

The AzA Gazette



The Azteca America Monthly Newsletter for Clients, Friends and Associates

August 2003 • Number 9 • Year 1

Events & Features

- La Academia Alumni Give Signing Tour in San José p. 4
- First Homenaje Pays Tribute to Celia Cruz p. 6

TV Azteca Celebrates its 10th Anniversary

This August TV Azteca celebrates ten years. The story begins in 1993, when a group of investors, led by Ricardo B. Salinas, purchased a television station from the Mexican government for US\$643 million.

The acquisition was a risky move for control of several broadcasting licenses and obsolete broadcasting equipment. And, at the time, television in Mexico was an industry completely monopolized by Televisa.



continued p. 3



Ten Years in a Nutshell

This August our parent company, TV Azteca, celebrates its first ten years of changing the way Spanish-language television is done.

A decade ago Ricardo B. Salinas took a big gamble. Without any previous broadcasting experience, he led a group of investors to win the government auction of a group of broadcasting licenses and some crippled television equipment. Working against an absolute television monopoly, we faced a daunting challenge that would have paralyzed almost anyone... except for the folks at TV Azteca.

TV Azteca has changed the way television is done in Mexico. It's clear that the industry today is more dynamic, competitive, entertaining and impartial. Now the challenge shifts to changing the way television is done in the US Hispanic market.

Two-thirds of the Hispanic population are of Mexican origin. And many of them recognize the TV Azteca logo for the innovation it represents.

This is a good starting point for our team at Azteca America, and it's a great honor to entertain and inform the Hispanic community by bringing a fresh point of view.

In this month's Gazette, we are featuring several network promotional activities, such as the transmission of *Ventaneando* from Caesar's Palace in Las Vegas and an autograph signing of *La Academia* stars in San José. We look forward to more of such activities as we continue to grow.

Today we greet you, and wish to share with you the next ten years of our journey. It will be a decade of shared success in the Hispanic market.

Thank you for accompanying us,
Luis J. Echarte
President and CEO
Azteca America Network

Content

Station Spotlight: Azteca 54• Los Angeles	2
Mexican Soccer Returns	4
Ventaneando Broadcasts from Vegas	5
Yahir Wins the <i>Desafío de Estrellas</i>	5
Names & Faces • Elisa Salinas	6
AzA Coverage / Contacts	8

Station Spotlight: Azteca Channel 54 (KAZA-TV) Los Angeles

Eduardo Urbiola
CEO

With just over a month since TV Azteca assumed managerial control of Pappas Telecasting's KAZA-TV station in Los Angeles, station CEO Eduardo Urbiola already has a detailed roadmap of where he wants to take the station.

"In the very short term we are solidifying our position as one of the top three Hispanic television stations in Los Angeles," said Eduardo. "From there, there's nowhere to go but up."

His strategy is based on the pillars of sales, transmission quality, promotion, and programming.

To expand the advertising base at Azteca 54, one of the first steps will be to grow the sales team. Of an initial team of seven, Eduardo plans to beef up the team to 15, including sales managers Alberto Ezquerro and Guillermo Reynal, who have been tapped from TV Azteca's home office.

Building out local sales teams is nothing new for Eduardo. With initial experience in radio sales, he has been with Azteca for seven years and was responsible for the creation and development of Azteca's Megaplaza

concept, offering combined experience of 15 years in local sales. His Megaplaza concept created a central regional sales area that to date accounts for about half of all of Azteca's local sales in Mexico.



Although Azteca 54 is already a high-power station with full cable coverage, Eduardo says he is nonetheless refining some of the transmission equipment to guarantee an even sharper image quality for his viewers.

Promotion will be mostly centered on print advertising and on-screen promotions. However, Eduardo also plans to tap into Azteca's talent pool of singers, actors and soccer pros to push the station beyond its peers.

Recognizing the importance of sports, Azteca 54 already has a Sunday sports show in the pilot stage and should be on the air within two weeks. Aside from a heavy dose of Mexican soccer, the show will also focus on the Central American leagues, strengthening Azteca America

soccer dominance in programming.

In September, the station should have its local news show, with two daily versions. And following the launch of the newscast *Hechos 54*, Eduardo plans to launch a local entertainment talk show. He describes the formula as a cross between *Ventaneando* and *Con sello de Mujer*.

"The idea is to have programming that is 100% *angelina*, and that really brings artists close to the audience here," said Eduardo.

He says the two things that were immediately apparent upon his arrival in Los Angeles were the enormous opportunity for a market open to new alternatives and the exceptional support that local viewers have for Azteca.

"The expectations are great, and we aim to deliver results," he added.

To date, early ratings information has already been encouraging. In just over a month of operations, he said that average audience viewership has more than doubled.

Great luck to you Eduardo and the entire team at Azteca 54!!! 🌈



continued from p. 1

Ricardo B. Salinas had no previous experience in broadcasting. However, he was true to a vision, standing by his belief that the country needed change, as clients were ready for an alternative and viewers were anxious for a fresh point of view. So, we took a big gamble...and won!

More than one onlooker thought we should have all been interned. However, we went ahead and began local operations in 1994, launching *Hechos*, an impartial and credible newscast. To continue with our consolidation process, we began producing our own television content, and in 1996 we launched Azteca Digital, a state-of-the-art digital production center, and produced our first novela: *Nada Personal*.

The success of our in-house productions surpassed expectations and we went on to produce *Al Norte del Corazón*, *Demasiado Corazón*, *La Chacala* and *Mirada de Mujer*. The latter made television history by breaking stereotypes and bringing to the screen controversial themes never before portrayed in Mexican television. At the same time, we launched our own acting school, *Centro de Formación Actoral* (CEFAC), where such top stars such as Barbara Mori and Silvia Navarro were launched.

At this point, TV Azteca's in-house production expanded to include novelas, newscasts and entertainment shows that had proven to be successful among viewers, and in three years our advertising client portfolio grew from 52 to 290 accounts. In 1997, TV Azteca carried out an Initial Public Offering (IPO) in the *Bolsa Mexicana de Valores* (BMV: TVAZTCA) and listed its American Depositary Receipts (ADRs) on the New York Stock Exchange (NYSE: TZA).

We found that with logic, determination, and guts we could gain a solid position in the market. We improved the choices available for the public and grew across the entire gamut of programming in every day-part and every genre. In the end, competition made everybody a winner, especially Mexican viewers. They now have more information, better quality entertainment and, more importantly, the option to choose.

Of our many advertising innovations, we were the first to guarantee rating points for media campaigns, offering unmatched advertiser flexibility, and instituted a marketing approach to the content production process; moves that caused our competitor to rethink its business practices.

And we never forgot our commitment to Mexican society. In 1997, we created Fundación Azteca, a non-profit organization dedicated to improve social and environmental consciousness, with an emphasis on health, nutrition and education. The organization operates under the premise of providing society with tools for self-improvement rather than charity, and has touched the lives of millions of Mexicans, as well as having piloted several projects for US Hispanics.

TV Azteca's long term project did not end with the consolidation of the network. In 1999 and 2000, we entered the wire-

less communications industry and e-business acquiring 50% of the ownership stake of Unefon and Todito.com, respectively.

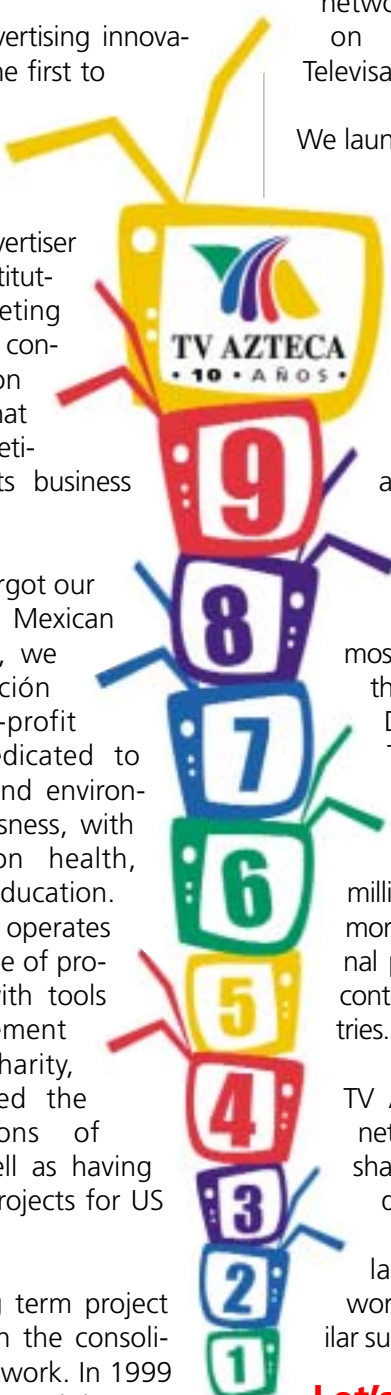
Despite several failed attempts, we had yet to service the country with the fourth largest Hispanic population in the world: the United States. Here we took a risk and decided to enter not only as a content provider, but as a fully-fledged network. Again, we are taking on another Goliath with Televisa's cousin Univision.

We launched Azteca America in July 2001 in Los Angeles. Today, Azteca America covers 63% of the total Hispanic television households, and is the fastest growing network in the United States.

We have a lot to be proud of! We currently have a 40% audience share in Mexico, and a track record of a network that accomplishes challenging goals. Aside from share, we are one of the most efficient TV companies in the world, with an 48% EBITDA or Earning Before Interest, Taxes, Depreciation and Amortization margin over total revenue. Every year we invest around US\$250 million in production resulting in more than 8,000 hours of original programming, exporting our content to more than 90 countries.

TV Azteca has evolved from a network with negligible market share and paltry in-house production, into the second-largest producer of Spanish language television in the world. We look forward to similar successes in our next ten years.

Let's Celebrate!!!! 🎉



La Academia Alumni Give Signing Tour in San José

La Academia fans packed retailer Mervyn's store in East San José to get a glimpse and hopefully an autograph of successful participants in Azteca's reality show *La Academia*.

A signing session began at midday on August 3, and over 2,500 fans attended a gala event that included autographs and distribution of Azteca America promotional material.

Present were Alejandra Ordanza (participant in the second generation), José Antonio de la O (participant in the first generation and the character of Federico in *Enamórate*) and Manuel Mancillas (finalist in the second generation).

We look forward to further similar events throughout the year.

Mexican Soccer Returns!!

The preferred sport of Hispanics is back after a short summer break following the *Liguilla* final tournament.

Last weekend the Mexican Soccer League resumed play. During the month of August there will be a total of 49 matches, of which 20 will be aired by Azteca America, more matches than any other network in the U.S.

The four finalist of last season's

tournament began the first week of play with mixed results. Monarcas Morelia tied with Irapuato (1-1); Monterrey lost to Cruz Azul (0-1); Veracruz tied with the Tecos (1-1); and Universidad de Nuevo Leon beat Chiapas (1-0).

Azteca's own Monarcas Morelia remains our favorite for the season. Although they finished the closing tournament as runners up after falling to the Monterrey Rayados, they still had the best regular season and finished first in points leading into the tournament.

A quick rundown of remaining August matches:

August	Home		Visitor	Hour CST
9	MONARCAS	vs	QUERETARO	5:00 p.m.
10	PACHUCA	vs	TIGRES	12:00 p.m.
10	TECOS	vs	IRAPUATO	4:00 p.m.
10	SANTOS	vs	NECAXA	4:00 p.m.
16	CRUZ AZUL	vs	ATLAS	5:00 p.m.
17	TECOS	vs	MONTERREY	12:00 p.m.
17	IRAPUATO	vs	QUERETARO	2:00 p.m.
17	VERACRUZ	vs	AMERICA	4:00 p.m.
23	MONARCAS	vs	TOLUCA	5:00 p.m.
24	PACHUCA	vs	CHIVAS	12:00 p.m.
24	QUERETARO	vs	TIGRES	2:00 p.m.
24	SANTOS	vs	PUMAS	4:00 p.m.
30	VERACRUZ	vs	SAN LUIS	5:00 p.m.
30	CRUZ AZUL	vs	SANTOS	5:00 p.m.
31	IRAPUATO	vs	TIGRES	2:00 p.m.
31	TECOS	vs	ATLAS	4:00 p.m.



Manuel



Alejandra



José Antonio

Ventaneando Storms Caesar's Palace in Vegas



Ventaneando, TV Azteca's premier entertainment gossip show, proved that its attraction translates well beyond the Rio Grande as it transmitted live from Caesar's Palace on July 9, 10 and 11.

The show's cast, including Pati Chapoy, Mónica Garza, Aurora Valle and Daniel Bisogno were all present in a week that including a special recognition by Las Vegas Mayor Oscar Goodman, who declared July 9, 10, and 11 as official *Ventaneando* Days in Las Vegas. The cast of *Ventaneando* was also presented an award by the *Comité Patriótico Mexicano* for its achievements in the entertainment industry.

Programming highlights included an exclusive interview with Celine Dion, who headlines the shows at Caesar's newly constructed Coliseum, as well as news scoops on upcoming concert dates at the Coliseum for Gloria Estefan and Alejandro Fernández.

Special thanks to everyone at KHDF TV channel 19 for helping make this event a reality.

Don't miss *Ventaneando* weekdays at 6 PM PST and CST, and 7 PM EST.

Yahir Shines Brightest in Desafío de Estrellas

Following months of weekly singing competitions, Yahir Othón Parra (Yahir) was crowned king of TV Azteca's musical showdown *Desafío de Estrellas*. Monterrey's *Parque Fundidora* was home to the winner-take-all five-singer final with a crowd of over 15,000 in attendance. In the end, Yahir walked away with \$600,000 in cash, a fully-furnished house, a VW Sharan van, and 30 nights of free hospitality in the Quinta Real hotels of his choice.

The *Desafío* victory was the latest gem in the crown of Yahir, who was a contracted singer in a hotel in Tijuana before participating in TV Azteca's starmaker reality show *La Academia*. He finished as runner up, but a resulting record contract pushed his *Alucinado* album to platinum sales, and also helped him clinch the leading role in Azteca's hit novela *Enamórate*.

Second and third-place finishers of *Desafío de Estrellas* were Nadia and Myriam, respectively. Myriam's third place finish was a disappointment for many of her hometown Monterrey fans, since she finished in first place in the final of the first generation of *La Academia*. Fourth and fifth place finishes went to Estrella and Erika, respectively.

All 30 original *La Academia* contestants will be eligible through a weekly drawing to participate in a

Sunday concert series *Homenaje*. The musical show will honor an established artist or composer each week by featuring his or her most favored song list performed by ten lucky former *La Academia* contestants. Celia Cruz was the honored artist on Sunday following her death.

Watch *Homenaje* every Sunday on Azteca America at 7PM PST and CST, and 8 PM EST. 🌈



Names & Faces *General Director of Azteca America in Los Angeles*

Elisa Salinas

As general director of Azteca America in Los Angeles, Elisa will be putting a long history of programming success behind the network.

Ms. Salinas, mother of four children, was formerly the general director of TV Azteca's novela factory Azteca Novelas –formerly Azteca Digital.

She brings a long history of programming success, having produced such hits as: *Señora*, *El Candidato*, *Con toda el Alma*, *Al Norte del Corazón*, *La Chacala*, *Rivales por Accidente*, *Como en el cine*, and *Enamórate*.

Her responsibilities for the network will include both production and promotion, and will also play a key role in the local production of Los Angeles station KAZA Channel 54.

Prior to joining TV Azteca nine years ago as vice president of novelas, Ms. Salinas launched several successful fashion ventures in the United States and Mexico, including a 30-store chain of footwear, and later an haute couture boutique on New York's Madison Avenue.



First Homenaje Pays Tribute to Celia Cruz

Cuban-born singing legend Celia Cruz received a well-deserved tribute during Azteca's first Homenaje concert on July 20.

The follow-up series to *Desafío de Estrellas*, which features the most outstanding *La Academia* musical reality show participants, is another example of how Azteca America benefits from the unprecedented success of this young musical talent sensation.

Homenaje features tributes to a different artist or composer every Sunday, and has also included Mexican composer Manuel

Alejandro, Juan Gabriel, and Spanish superstars Camilo Sesto, Miguel Bosé and Alejandro Sanz.

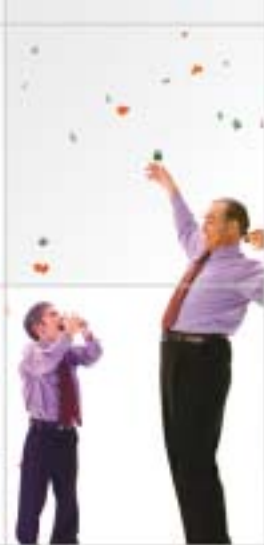
Participants for *Homenaje* are selected in a drawing held every Monday on the morning variety show *Cada Mañana*, where ten

entertainers are selected along with respective song lists. The winner of each *Homenaje* program is determined through audience voting and awarded US\$10,000 in prize money.

Watch *Homenaje* every Sunday at 7PM PST and CST, 8 PM EST.



•10• AÑOS DE JUVENTUD•



TV AZTECA
• 10 • AÑOS •



•10• AÑOS DE EXPERIENCIA•

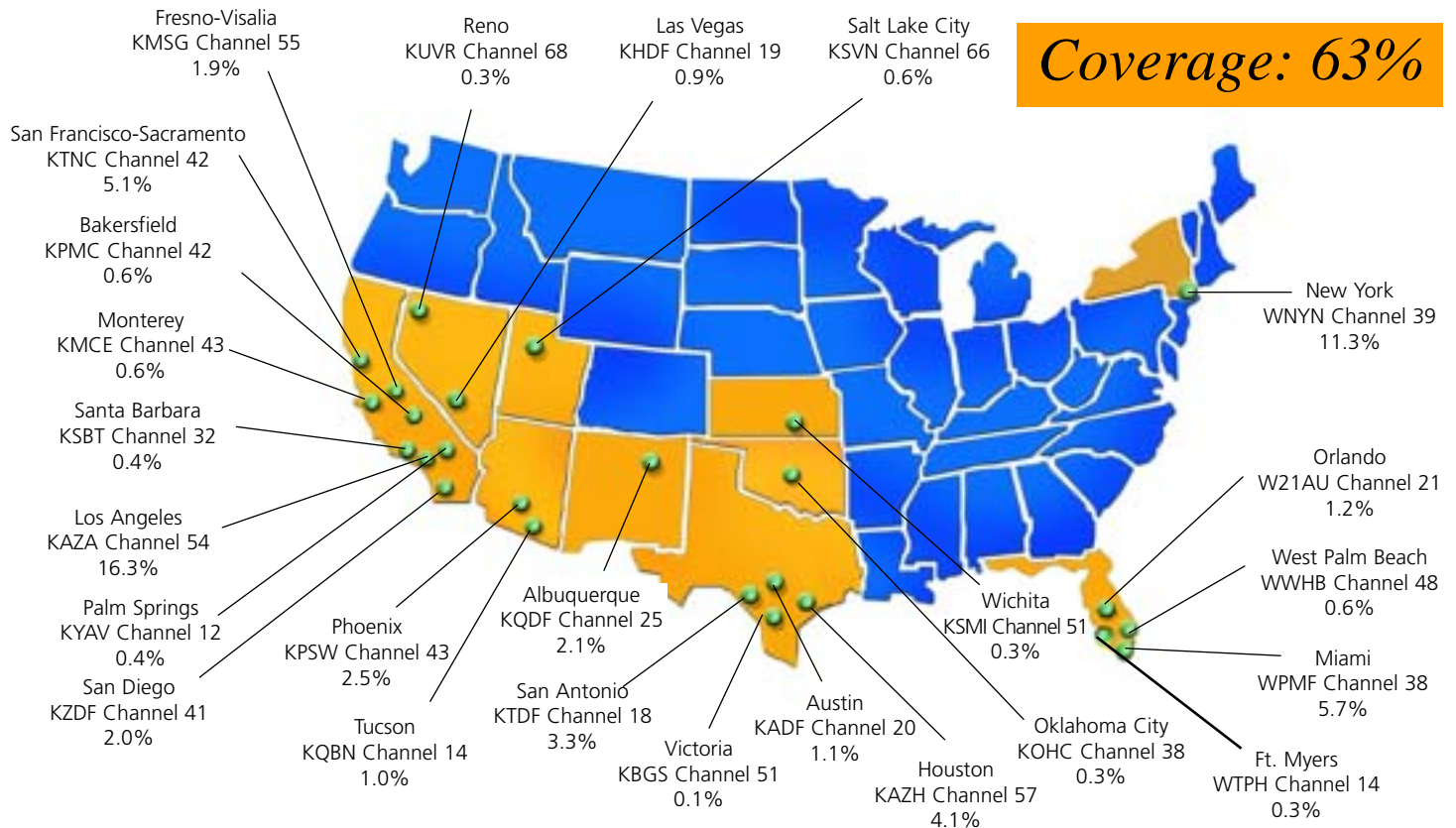


•10• AÑOS DE ESTAR CONTIGO•

¡GRACIAS!



The Fastest Growing Hispanic Network in the U.S.



* 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.