

The AzA Gazette



The Azteca America Monthly Newsletter for Clients, Friends and Associates

April / May 2003 • Special Upfront Edition

Events & Features

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Azteca America's First Upfront A Ten-Year Journey

This year marks our ten-year anniversary at TV Azteca, and in May we will be hosting our Upfront presentation in New York City –the advertising center of the world.

After years of hard work since we first conceived the Azteca America project, four years ago, and since we started TV Azteca in Mexico, a decade ago; this celebration represents a milestone in the history of our company.

In the early nineties I led a group of investors who participated in a government auction where we acquired a group of assets that became TV Azteca in 1993.

Almost four years ago, having become the second most important Spanish-language television producer in the world, we were



just another content supplier without the capability of providing significant value from our programming.

Having resolved our most important issues in Mexico, at that time we envisioned a formula that would provide more value for our shareholders, advertisers, and ultimately to television viewers in the US. We were fit to be a direct participant in the monopolized US Hispanic TV broadcasting business. It was obvious that we needed to become a network

if we were to take full advantage of what we had achieved at TV Azteca.

It took us almost two more years, and a complete redefinition of our association with our partner in the US, before we could start operations of Azteca America. Finally, in July of 2001 we launched KAZA, channel 54, our first affiliate station in the United States.

Today, we offer coverage in 24 markets representing 60% of the US population. And here we are, celebrating our first upfront event in the United States. This event will take part on Tuesday, May the 13th at the Metropolitan Pavilion in New York City. We aim to present to the advertising community our vision for Azteca America, our new programming and channel image, as well as our plans going forward.

Indeed a very special day. I look forward to sharing the celebration with all of you.

Sincerely,
Ricardo B. Salinas
Chairman of the Board
TV Azteca S.A. de C.V.

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Azteca America Network's Strategy Going Forward

By LUIS J. ECHARTE
President and CEO



Azteca America is already a network for advertising purposes, and we are proud to host our first Upfront event on May 13; but this is just one more step –albeit a very important one– in our network strategy.

TV Azteca is the second largest producer of Spanish-language television programming in the world. Our content quality and scope is a remarkable strength that provides Azteca America with an unparalleled platform for the US Hispanic market. But we don't take it for granted: quality programming is only one of two major components of a successful network equation.

And even then, we don't pretend that our programming is perfect as it stands for the US Hispanic market. We have the certainty of having some of the best Spanish-language content available today. Nevertheless, we are continuously fine tuning our programming as we take note of subtleties of

Hispanic tastes and needs. This process is based on a thorough use of marketing techniques that take into account the cultural and psychological factors that define viewing tastes. It is an approach we know well, and which has proven to be highly successful for TV Azteca's operations in Mexico. But for more details about our programming and how we will strengthen our following going forward, I invite you to read Mario San Roman's contribution on page 3.

The second component of our network strategy is distribution. Today Azteca America has presence in 24 markets that represents 60% of the US Hispanic households –for details on this, please refer to our coverage map at the end of the Gazette. Our current footprint is a large step in a relatively short period of time. We have been signing an average of two stations per month over the past year or so. But I always keep in top of mind the fact that this coverage wouldn't be possible if we didn't have the good fortune to do business with a highly professional, dedicated and seasoned group of broadcasting entrepreneurs that form our affiliate group.

Properly serving such a remarkable group of individuals is a great responsibility. We are fully aware that our network won't be sustainable unless our affiliate group is successful. Our priority is to show how profitable our affiliates can be, when they have access to the highest quality programming that attracts the best audiences.

At this stage in the history of our network, it is very rewarding to know that we have some significant success stories among our affiliates. We have won many battles, and we take pride in that; but

our job is not finished until every one of our affiliates is a success both in market position and finances. In this way our network will continue to grow rapidly. Then, and only then Azteca America will be able to declare victory. Fair and simple.

Going forward, we will concentrate on consolidating our coverage in the top 50 Hispanic cities of the US, and also on bringing stations to many areas that are not traditionally considered "Hispanic" to many market watchers. We also need to strengthen the foothold in the important markets where we are established.

A network derives its strength from each one of the nodes that comprise it. It's not only a function of the number of points that you touch, but of the solidness of every one of them. We have what is needed to succeed in this twofold game; we have brought all the pieces together and now it is time to create value for our clients. 🌍

Azteca America's First Upfront

Having become a network for advertising purposes, Azteca America will celebrate on May 13, 2003 its first participation in the Upfront Television Advertising Summit held at New York City's Metropolitan Pavilion.

Azteca America has prepared a very exciting program, full of surprises, where Azteca's talent will entertain a very demanding and knowledgeable audience; and top management will present a complete view of strategies going forward. .. *continued p. 4,*

A Proven Programming Strategy

By MARIO SAN ROMAN
COO TV Azteca

It's been a long road to producing a suitable programming formula at TV Azteca. And Azteca America is a continuation of that path. As a prior government-owned network, we started with zero commercial programming ten years ago. Today we produce more than 8,000 hours a year.

But more than quantity, it's important to stress quality. Over the years at TV Azteca we have developed a systematic approach to a very volatile process. Here in the United States, broadcasters have the luxury of leaving much of the content production risk to independent producers. However, as a fully-integrated company, we at TV Azteca and Azteca America take on much of this additional responsibility.

When you operate solely on gut feelings to programming, as we did in the past, and some continue to do, you often have a few winners. However for every winner you can have tens of losers. This is why we have instituted a statistical marketing approach to our programming process. We do extensive interviews with representative viewers both in Mexico and now here in the United States, to identify preferences, tastes and dreams. Once we have the basic elements, we move to the design and writing of scripts. Then we bring everything together in our production factory, as we like to refer to our production studios, and then return to our audi-

ence to see if we touched the chord that we were aiming for.

Obviously these methods aren't foolproof, but we do feel that they provide a compass in an otherwise shoot-in-the-dark business.



The programming process at Azteca America is based on the same principles as our process for the Mexican market. We have the advantage of a large backlog that remains fresh for the US Hispanic market. However, we still need to determine what works best for the audience. Our programming block is ultimately what determines our channel image, which we like to characterize as modern and urban. These features allow for a strong identification with Mexican audiences but at the same time more crossover appeal since urban settings are more universal across all of Latin America.

We are gradually tailoring more and more of our programming specifically for the Hispanic audience. Our first effort, which can be considered a success using any yardstick, is our *Hechos America* newscast. We'll be gradually rolling out other similar options in the future.

Our research shows us that more than just an attractive programming grid, Hispanic audiences want

to feel that they are being represented on their local screen. This is why we have worked hard to bring some of our community service programs, like the Juguetón toy drive and the Vive sin Drogas drug-free programs to our Azteca audiences. These programs are strengthened by local programming and initiatives by our affiliates.

But the biggest message that we have received from our audiences is that they want live programming. And lots of it. This is why our new programming grid has almost 12 hours of live programming. As of May 5, we have introduced our popular *Hechos AM* morning newscast, and complemented it with a block of fresh and innovative talk shows, *Cuenta Conmigo*, and *Con Sello de Mujer*, all of them live. See page 4.

We're offering our popular gossip entertainment show *Ventaneando*, also live, which serves as a springboard to our evening block of novelas *La Duda*, *Como en el Cine* and *Todo por Amor*. We have also introduced *Los Protagonistas*, a sports commentary program led by our award-winning sports journalist Jose Ramón Fernández, which follows our evening *Hechos PM* newscast.

On the weekend we continue to feed the huge appetite for Mexican First Division soccer by offering more games than all of our competitors combined, as well as *Desafío de Estrellas*, a face to face singing duel between the stars of our reality show success *La Academia*.

All of this work means one thing in the end: better programming. And better programming translates into better quality audience, which is another plus for all of our clients. 🌈

Hechos AM is Back!

Azteca America has returned to morning news with Hechos AM.

The program is led by anchors Ana María Lomelí and Ramón Fregoso.

"Our audience demanded the return of our morning news show, and here it is," said Jorge Jaidar, director of operations.

The show, which runs from 6 AM to 8:30 AM PST, CST. 7:00-9:30 AM EST includes political, economy, entertainment and sports segments.

Ana María Lomelí joined TV Azteca in 1997 as a host of the morning news program *Hola México*. Prior to Azteca, she worked on several Televisa and Eco news shows.

Ramón Fregoso joined TV Azteca in 1999 as co-anchor of *Hechos AM*. Prior to Azteca, he held several positions within Televisa's news area. 🌈

Starting the Morning With a Feminine Touch

Con Sello de Mujer, an entertainment talk show geared toward female audiences, will air as of May 5 as part of the new block of live programming at Azteca America.

The program is hosted by Gloria Pérez Jácome, Anette Cuburu and Maggie Hegyii. The show uses both interviews and news reports to touch on issues such as family, health, beauty and sexuality.

Con Sello de Mujer airs on Azteca America weekdays from 11:00 AM to 1:30 PM PST, CST. 12:00-2:30 PM EST. 🌈



Cuenta Conmigo to Fill Out Morning Block



Innovative talk show *Cuenta Conmigo* fills out Azteca America's new morning programming block.

The program, which is hosted by Rocío Sánchez Azuara, is a meeting place for separated or uncommunicated parties, whether they be family, friends or co-workers. The format divides the studio in two, with an interview subject expressing grievances or desires to the host, with a second guest unaware of who he or she's about to meet face to face.

Cuenta Conmigo Airs on Azteca America Weekdays at 2:00-3:00 PM PST, CST. 3:00-4:00 PM EST. 🌈

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Among other TV Azteca officers, the event will be attended by Ricardo B. Salinas, chairman of the board of TV Azteca; Pedro Padilla, CEO of TV Azteca; Luis J. Echarte, president and CEO of Azteca America; and Mario San Román, COO of TV Azteca.

The topics to be presented include the vision of TV Azteca's chairman surrounding the Azteca America venture; our network strategy going forward; the new AzA programming grid, with presentations on the new shows; the new

Azteca channel image; and the extensive range of advertising options that AzA offers to the advertising community.

We look forward to seeing you there! 🌈

Shining with Upfront Sales

By GUSTAVO GUZMÁN
President of Sales and Marketing
TV Azteca

Azteca America is one of a kind in US television. It is the only fully-integrated Hispanic network in the market, which provides important advertising advantages to clients.

As the owner of its programming, Azteca America offers unprecedented advertising options. In addition to regular spot sales, the network is a pioneer in product placement options, and also offers virtual advertisements (screen overlay graphics) as well as complete program sponsorships. These options are increasingly useful as viewer tolerances for tra-

ditional advertising become more limited. Integrated products are just one example of how we can work closely with clients to develop tailored ad campaigns.



These advantages will be key as we approach our first upfront sales event on May 13 in the Metropolitan Pavilion in New York City. We're young and just getting our feet wet in the US market. However, we have ten years of innovating advertising success in Mexico to build on. Creativity and

talent runs high at Azteca America from network and local production to our sales staff and local affiliates. This experience and fresh thinking are important components of the superior value that Azteca America delivers to its clients.

I would like to thank our sales people in Mexico, led by Vincent Laliere, as well as our New York staff led by Phillip Woodie, who have been tireless in their efforts to get out and educate people about the Azteca America story. It's a good one with a long and steady growth curve ahead. And we're already starting to see results.

There's still a lot to do as we consolidate this network. However, thanks to the enthusiasm and dedication of our staff, Azteca America is increasingly becoming a household word that you can't do without. 🌈

LA Soccer Youth Moves to Mexican Pros

The break of a lifetime came to José Francisco Rodríguez thanks to a youth soccer tournament sponsored by Azteca America.



José Francisco, known by friends as Pancho, was a talented sandlot player when he decided to partici-

pate in the Norwalk Soccer Tournament held in Los Angeles last November. However, when he led his team, LA Lightning, to the under-17 final where he scored a goal, Mexican talent scouts knew that they had something more with José Francisco.

Born in Minatitlán, Veracruz, Pancho moved to Los Angeles in 2001, where he lived with a family from Guadalajara for about a year. He currently lives in Morelia, Michoacán, where feeder league players train and study for a high school equivalency as they compete for a shot at Mexico's first division.

Team managers describe José Francisco as having highly developed individual technique and phys-

ical talent. Now the focus is developing the tactical edge that makes or breaks professional players.

His idol is Reinaldo Navia, the starting Monarcas striker who leads the team with 10 goals this season and is the number-three striker in the Mexican league. "He's the best," said Pancho.

Right now, all eyes are focused on winning the third division title this year to keep advancing to the big leagues. José Francisco alternates between playing a creative mid-fielder and right-mid-fielder.

"I still have to pinch myself to believe that I'm here," said Pancho.

"I thank God and Azteca America for the opportunity." 🌈

Station Spotlight: WNYN Channel 39 New York

José Ramón Grau • Chairman



As a project that began on the West Coast by a Mexican parent company, many people question the viability of Azteca America as it moves toward East Coast communities such as New York City.

Why not ask José Ramón Grau, who was born in Cuba and raised in Puerto Rico. Puerto Ricans comprise the largest Hispanic ethnic group in New York, followed by Dominicans, and then Mexicans. In contrast to Western mixes that are predominately Mexican.

So does Azteca America programming speak to these audiences? José Ramón thinks so.

"There is a hunger for quality programming like what Azteca America offers," said José Ramón. "The quality transcends any boundaries of origin."

Vice-Chairman Gustavo Cubas said that the fact that Azteca America's novelas tend to be more modern and urban makes them especially well suited to crossover through the numerous Hispanic communities of New York.

The promotion strategy for WNYN is to reach out to Hispanic groups of all backgrounds. While José Ramón plans to participate in the 16 de

Septiembre Mexican Independence Day street fair on 37th Ave and Crescent this fall, he equally plans to have a presence during the Puerto Rican and Dominican Republic parades to be held this summer.

"Our goal is to be involved with the Hispanic community, regardless of what their heritage is," said José Ramón.

Other promotional efforts are focused on working with other media in New York, primarily print media and radio, with barter for promotion. Although the print media in New York is largely centered on "Hoy" and "La Prensa," there are a large and growing number of Hispanic radio stations that are an important media outlet which can be combined with television spots.

WNYN currently has a community call-in program called *Furia Musical* that is aired on Saturdays from 10:00 to 11:00 in the morning. Plans include expanding local programming once pending cable agreements are finalized this summer.

José Ramón leads a triumvirate that offers a unique combination of talents and experiences. He is accompanied by his father Enrique Grau and business associate Gustavo Cubas, both pioneers in Hispanic marketing. Gustavo co-founded the Publicidad Siboney advertising agency in the sixties and expanded throughout Latin America before selling the agency to FCB in 1984. Enrique, also vice-chairman, started his professional career as a journalist with publications in Cuba and Puerto Rico before founding Grau Advertising, which was launched in 1970 in the United States.

"These guys have been watching the Hispanic market since before it even existed," said José Ramón about his mentors. 🌈

Coverage Increases to 60% with San Diego

Azteca America announced four new affiliates this month, San Diego; Oklahoma City; Ft. Myers, FL, and Monterey, CA, bringing coverage to 24 markets, which represent 60% of Hispanic households.

With KZDF Channel 41 in San Diego, and KMCE Channel 52 in Monterey-Salinas, Azteca now has station coverage in nine DMAs in the state of California. WTPH Channel 14 in Ft. Myers-Naples, FL is the fourth affiliate in that state. Meanwhile KOHC Channel 38 is Azteca America's first affiliate in the state of Oklahoma.

Azteca America has also announced that cable carriage has commenced at its Palm Springs, CA (channel 19) and Las Vegas (channel 63) affiliates. For complete coverage, see p. 8.

Names & Faces *Our Promotions Team*

Writer, radio DJ, producer, and former station manager, Promotions and Image Director Jaime Pontones has creativity to spare. Jaime heads up a 75-member strong creative team that stresses efficiency. "Here speed is the predominant factor," says Jaime. Despite time pressure, quality is not sacrificed, as evidenced from the number of Promax statues lining the walls of his office.

Together with Adriana de la Puente, Azteca's Director of Creative services, TV Azteca won in 2001 a gold Promax statue, the equivalent of the Oscar for international television promotion, for

its broadcasting image campaign. In the same year the team took home a silver statue for their public service announcements that promoted drug-free living and another for a brand and image campaign for network broadcasting. They were also awarded a gold statue last year for a follow-up anti-drug campaign and another gold for a public service peace campaign. This year the team garnered the Best Public Service Announcement award at this year's Latino Marketing Awards for an Azteca America campaign.

Both Jaime and Adriana have been with TV Azteca almost since its founding ten years ago. Jaime credits his electronic engineering studies for his ability to produce efficiently. Although Adriana studied communications and philoso-



phy, she says her creativity in producing promotional spots is something in her genes, being born into a family of architects and artists.

"I'm especially excited about working with Azteca America because of the new challenge the Hispanic market represents," said Adriana, who is a self-styled *pocha* following a temporary residence in Tijuana and time spent between Mexico City and Los Angeles.

Battle of Reality Stars on Azteca America

Keeping with the unprecedented success of its musical starmaker reality show *La Academia*, Azteca America has taken the best of its past two generations of participants for the ultimate challenge: *Desafío de Estrellas*.

Although participants will no longer live and be filmed on the compound

of *La Academia*, they will continue to take daily voice and dance lessons, and perform a Sunday concert that is aired live on Azteca America. The concerts pit first and second generations of *La Academia* face to face.

Following a gala concert on April 20, the field of contestants was narrowed to 16 members. Current participants will be eliminated through weekly phone voting, with eyes on the *Gran Final*, where the winner will receive \$600,000 in prize money. Aside from making ratings

history in Mexico, *La Academia* graduates have already produced three platinum albums, and several others are starring in TV Azteca's hit novela *Enamórate*, which will soon be aired on Azteca America.

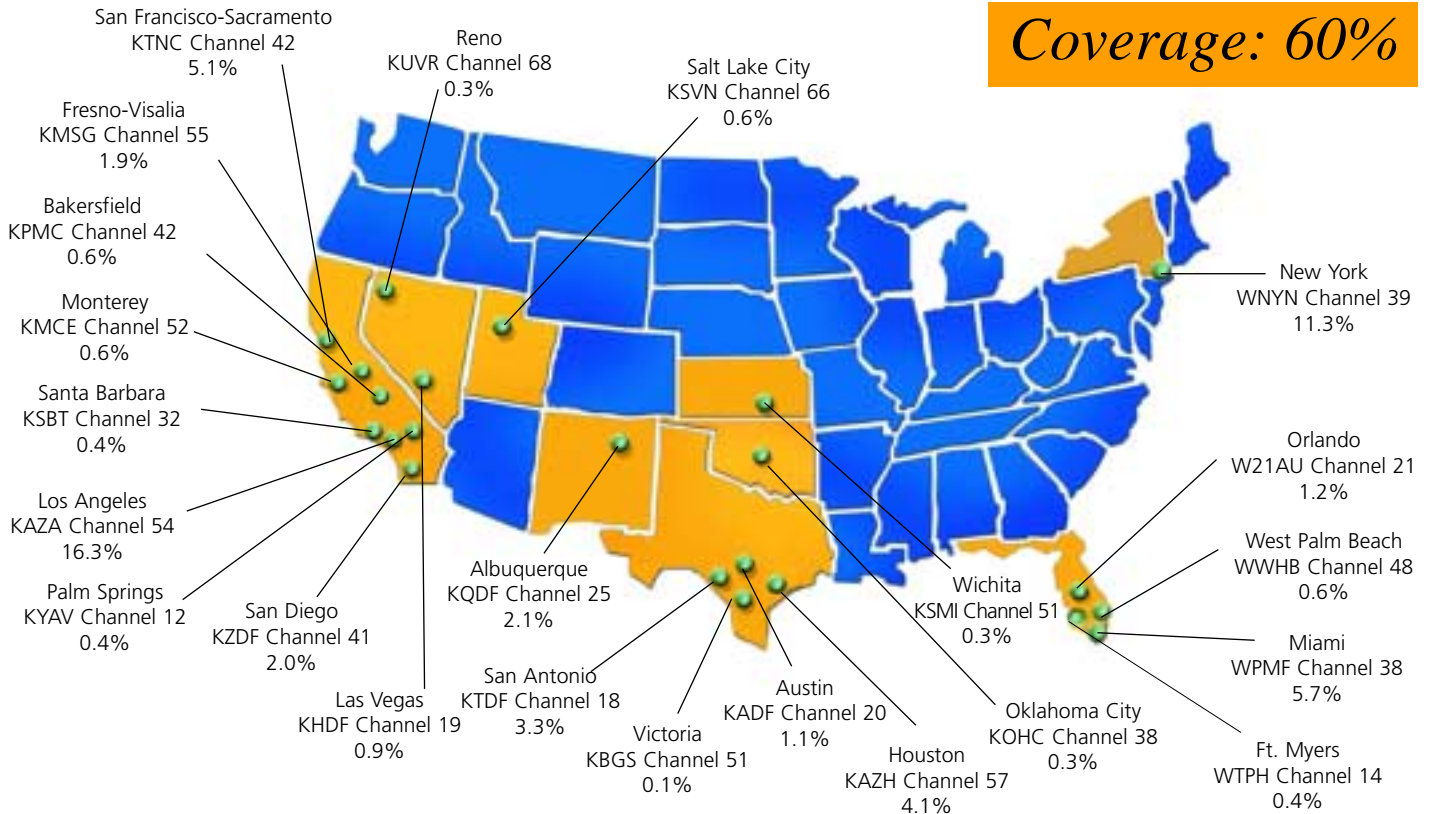
To date, members of the first generation of *La Academia* have been overwhelming favorites. With the recent departure of Victor the field now stands at 14 contestants.

Desafío de Estrellas airs every Sunday from 7:00-10:30 PM PST, CST. 8:00-11:30 PM EST. 📺



The Fastest Growing Hispanic Network in the U.S.

Coverage: 60%



* Note: KTNC-TV 42 covers the San Francisco and Sacramento DMA's
Source: Nielsen Universe Estimates, 2003, Hispanic households.

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About TV Azteca

TV Azteca, listed on both the Mexican Bolsa and the New York Stock Exchange, is the second largest producer of Spanish-language programming in the world, and one of two nationwide broadcasters in Mexico.

Today TV Azteca broadcasts four networks: the family-driven Azteca 13, with 278 signals in Mexico; the youth-focused Azteca 7, with 270 signals in Mexico; Azteca International for 13 countries in Central and South America; and Azteca America the fastest growing network in the U.S.