revenue is derived primarily from the sale of advertising time on the Group's television broadcast operations, which include the production of television programming and nationwide broadcasting of Channels 2, 4, 5 and 9 (television networks), as well as the sale of advertising time on programs provided to pay television companies in Mexico and advertising revenue in the Group's Internet business and the production of television programming and broadcasting for local television stations in Mexico and the United States. The broadcasting of television networks is performed by television repeater stations in Mexico which are wholly-owned, majority-owned or minority-owned by the Group or otherwise affiliated with the Group's networks.

The Network Subscription revenue is derived from domestic and international programming services provided to independent cable television systems in Mexico and the Group's direct-to-home (DTH) satellite and cable television businesses. These programming services for cable and pay-per-view television companies are provided in Mexico, other countries in Latin America, the United States and Europe. The programming services consist of both programming produced by the Group and programming produced by others.

The Licensing and Syndication revenue is derived from international program licensing and syndication fees. The Group's television programming is licensed and syndicated to customers abroad, including Univision.

Publishing

The Publishing segment primarily consists of publishing Spanish-language magazines in Mexico, the United States and Latin America. Publishing revenues include subscriptions, sales of advertising space and magazine sales to distributors.

Sky

The Sky segment includes DTH broadcast satellite pay television services in Mexico, Central America and the Dominican Republic. Sky revenues are primarily derived from program services, installation fees and equipment rental to subscribers, and national advertising sales.

Cable and Telecom

The Cable and Telecom segment includes the operation of a cable and telecommunication system in the Mexico City metropolitan area (Cablevisión); the operation of telecommunication facilities through a fiber-optic network that covers the most important cities and economic regions of Mexico and the cities of San Antonio and San Diego in the United States (Bestel); the operation of cable and telecommunication networks covering 50 cities of Mexico (Cablemás); and the operation of cable and telecommunications networks covering Monterrey and suburban areas (TVI). The cable and telecommunication businesses derive revenues from cable subscribers, principally from basic and premium television services subscription, pay-per-view fees, installation fees, Internet services subscription and telephone services subscription as well as from local and national advertising sales.

The telecommunication facilities business derives revenues from providing data and long-distance services solutions to carriers and other telecommunications service providers through its fiber-optic network.

Other Businesses

The Other Businesses segment includes the Group's domestic operations in sports and show business promotion, soccer, feature film production and distribution, gaming, radio, and publishing distribution.

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The table below presents information by segment and a reconciliation to consolidated total for the years ended December 31:

	Total Revenues	Intersegment Revenues	Consolidated Revenues	Segment Income (Loss)
2012:				
Content	Ps. 32,884,119	Ps. 762,072	Ps. 32,122,047	Ps. 15,411,148
Publishing	3,452,988	60,707	3,392,281	447,630
Sky	14,465,341	64,068	14,401,273	6,558,033
Cable and Telecom	15,570,433	66,160	15,504,273	5,812,785
Other Businesses	4,211,227	340,692	3,870,535	183,933
Segment totals	70,584,108	1,293,699	69,290,409	28,413,529
Reconciliation to consolidated amounts:				
Eliminations and corporate expenses	(1,293,699)	(1,293,699)		(1,149,304)
Depreciation and amortization expense				(8,474,240)
Consolidated total before other expense	69,290,409		69,290,409	18,789,985⁽¹⁾
Other expense, net				(650,432)
Consolidated total	Ps. 69,290,409	Ps.	Ps. 69,290,409	Ps. 18,139,553⁽²⁾
2011:				
Content	Ps. 30,685,668	Ps. 869,591	Ps. 29,816,077	Ps. 14,480,679
Publishing	3,191,788	67,865	3,123,923	454,729
Sky	12,479,158	39,665	12,439,493	5,789,759
Cable and Telecom	13,635,354	44,542	13,590,812	4,778,570
Other Businesses	3,825,268	214,032	3,611,236	(132,316)
Segment totals	63,817,236	1,235,695	62,581,541	25,371,421
Reconciliation to consolidated amounts:				
Eliminations and corporate expenses	(1,235,695)	(1,235,695)		(1,142,532)
Depreciation and amortization expense				(7,361,552)
Consolidated total before other expense	62,581,541		62,581,541	16,867,337⁽¹⁾
Other expense, net				(593,661)
Consolidated total	Ps. 62,581,541	Ps.	Ps. 62,581,541	Ps. 16,273,676⁽²⁾

⁽¹⁾ Consolidated total represents income before other expense.

⁽²⁾ Consolidated total represents consolidated operating income.

Accounting Policies

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The accounting policies of the segments are the same as those described in the Group's summary of significant accounting policies (see Note 2). The Group evaluates the performance of its segments and allocates resources to them based on operating income before depreciation and amortization.

Intersegment Revenue

Intersegment revenue consists of revenues derived from each of the segments principal activities as provided to other segments.

The Group accounts for intersegment revenues as if the revenues were from third parties, that is, at current market prices.

Allocation of Corporate Expenses

Non-allocated corporate expenses include payroll for certain executives, related employee benefits and other general than are not subject to be allocated within the Group's business segments.

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The table below presents segment information about assets, liabilities, and additions to property, plant and equipment as of and for the years ended December 31:

	Segment Assets at Year-End	Segment Liabilities at Year-End	Additions to Property, Plant and Equipment
2012:			
Continuing operations:			
Content	Ps. 64,858,049	Ps. 29,195,783	Ps. 1,490,228
Publishing	2,293,466	605,401	4,975
Sky	17,003,339	10,835,530	8,057,262
Cable and Telecom	29,282,141	6,582,298	5,994,469
Other Businesses	6,078,611	1,310,543	247,895
Total	Ps. 119,515,606	Ps. 48,529,555	Ps. 15,794,829
2011:			
Continuing operations:			
Content	Ps. 64,112,762	Ps. 28,914,363	Ps. 1,599,715
Publishing	2,244,823	752,455	19,120
Sky	11,106,318	6,195,301	2,957,675
Cable and Telecom	24,064,577	5,524,980	5,146,232
Other Businesses	5,179,126	1,628,793	198,626
Total	Ps. 106,707,606	Ps. 43,015,892	Ps. 9,921,368

Segment assets reconcile to total assets as follows:

	2012	2011
Segment assets	Ps. 119,515,606	Ps. 106,707,606
Investments attributable to:		
Content ⁽¹⁾	24,249,662	23,060,478
Cable and Telecom	657,049	593,295
Other Businesses	18,072,228	20,366,732
Goodwill attributable to:		
Content	644,046	644,356
Publishing	393,642	393,642
Cable and Telecom	1,127,649	1,127,649
Other Businesses	406,295	406,295
Total assets	Ps. 165,066,177	Ps. 153,300,053

⁽¹⁾ Includes goodwill attributable to equity investments of Ps.359,613 in 2012 and 2011 (see Note 10).

Equity method gain (loss) for the years ended December 31, 2012 and 2011 attributable to equity investment in Content, approximated Ps.50,778 and Ps.(429,680), respectively.

Segment liabilities reconcile to total liabilities as follows:

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	2012	2011
Segment liabilities	Ps. 48,529,555	Ps. 43,015,892
Debt not attributable to segments	48,002,019	51,194,786
Total liabilities	Ps. 96,531,574	Ps. 94,210,678

Geographical segment information:

	Total Net Sales	Segment Assets at Year-End	Additions to Property, Plant and Equipment
2012:			
Mexico	Ps. 59,702,984	Ps. 113,939,679	Ps. 15,677,537
Other countries	9,587,425	5,575,927	117,292
	Ps. 69,290,409	Ps. 119,515,606	Ps. 15,794,829
2011:			
Mexico	Ps. 54,325,223	Ps. 102,651,933	Ps. 9,797,397
Other countries	8,256,318	4,055,673	123,971
	Ps. 62,581,541	Ps. 106,707,606	Ps. 9,921,368

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Net sales are attributed to geographical segment based on the location of customers.

26. Commitments and Contingencies

As of December 31, 2012, the Group had commitments for programming and transmission rights in the aggregate amount of U.S.\$131.5 million (Ps.1,689,891) and U.S.\$399.0 million (Ps.5,127,150), respectively.

At December 31, 2012, the Group had commitments in an aggregate amount of Ps.756,623, of which Ps.7,049 were commitments related to gaming operations, Ps.137,933 were commitments to acquire television technical equipment, Ps.130,305 were commitments for the acquisition of software and related services, and Ps.481,336 were construction commitments for building improvements and technical facilities.

In connection with a long-term credit facility, the Group will provide financing to GTAC in 2013 in the principal amount of Ps.46,000 (see Notes 3 and 10).

At December 31, 2012, the Group had the following aggregate minimum annual commitments for the use of satellite transponders:

	Thousands of U.S. Dollars
2013	U.S.\$ 11,580
2014	10,369
2015	8,035
2016	3,758
2017 and thereafter	2,928
	U.S.\$ 36,670

The Company has guaranteed the obligation of Sky for direct loans in an aggregate principal amount of Ps.3,500,000, which are reflected as long-term debt in the consolidated statement of financial position as of December 31, 2012 (see Note 13).

The Group leases facilities, primarily for its Gaming business, under operating leases expiring through 2047. As of December 31, 2012, non-cancellable annual lease commitments (undiscounted) are as follows:

2013	Ps. 315,242
2014	258,835
2015	242,310
2016	231,556
2017	213,262
Thereafter	908,556
	Ps. 2,169,761

In connection with the Group's investment in GSF, the Company agreed to make an additional payment of U.S.\$400 million (Ps.5,140,000) to GSF if cumulative EBITDA of Iusacell, as defined, reaches U.S.\$3,472 million (Ps.44,615,200) at any time between 2011 and 2015. Also, in connection with the regulatory approval granted to the Group in June 2012 for the conversion of debentures issued by GSF into common stock of GSF, the Group accepted certain conditions established by Mexico's Federal Antitrust Commission including, among others, the following: (i) corporate governance standards to be implemented by GSF; (ii) the Group will offer to all cable and DTH platforms in Mexico a new pay programming package that will only include the Group's four over-the-air channels, in addition to the existing programming package; (iii) the Group will offer the sale of advertising time to participants in the Mexican telecommunications industry and shall refrain from imposing discriminatory advertising rates on competitors or condition the sale of advertising space to the hiring of GSF's services; (iv) GSF will divest all of its equity interest in Total Play (GSF cable platform) to the other shareholder of GSF or a subsidiary under such shareholder's control; and (v) the Group will have to follow certain rules of conduct regarding a potential public bid of spectrum designated for a new entrant related to the

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broadcast of free television signals with national coverage (also known as the Third Network) (see Notes 3 and 10).

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In 2011, the Administrative Tax System, or SAT, of the Mexican Ministry of Finance, determined a tax assessment against Televisa in the amount of Ps.3,334,960 for alleged wrongful deductions of losses in the payment of its income tax for the year 2005. The deduction of such losses resulted from the early liquidation of certain derivative financial instruments acquired by Televisa as a result of the purchase of Comtelvi, S. de R.L. de C.V. in November 2005. Televisa filed a claim before the Federal Tax Court seeking the annulment of the tax assessment determined by the SAT. The SAT responded to such claim in the first quarter of 2012. The claim is currently under review by the Court. While the Company's management believes that the SAT's assessment is without merit and will defend its position vigorously, there can be no assurance that the outcome of this claim will be favorable to the Group.

There are various other legal actions and claims pending against the Group which are filed in the ordinary course of businesses. In the opinion of the Company's management, none of these actions and claims is expected to have a material adverse effect on the Group's financial statements as a whole; however, the Company's management is unable to predict the outcome of any of these legal actions and claims.

27. Transition to IFRS

As discussed in Note 2 (a), these are the Group's first consolidated financial statements prepared in accordance with IFRS. The accounting policies set out in Note 2 have been applied in preparing the consolidated financial statements for the year ended December 31, 2012, the comparative information presented in these financial statements for the year ended December 31, 2011 and in the preparation of an opening IFRS consolidated statement of financial position at January 1, 2011 (the Group's transition date to IFRS).

(a) Initial Elections upon Adoption

Set out below are the applicable exemptions and exceptions applied in the conversion from Mexican FRS to IFRS, as allowed by IFRS 1 *First-time Adoption of IFRS* (IFRS 1).

IFRS exemption options***(i) Exemption from business combinations***

IFRS 1 provides the option to apply IFRS 3 *Business Combinations*, prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date. The Group elected to apply IFRS 3 prospectively to business combinations occurring after January 1, 2008. Business combinations occurring prior to January 1, 2008 have not been restated.

(ii) Exemption for fair value as deemed cost

The Group elected to measure certain items of land and buildings in property, plant and equipment at fair value as of January 1, 2011. All other property, plant and equipment was recognized at their attributed cost as of January 1, 2011, including property restated through December 31, 2007 to constant Mexican pesos using the National Consumer Price Index and equipment of non-Mexican origin, which was restated through that date by using an index which reflected the inflation in the respective country of origin and the exchange rate of the Mexican peso against the currency of such country at the statement of financial position date (specific index). No adjustment to this property, plant and equipment was necessary in the opening statement of financial position in accordance with the exemption permitted under IFRS 1 regarding the use of a revaluation of such assets to a price-index adjusted cost, which is considered to be broadly comparable or similar to their fair value, as the deemed cost at the date of transition.

(iii) Exemption for cumulative translation differences

IFRS 1 permits cumulative translation gains and losses to be reset to zero at the transition date. This provides relief from determining cumulative currency translation differences in accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*, from the date a subsidiary or equity method investee was formed or acquired. The Group elected to reset all cumulative translation gains and losses to zero in opening retained earnings at its transition date.

(iv) Exemption for employee benefits

IFRS 1 provides retrospectively relief from applying IAS 19 *Employee Benefits*, for the recognition of actuarial gains and losses. In line with this exemption, the Group elected to recognize all cumulative gains and losses that existed at its transition date in opening retained earnings for all its

employee benefit plans.

The remaining voluntary exemptions do not apply to the Group:

Share-based payment (IFRS 2) and leases (IAS 17), as Mexican FRS and the IFRS were already aligned as regards these transactions;

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Insurance contracts (IFRS 4), as this is not relevant to the Group's operations;

Compound financial instruments, because the Group does not have these types of financial instrument as of the date of transition to IFRS;

Decommissioning liabilities included in the cost of land, buildings and equipment, as the Group does not have liabilities of this type; and

Financial assets or intangible assets accounted for under IFRIC 12, as the Group has not entered into agreements within the scope of IFRIC 12.

IFRS mandatory exceptions

Set out below are the applicable mandatory exceptions in IFRS 1 applied in the conversion from Mexican FRS to IFRS.

(i) Hedge accounting exception

Hedge accounting can only be applied prospectively from the transition date to transactions that satisfy the hedge accounting criteria in IAS 39 *Financial Instruments: Recognition and Measurement*, at that date. Hedging relationships cannot be designated retrospectively, and the supporting documentation cannot be created retrospectively. As a result, only hedging relationships that satisfied the hedge accounting criteria as of January 1, 2011 are reflected as hedges in the Group's results under IFRS.

(ii) Exception for estimates

IFRS estimates as at January 1, 2011 are consistent with the estimates as at the same date made in conformity with Mexican FRS.

The other compulsory exceptions of IFRS 1 have not been applied as these are not relevant to the Group: derecognition of financial assets and financial liabilities; and non-controlling interests.

(b) Reconciliations of Mexican FRS to IFRS

IFRS 1 requires an entity to reconcile equity, comprehensive income and cash flows for prior periods. The Group's first-time adoption did not have an impact on the total operating, investing or financing cash flows.

The following tables represent the reconciliations from Mexican FRS to IFRS for the Group's consolidated equity as of December 31 and January 1, 2011, and related consolidated income and comprehensive income for the year ended December 31, 2011.

Table of Contents**Reconciliation of consolidated equity as of December 31, 2011**

	Notes	Amounts under Mexican FRS as of December 31, 2011	Adjustments	Amounts under IFRS as of December 31, 2011
ASSETS				
Current assets:				
Cash and cash equivalents		Ps. 16,275,924	Ps.	Ps. 16,275,924
Temporary investments		5,422,563		5,422,563
Trade notes and accounts receivable, net		19,243,712		19,243,712
Other accounts and notes receivable, net		2,458,802		2,458,802
Derivative financial instruments		99,737		99,737
Due from affiliated companies		450,064		450,064
Transmission rights and programming		4,178,945		4,178,945
Inventories, net		1,383,822		1,383,822
Other current assets		1,146,189		1,146,189
Total current assets		50,659,758		50,659,758
Non-current assets:				
Accounts receivable		253,795		253,795
Derivative financial instruments		45,272		45,272
Transmission rights and programming	(a)	6,832,527	(708,614)	6,123,913
Investments in financial instruments	(c) (d)	39,388,745	695,675	40,084,420
Investments in jointly controlled entities and associates	(b) (d)	4,019,045	(82,960)	3,936,085
Property, plant and equipment, net	(b) (e)	41,498,967	(624,081)	40,874,886
Intangible assets, net	(a) (b) (g)	11,861,380	(1,187,449)	10,673,931
Plan assets in excess of post-employment benefits	(j) (m)		105,090	105,090
Deferred income taxes	(i)	410,893	40,992	451,885
Other assets		91,018		91,018
Total non-current assets		104,401,642	(1,761,347)	102,640,295
Total assets		Ps. 155,061,400	Ps. (1,761,347)	Ps. 153,300,053
LIABILITIES				
Current liabilities:				
Short-term debt and current portion of long-term debt				
	(g)	Ps. 1,170,000	Ps. (128)	Ps. 1,169,872
Current portion of finance lease obligations		381,891		381,891
Trade accounts payable		7,862,602		7,862,602
Customer deposits and advances		20,926,324		20,926,324
Income taxes payable		275,120		275,120
Other taxes payable		1,113,122		1,113,122
Interest payable		792,645		792,645
Employee benefits		252,492		252,492
Due to affiliated companies		43,089		43,089
Other accrued liabilities		3,184,827		3,184,827
Total current liabilities		36,002,112	(128)	36,001,984
Non-current liabilities:				
Long-term debt, net of current portion	(g)	55,657,000	(862,086)	54,794,914
Finance lease obligations, net of current portion		201,844		201,844
Derivative financial instruments		310,604		310,604
Customer deposits and advances		460,000		460,000
Other long-term liabilities	(h)	3,047,487	(606,155)	2,441,332
Post-employment benefits	(j)	525,868	(525,868)	

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Total non-current liabilities		60,202,803	(1,994,109)	58,208,694
Total liabilities		96,204,915	(1,994,237)	94,210,678
EQUITY				
Capital stock	(k)	10,238,885	(5,198,077)	5,040,808
Additional paid-in-capital	(k)	16,593,239	(703,420)	15,889,819
Retained earnings	(a) (b) (i) (j) (k) (l) (m)	37,624,887	7,867,737	45,492,624
Accumulated other comprehensive income, net	(c) (l) (m)	3,174,521	(1,851,319)	1,323,202
Shares repurchased		(15,971,710)		(15,971,710)
Equity attributable to stockholders of the Company		51,659,822	114,921	51,774,743
Non-controlling interests	(f)	7,196,663	117,969	7,314,632
Total equity		58,856,485	232,890	59,089,375
Total liabilities and equity		Ps. 155,061,400	Ps. (1,761,347)	Ps. 153,300,053

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Table of Contents**Reconciliation of consolidated equity as of January 1, 2011**

	Notes	Amounts under Mexican FRS as of January 1, 2011	Adjustments	Amounts under IFRS as of January 1, 2011
ASSETS				
Current assets:				
Cash and cash equivalents		Ps. 20,942,531	Ps.	Ps. 20,942,531
Temporary investments		10,446,840		10,446,840
Trade notes and accounts receivable, net		17,701,125		17,701,125
Other accounts and notes receivable, net		4,112,470		4,112,470
Due from affiliated companies		196,310		196,310
Transmission rights and programming		4,004,415		4,004,415
Inventories, net		1,254,536		1,254,536
Other current assets		1,117,740		1,117,740
Total current assets		59,775,967		59,775,967
Non-current assets:				
Accounts receivable		67,763		67,763
Derivative financial instruments		189,400		189,400
Transmission rights and programming	(a)	5,627,602	(456,360)	5,171,242
Investments in financial instruments	(c) (d)	18,143,425		18,143,425
Investments in jointly controlled entities and associates	(b) (d)	3,694,028	(79,635)	3,614,393
Property, plant and equipment, net	(b) (e)	38,651,847	(1,019,469)	37,632,378
Intangible assets, net	(a) (f) (g)	10,241,007	876,068	11,117,075
Plan assets in excess of post-employment benefits	(j) (m)		170,585	170,585
Other assets		79,588		79,588
Total non-current assets		76,694,660	(508,811)	76,185,849
Total assets		Ps. 136,470,627	Ps. (508,811)	Ps. 135,961,816
LIABILITIES				
Current liabilities:				
Short-term debt and current portion of long-term debt	(g)	Ps. 1,469,142	Ps. (652)	Ps. 1,468,490
Current portion of finance lease obligations		280,137		280,137
Trade accounts payable		7,472,253		7,472,253
Customer deposits and advances		18,587,871		18,587,871
Income taxes payable		507,743		507,743
Other taxes payable		936,144		936,144
Interest payable		750,743		750,743
Employee benefits		199,638		199,638
Due to affiliated companies		48,753		48,753
Derivative financial instruments		74,329		74,329
Other accrued liabilities		2,982,309		2,982,309
Total current liabilities		33,309,062	(652)	33,308,410
Non-current liabilities:				
Long-term debt, net of current portion	(g)	46,495,660	(915,987)	45,579,673
Finance lease obligations, net of current portion		349,674		349,674
Derivative financial instruments		103,528		103,528
Customer deposits and advances		495,508		495,508
Other long-term liabilities	(h)	3,027,766	(339,255)	2,688,511
Deferred income taxes	(i)	401,525	(205,598)	195,927
Post-employment benefits	(j)	430,143	(430,143)	

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Total non-current liabilities		51,303,804	(1,890,983)	49,412,821
Total liabilities		84,612,866	(1,891,635)	82,721,231
EQUITY				
Capital stock	(k)	10,019,859	(5,136,077)	4,883,782
Additional paid-in-capital	(k)	4,547,944	(703,420)	3,844,524
Retained earnings	(a) (b) (i) (j) (k) (l) (m)	33,402,196	8,091,442	41,493,638
Accumulated other comprehensive income, net	(c) (l) (m)	3,251,109	(2,704,574)	546,535
Shares repurchased		(6,156,625)		(6,156,625)
Equity attributable to stockholders of the Company		45,064,483	(452,629)	44,611,854
Non-controlling interests	(f)	6,793,278	1,835,453	8,628,731
Total equity		51,857,761	1,382,824	53,240,585
Total liabilities and equity		Ps. 136,470,627	Ps. (508,811)	Ps. 135,961,816

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Table of Contents**Reconciliation of consolidated income for the year ended December 31, 2011**

	Notes	Amounts under Mexican FRS 2011	Adjustments	Amounts under IFRS 2011
Net sales		Ps. 62,581,541	Ps.	Ps. 62,581,541
Cost of sales	(e) (j)	33,574,207	(88,192)	33,486,015
Selling expenses	(e) (j)	5,516,963	(16,335)	5,500,628
Administrative expenses	(e) (j)	6,668,325	59,236	6,727,561
Income before other expense		16,822,046	45,291	16,867,337
Other expense, net	(n) (p)	(639,966)	46,305	(593,661)
Operating income		16,182,080	91,596	16,273,676
Finance expense		(5,289,266)	(498,227)	(5,787,493)
Finance income		1,146,517		1,146,517
Finance expense, net	(c) (l) (o)	(4,142,749)	(498,227)	(4,640,976)
Share of losses of jointly controlled entities and associates, net		(449,439)	121	(449,318)
Income before income taxes		11,589,892	(406,510)	11,183,382
Income taxes	(c) (i)	3,409,751	(183,684)	3,226,067
Net income		Ps. 8,180,141	Ps. (222,826)	Ps. 7,957,315
Net income attributable to:				
Stockholders of the Company		Ps. 6,889,641	Ps. (223,705)	Ps. 6,665,936
Non-controlling interests		1,290,500	879	1,291,379
Net income		Ps. 8,180,141	Ps. (222,826)	Ps. 7,957,315
Basic earnings per CPO attributable to stockholders of the Company		Ps. 2.45	Ps. (0.08)	Ps. 2.37

Reconciliation of consolidated comprehensive income for the year ended December 31, 2011

	Notes	Amounts under Mexican FRS 2011	Adjustments	Amounts under IFRS 2011
Net income		Ps. 8,180,141	Ps. (222,826)	Ps. 7,957,315
Other comprehensive income (loss):				
Actuarial gains on post-employment benefit plans	(m)		2,218	2,218
Exchange differences on translating foreign operations		241,725		241,725
Equity instruments				
Cash flow hedges		150,016		150,016
Convertible Debentures issued by BMP	(c)	41,936	503,200	545,136

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Convertible Debentures issued by GSF	(d)	695,675	695,675
Available-for-sale investments		(402,187)	(402,187)
Share of equity accounts of jointly controlled entities and associates		(37,306)	(8)
			(37,314)
Other comprehensive income before income taxes		(5,816)	1,201,085
Income taxes		3,220	(347,389)
			(344,169)
Other comprehensive income, net of income taxes		(2,596)	853,696
			851,100
Total comprehensive income	Ps.	8,177,545	Ps. 630,870
			Ps. 8,808,415
Total comprehensive income attributable to:			
Stockholders of the Company	Ps.	6,813,053	Ps. 629,550
Non-controlling interests		1,364,492	1,320
			1,365,812
Total comprehensive income	Ps.	8,177,545	Ps. 630,870
			Ps. 8,808,415

- (a) The effects of inflation recognized by the Group in intangible assets between 1998, the first year of transition from hyperinflation to inflation under IFRS in the Mexican economy, and 2007, the last year that effects of inflation were recognized in the Group's consolidated financial statements under Mexican FRS, amounted to an aggregate of Ps.368,111 at the transition date. This aggregate adjustment was reflected in concessions and licenses, trademarks, transmission rights and programming, subscriber lists and other intangible assets (other than goodwill). The resulting decreased amortization expense of Ps.623 for the year ended December 31, 2011, was recognized in consolidated income. Adjustments to the consolidated statement of financial position as of December 31, 2011 are net of accumulated amortization.

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- (b) The effects of inflation recognized by the Group between 1998 and 2007 as adjustments to non-monetary items in financial statements of foreign subsidiaries and associates under Mexican FRS amounted to Ps.179,983 and Ps.160,673 as of December 31 and January 1, 2011, respectively.
- (c) Under IFRS, the Group recognized and measured at fair value as of December 31 and January 1, 2011 an embedded derivative in a host contract related to its investment in convertible debentures due 2025 issued by BMP, which was not separated under Mexican FRS. The Group recognized changes in fair value of this embedded derivative in the amount of Ps.503,200 as other finance expense in the consolidated statement of income for the year ended December 31, 2011. Under Mexican FRS, this investment was recognized at fair value as a single financial instrument with changes in fair value recognized in other comprehensive income or loss (see Notes 3 and 9).
- (d) Under IFRS, the Group measured at fair value and classified as equity instruments its investments in GSF at December 31, 2011, which consisted of (i) shares of common stock of GSF; and (ii) debentures mandatorily convertible in common stock of GSF, subject to regulatory approval that was obtained in June 2012 under certain conditions. These investments were measured at cost and classified as other permanent investments under Mexican FRS. The fair value adjustment increased the carrying value of these investments in the aggregate amount of Ps.695,675 as of December 31, 2011 and was recognized as other comprehensive income for the year ended on that date (see Notes 3 and 10).
- (e) In accordance with the provisions of IAS 16, *Property, Plant and Equipment*, and the exemption allowed by IFRS 1, the Group recognized as deemed cost the fair value of certain real estate property as of January 1, 2011, as provided by independent appraisals. Accordingly, the amount of Ps.649,278 reflected the total adjustments made to the carrying value of selected land and buildings owned by the Group to recognize their fair value at the transition date. The resulting decreased depreciation expense of Ps.67,553 for the year ended December 31, 2011, was recognized in consolidated income. The adjustment to the consolidated statements of financial position as of December 31, 2011 is net of accumulated depreciation.

Reconciliation of real estate property adjusted to IFRS as of January 1, 2011.

	Amounts under Mexican FRS as of January 1, 2011	Adjustments	Amounts under IFRS as of January 1, 2011
Real estate property adjusted to IFRS	Ps. 6,823,477	Ps. (1,019,469)	Ps. 5,804,008

- (f) In accordance with the provisions of IFRS 1, the Group elected to apply, beginning on June 1, 2008, the guidelines of IFRS 3 (as revised in 2008), *Business Combinations*, and IAS 27 (as amended in 2008), *Consolidated and Separate Financial Statements*. The adjustment as of January 1, 2011, reflected the recognition of non-controlling interest in accordance with IFRS 3 (as revised in 2008). This non-controlling interest was acquired by the controlling interest in the first and second quarter of 2011. As a result, no related adjustment is reflected in the consolidated statement of financial position as of December 31, 2011.
- (g) Deferred financing costs consisting primarily of fees and expenses incurred in connection with the issuance of debt in the amount of Ps.862,214 and Ps.916,639 as of December 31 and January 1, 2011, respectively, are classified as part of debt under IFRS. These items were classified as non-current assets under Mexican FRS.
- (h) A long-term liability for retirement of certain leasehold improvements classified in property, plant and equipment, was recognized under IFRS in the amount of Ps.62,027 and Ps.69,000 as of December 31 and January 1, 2011, respectively.
- (i) The deferred income taxes related to those temporary differences arising from IFRS adjustments made by the Group as of December 31 and January 1, 2011 amounted to Ps.40,992 and Ps.205,598, respectively, and are primarily related to property, plant and equipment, intangible assets, benefits to employees and available-for-sale financial assets.
- (j) The aggregate adjustments to post-employment benefits amounted to Ps.630,958 and Ps.600,728 as of December 31 and January 1, 2011, respectively. These adjustments to non-current employee benefits were made in accordance with the provisions of IAS 19, *Employee Benefits*, and IFRS 1, and consisted of (i) the reclassification to consolidated equity of the outstanding balance of net actuarial gains and the unrecognized prior service cost for transition liability under Mexican FRS; and (ii) the write-off of severance indemnities to employees accrued under Mexican FRS as of January 1, 2011.
- (k) The adjustments made to capital stock and additional paid-in-capital of the Company as of January 1, 2011, to eliminate the effects of inflation recognized under Mexican FRS, in the aggregate amount of Ps.5,839,497.
- (l) The adjustments made to accumulated other comprehensive income in consolidated equity as of January 1, 2011, in connection with the cumulative foreign currency translation loss in the aggregate amount of Ps.1,370,181, which was classified to retained earnings as of the transition date, and the changes in fair value of an embedded derivative in a host contract, which were accounted for under IFRS as other finance expense, net, in the consolidated statement of income for the year ended December 31, 2011.
- (m) As permitted by IFRS 1, the Group reduced to zero at the transition date all actuarial gains and losses accrued and pending for application under Mexican FRS, under which they were previously amortized in operating results during the average remaining service life of

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- employees. This adjustment increased retained earnings in the amount of Ps.145,347 as of January 1, 2011. Subsequent to this date, any actuarial gains and losses on post-employment benefit plans are accrued in other comprehensive income or loss under IFRS.
- (n) The consolidated statement of income under IFRS includes the presentation of other expense, net, as part of operating income. Under Mexican FRS, other expense, net, was presented after operating income. Therefore, consolidated operating income under IFRS is not directly comparative with consolidated operating income previously reported under Mexican FRS.
 - (o) The consolidated statement of income under IFRS includes the presentation of other finance expense, net, which includes primarily income or expense from derivative financial instruments. Under Mexican FRS, income or expense from derivative financial instruments was presented as part of interest expense or foreign exchange gain or loss.
 - (p) The consolidated statement of income under IFRS includes the classification of employees' profit sharing as part of operating expenses. Under Mexican FRS, employees' profit sharing was classified as part of other expense, net.