

The AzA Gazette



The Azteca America Monthly Newsletter for Clients, Friends and Associates

May 2004 • Number 19 • Year 2 • Special Upfront Edition

Special Saludos from AzA's Upfront

Clearance Boosted to 78% With Five New Stations

Five new stations brings our total to 38, in markets that account for 78% of the Hispanic population.

The distribution of these new affiliates stretches from coast to coast. We have Hartford, Connecticut; Tampa, Florida and Raleigh-Durham, North Carolina in the east; Boise Idaho in the mountain region, and Brownsville-McAllen, Texas in the south-west.

Azteca America's presence now spans 18 states of the Union. Congratulations and Welcome!!!



Dear AzA Friends:

I am excited. We are here at our second upfront event in New York City, a very special celebration for the people that have trusted in us an evening of fun and thrilling news. Most importantly, this is a gathering among friends where we can simply say thanks!

Thanks for believing in Azteca America and the great potential of the Hispanic market. Our growth is evidence of the value of new quality options for the Spanish-speak-

ing audience. We have all created a new television network that continues to grow and evolve every day, all thanks to your support.

Most importantly, in the last twelve months we have introduced new and stimulating programming exclusive to the US Hispanic market, and we have considerably increased our footprint. This has in turn allowed us to attract exciting new brands to our screen.

Our network portrays the dreams, passions and reality of the Hispanic community and our upfront is a great opportunity to show you the resources we have to achieve our mission. In short, we're here to demonstrate who we are and where we are headed.

This special issue of the AzA Gazette is dedicated to our upfront. Among other features, we have special updates from Mario San Román, Carlos de la Garza, Jorge Jaidar and myself. Please enjoy,

Luis J. Echarte
President and CEO • Azteca America

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Station Spotlight: *Our Affiliates: Then and Now*

When we came to New York this time last year, Azteca America was proud to offer advertisers coverage in 24 key markets that account for 60% of the Hispanic population.

At the time we promised to have clearance in markets that represent 78% of the Hispanic market by year-end 2003.

With the announcement of five new markets, we are currently in

38 markets, which represent 78% of the Hispanic population, with a group of cable agreements expected this month and next month.

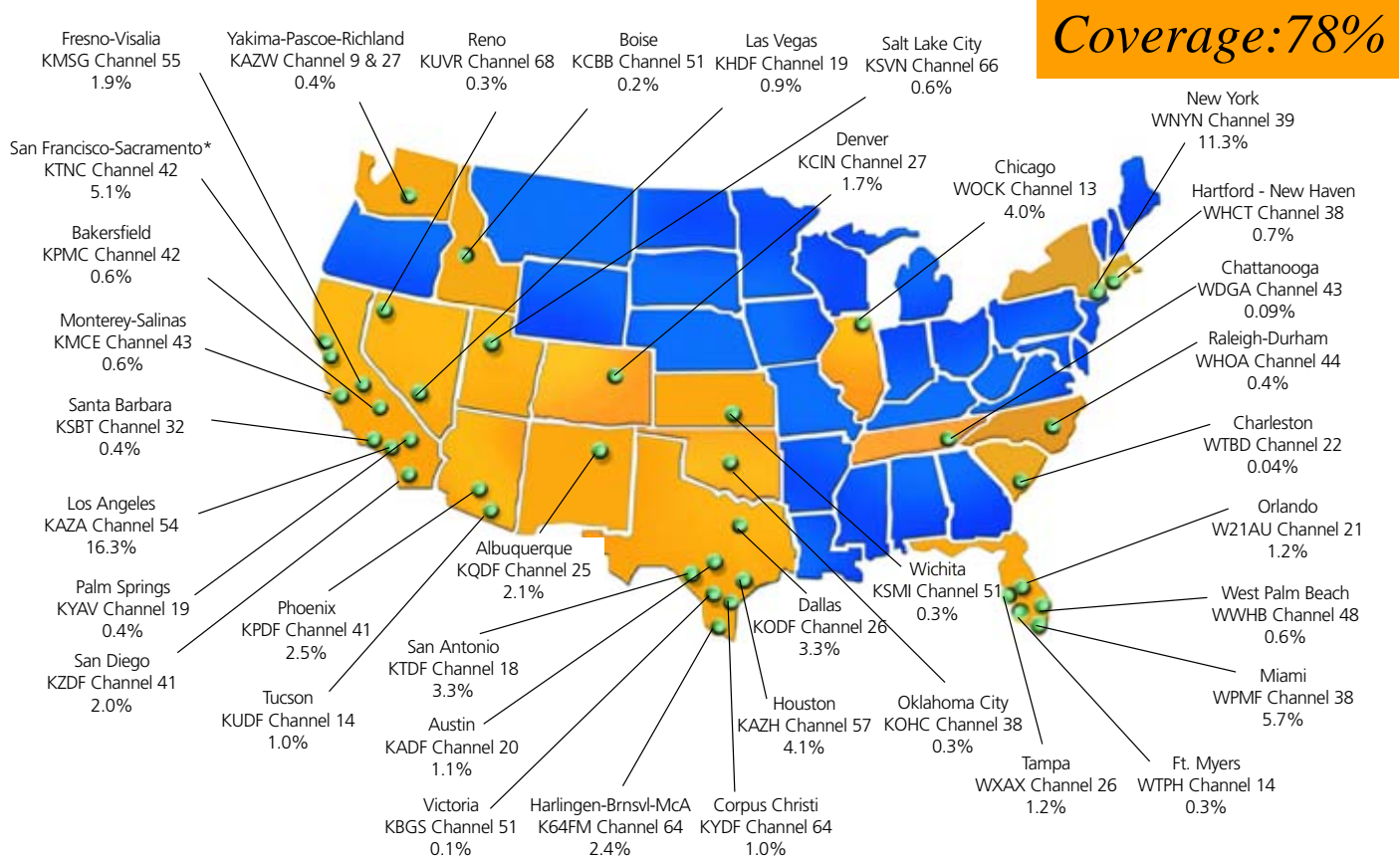
The activities of our affiliates vary greatly. Some are producing weekday local news programs, others are producing only weekly news or variety and entertainment programs. One affiliate is even broadcasting a local Sunday mass. Some groups have a single station, while others have ten.

What is common among all affiliates is a mission to convert our footprint and programming into a growing force in Hispanic television. Our affiliates are the entrepreneurial veterans of Hispanic television that laid the groundwork for some of our more estab-

lished competitors, and they are determined to apply their expertise with Azteca America.

They are competing as local owners serving their communities in the spirit that the FCC intended these television licenses. As a network Azteca America owns no stations, preferring to concentrate on what we know best: produce the best programming, promote it and leverage the content with superior network sales and service.

Our hats off to all of our affiliates that recognized the fantastic growth opportunities of this project from the start. We have come a long way, and there's still work to be done. We look forward to continue breaking new ground together.



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

Our Network Evolving

Luis J. Echarte

President and CEO
Azteca America



A year has passed since our first upfront presentation. And it's time to reflect on the growth throughout the year.

On May of 2003, we stated that quality programming is one of the two major components of a successful network equation. During the past twelve months, we have fine-tuned our shows to make our excellent programming even better.

Since last May, we are producing two exclusive network newscasts; new and exciting boxing and wrestling shows; and featuring a series of Mexican movies never before seen on US television. We have also brought from Mexico dynamic novelas such as 'Dos chicos de cuidado' and 'La Hija del Jardinero', and the third gen-

eration of *La Academia*. Expect more pleasant additions throughout the year. But for more on that, please refer to Jorge Jaidar's update (page 4).

At our first upfront, we said the second leg of our network strategy was distribution, and presented to the advertising community for the first time in our young history a network for advertising purposes: 24 markets representing 60% of US Hispanics. We have since announced markets that include Phoenix, Tucson, Chicago, Denver and Dallas, just to name a few.

Today we are adding to the list five new markets: Hartford, Connecticut; Tampa, Florida; Boise, Idaho; Raleigh-Durham, North Carolina; and Brownsville-McAllen, Texas. We are happy to

present a network that reaches 38 markets where 78% of the US Hispanics live. But we all know that being over-the-air is not enough; our affiliates have worked hard to complement their coverage with pay television, and as a result fifteen of the markets where we operate already complement their reach through cable; and seven are also distributed by Direct TV (please refer to our distribution map on page 8).

For the rest of 2004 we will continue adding more markets to our network, and our goal is to boost clearance to cities where 85% of Hispanics live. Meanwhile, we expect additional news from affiliates on the pay television front. It's all part of our mission to bring the best in Spanish-language television content to the Hispanic market.



Programming Highlights

Jorge Jaidar

COO Azteca America



Next month we'll be launching our first novela ever based on US Hispanic characters. *La Heredera* features Sergio Basañez as a Mexican-American US Air Force pilot with Silvia Navarro. This is one of our strongest acting duos and will surely be a hit.

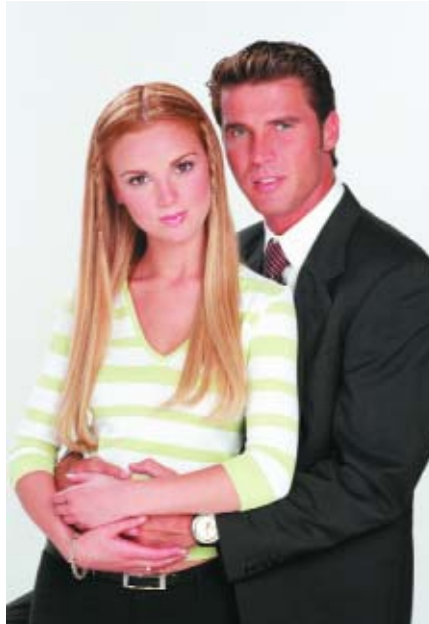
We'll also be launching *Belinda: El Amor Hace Justicia*, an exciting novela that features Hector Bonilla, Leonardo García and Mariana Torres.

This strengthened primetime block will be added to our already powerful weekend sports lineup. As we speak, the Mexican Soccer League is moving into the current season finals and we have the rights to the regular season overall points leader.

Moving beyond soccer, we have *Lucha Libre*, our pro-wrestling season, and will be launching a series of weekly boxing matches of top Latino fighters this summer.

With our newscasts, we have tripled our supply of programming. We now offer our high-impact news program *Calles al Desnudo*, as well as our traditional formats *Noticiero Azteca America* in the evening with Rebeca Sáenz and José Martín Sámano and our nighttime *Noticiero Azteca America: Última Edición* with Armando Guzmán.

In entertainment we are launching this month a series of Mexican movies never before seen on US television. Talented actors such as:



Lina Santos, Luis Gatica, Claudia Vega, Pedro Infante Jr. and Rafael Goiri star in an exciting block. We also have our highly successful program for entertainment news and gossip, *Ventaneando*, with Pati Chapoy.

In terms of reality shows, *La Academia* continues with strong and growing acceptance. This musical reality is now in its third season and is promising to repeat the success of our initial format. A stronger selection of participants than ever was the fruit of castings on both sides of the border.



*The Importance
of Azteca
America for
TV Azteca
Mario San Román
COO TV Azteca*



The first two years of Azteca America have involved numerous negotiations, investments and

projects that were built from the ground up. The support of parent company TV Azteca has been critical for this initial stage.

While there have been many non-believers in this project, and several documented attempts to block our entry into the United States, we are now here and consolidating operations.

Profitability guidelines are strict at TV Azteca. Despite reporting a twenty-fold increase of sales during the first quarter when compared to the same prior year quarter, we are still slightly behind our targets for the year.

Nevertheless, Azteca America is proving itself to be the growth vehicle that we originally envisioned the project to be. Furthermore, we expect some important clearance news by the end of the year. As we continue to grow ratings, sales and coverage, you will see noticeable

improvements at Azteca America in terms of more exclusive programming, increased promotion, better service and more advertising options.

Azteca America's sales area has more than tripled its staff in the past year. And that's no accident. Part of our philosophy at TV Azteca and Grupo Salinas is to make sure we have more resources in areas that are directly generating cash.

Make no mistake, we're here to stay. It has taken us a lot of time, resources and effort to get where we are today. But we're confident that in the long run that our hard work and the contribution of all of our affiliates and clients will pay off. We said from the start that we have what it takes to be in the big leagues of Hispanic television. I think the results are speaking for themselves.



AzA's Second Upfront Carlos de la Garza

President of Sales and Marketing



We've come a long way. Our sales staff is three times today what it was last year, and our Madison Ave. office is bursting at the seams.

This year we have divided our staff into network and national spot teams. We feel that this way we

can better serve the needs of individual clients. We have also diversified geographically and now have sales people in LA, Houston, San Antonio, Chicago and Miami. Investing with us last year was a gamble. We had coverage in 24 cities and no ratings numbers.

Our charter advertisers nevertheless believed in our product and our commitment to keep growing. Thank you for believing in us and for your continued investment going forward.

Today we are bringing the Azteca America signal to 38 cities and have some important ratings stories that are backed by Nielsen NHTI numbers since February.

Based on LA overnights, we are ratings leaders during the last six months with our top soccer games. On a network level, we have doubled our soccer audiences in the

last year, and our pro wrestling show *Lucha Libre* is already ahead of Galavision's pro-wrestling show.

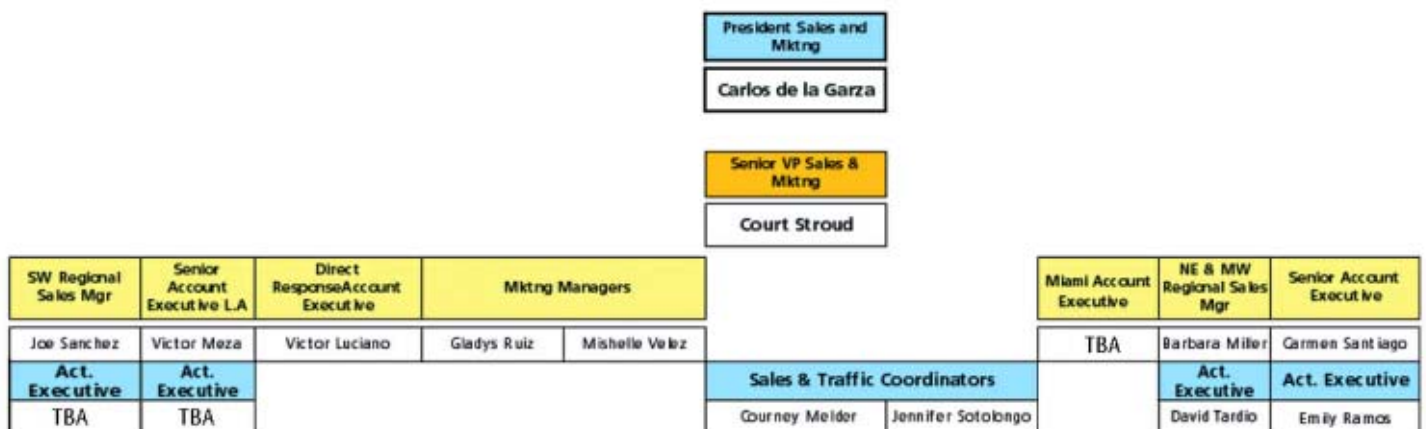
But beyond sports, we have also doubled audiences for our prime time and have audiences that are three to four times higher for our *Noticiero Azteca America* newscast. Perhaps more important than ratings, however, are the innovative products that we can offer clients. In this age of zapping and digital recording, product placement is becoming an increasingly important complement to traditional spot buys.

This year we have done virtual product placements with major consumer products companies and retailers for our novelas, and created a virtual set for a major automaker with our soccer. The opportunities are endless. We hope to be speaking about what our technology can do shortly.

Names & Faces Our Sales Team

We have traditionally reserved this space for photos and bios of people in key areas at Azteca America. However, due to the

explosive growth of our sales team, we are limited to this diagram. Success does have its price.



Catch the excitement! Share the greatest emotions on Azteca America



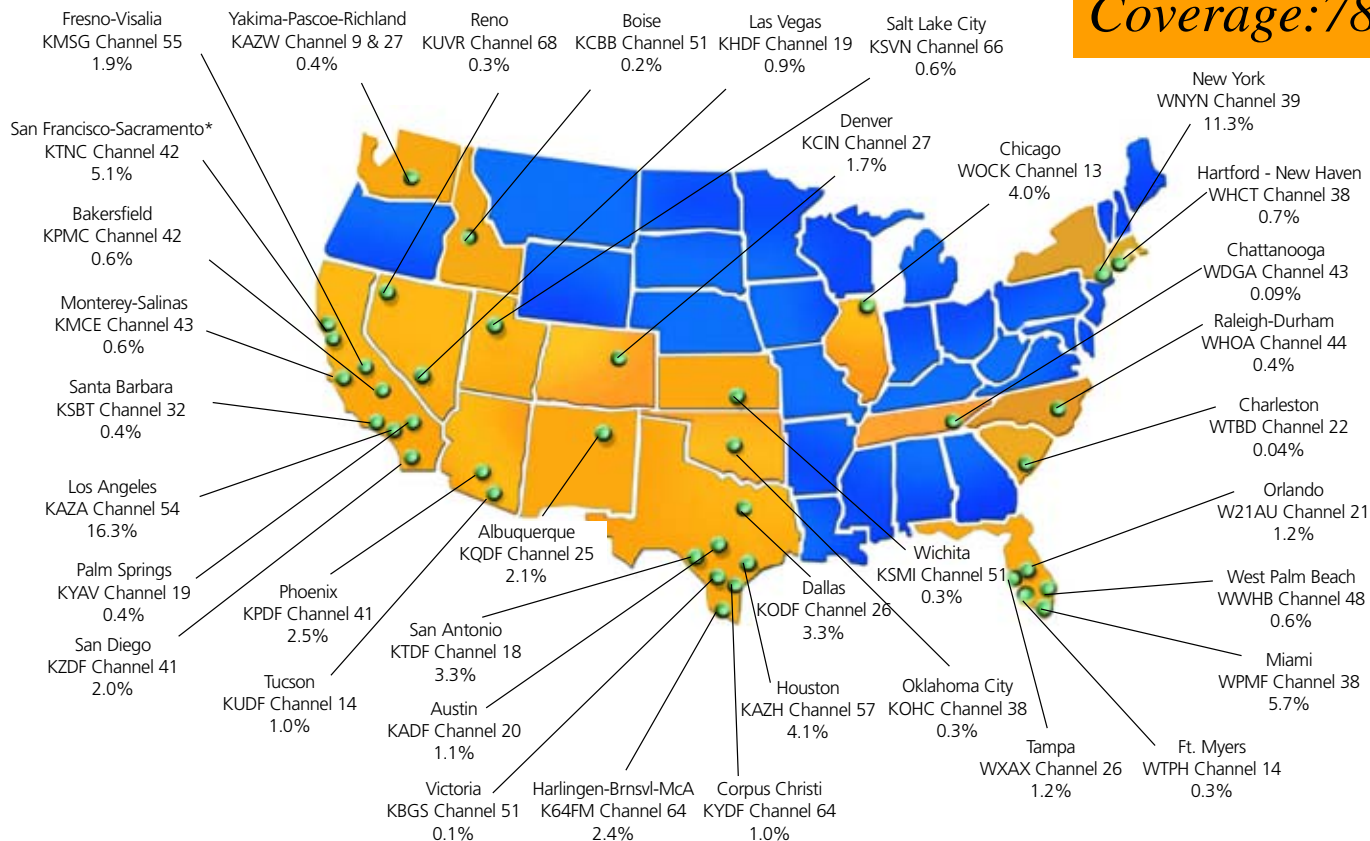
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- **La Academia 3ª generación**
Young performers with amazing voices in a competitive talent contest
-
- **Torneo de Clausura 2004**
Exclusive games on the road to Mexican Soccer League finals
-
- **Ventaneando**
The latest celebrity gossip
-
- **Noticiero Azteca America**
Up-to-the-minute news from America and the world
-
- **Historias de la vida real**
Thrilling true stories
-

Azteca America's exclusive programming
is changing the face of Spanish-language television in the U.S.



The Fastest Growing Hispanic Network in the U.S.

Coverage: 78%



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

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A Grupo Salinas Company

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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.