GRUPO RADIO CENTRO SAB DE CV
Form 20-F
June 21, 2011

As filed with the Securities and Exchange Commission on June 21, 2011

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 20-F

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

for the fiscal year ended December 31, 2010
Commission File Number: 1-12090

Grupo Radio Centro, S.A.B. de C.V.
(Exact name of Registrant as specified in its charter)
Radio Center Group
(Translation of Registrant's name into English)
United Mexican States
(Jurisdiction of incorporation or organization)

Constituyentes 1154 (7° Piso)
Col. Lomas Altas
C.P. 11950, México, D.F., México
(Address of principal executive offices)

Alfredo Azpeitia Mera
Constituyentes 1154 (7° Piso)
Col. Lomas Altas
C.P. 11950, México, D.F., México
aazpeitia@grc.com.mx
(5255) 5728 48 00
(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
Series A Shares, without par value ("Series A Shares")	New York Stock Exchange*
Ordinary Participation Certificates ("CPOs"), each CPO representing one Series A Share	New York Stock Exchange*
American Depositary Shares ("ADSs"), each representing nine CPOs	New York Stock Exchange

*Not for trading, but only in connection with the registration of American Depositary Shares, pursuant to the requirements of the Securities and Exchange Commission.

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

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 162,724,561 Series A Shares

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

Indicate by check mark whether the registrant (1) has filed all reports required to be file 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. x Yes ¨ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, 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). N/A

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 x

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 ¨ Other x

Indicate by check mark which financial statement item the registrant has elected to follow: ¨ Item 17 x 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 x No

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INTRODUCTION

Grupo Radio Centro, S.A.B. de C.V. is a corporation organized under the laws of the United Mexican States. As used in this Annual Report and except as the context otherwise requires, the terms "Grupo Radio Centro" and the "Company" refer to Grupo Radio Centro, S.A.B. de C.V. and its consolidated subsidiaries.

PRESENTATION OF FINANCIAL INFORMATION

The Company publishes its financial statements in Mexican pesos. Our financial statements have been prepared in accordance with the Mexican Financial Reporting Standards, or MFRS, issued by the Consejo Mexicano para la Investigación y Desarrollo de Normas de Información Financiera (Mexican Board for Research and Development of Financial Information Standards).

Through the end of 2007, MFRS required us to recognize certain effects of inflation in our financial statements by restating financial statements from prior periods in constant pesos as of the end of the most recent period presented. Due to a change in MFRS effective January 1, 2008, we are no longer required to recognize the effects of inflation in our financial statements, unless the economic environment in which we operate qualifies as "inflationary." The Mexican economy did not qualify as inflationary in 2008, 2009 or 2010. As a result, we are presenting our 2008, 2009 and 2010 financial statements without inflation accounting. We have not restated financial statements for prior periods; therefore, financial information for dates and periods prior to 2008 continue to be expressed in constant pesos as of December 31, 2007.

This Annual Report contains translations of certain peso amounts into U.S. dollars at specified rates solely for the convenience of the reader. These translations should not be construed as representations that the peso amounts actually represent such U.S. dollar amounts or could be converted into U.S. dollars at the rate indicated. Unless otherwise indicated, such U.S. dollar amounts have been translated from pesos at an exchange rate of Ps. 12.3825 to U.S.$ 1.00, the exchange rate for pesos on December 31, 2010, as published by the U.S. Federal Reserve Board. On June 3, 2011, the exchange rate for pesos was Ps. 11.6585 to U.S.$ 1.00. See Item 3, "Key Information—Exchange Rate Information," for information regarding exchange rates since January 1, 2006.

In this Annual Report, references to "pesos" or "Ps." are to the lawful currency of Mexico. References herein to "U.S. dollars" or "U.S.$" are to United States dollars.

FORWARD-LOOKING STATEMENTS

This Annual Report contains words such as "believe," "expect," "anticipate" and similar expressions that identify forward-looking statements that reflect the Company's views about future events and financial performance. Actual results could differ materially from those projected in such forward-looking statements as a result of various factors that may be beyond the Company's control. These factors, some of which are discussed in Item 3, "Key Information—Risk Factors," include projections of operating revenues, net income, net income per share, capital expenditures, indebtedness levels, dividends, capital structure or other financial items or ratios; statements about our future financial performance or the economic performance of Mexico or other countries; effects on the Company from competition with its broadcasting operations; material changes in the performance or popularity of key radio stations or broadcast programs; the loss of one or more key customers or a reduction in the advertising expenditures of key customers; a change in the seasonality of the Company's business; the ability of the Company to make additional investments in radio operations or renew its broadcasting licenses; significant developments in the Mexican economic or political situation; changes in the Company's regulatory environment or fluctuations in inflation rates or exchange rates. Accordingly, readers are cautioned not to place undue reliance on these forward-looking statements. In any event, these statements speak only as of their dates, and the Company undertakes no obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

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 table presents selected consolidated financial information of the Company and its subsidiaries for each of the periods indicated. This information, to the extent applicable, should be read in conjunction with, and is qualified in its entirety by reference to, our audited consolidated financial statements as of December 31, 2010 and 2009 and for the years ended December 31, 2010, 2009 and 2008 (the "Consolidated Financial Statements"), including the notes thereto, included elsewhere in this Annual Report. Grupo Radio Centro's financial statements are prepared in accordance with MFRS, which differ in certain respects from generally accepted accounting principles in the United States, or U.S. GAAP. Note 23 to the Consolidated Financial Statements provides a description of the principal differences between MFRS and U.S. GAAP as they relate to Grupo Radio Centro, including differences related to certain cash flow information and a reconciliation to U.S. GAAP of operating income, net income and shareholders' equity.

For dates and periods prior to 2008, Grupo Radio Centro's financial statements were prepared giving effect to Bulletin B-10, Recognition of the Effects of Inflation, and Bulletin B-12, Statements of Changes in Financial Position, under MFRS. Beginning on January 1, 2008, in accordance with the adoption of MFRS B-10, we ceased to recognize the effects of inflation on our financial information. As a result, we have not applied the effects of inflation accounting to our financial information in 2008, 2009 and 2010. In our financial information for 2008, 2009 and 2010, inflation adjustments for prior periods have not been removed from shareholders' equity and the re-expressed amounts for non-monetary assets and liabilities at December 31, 2007 became the accounting basis for those assets and liabilities beginning on January 1, 2008 and for subsequent periods, as required by MFRS. For dates and periods prior to 2008, the selected consolidated financial information set forth below, and data in the related Consolidated Financial Statements, have been restated in constant pesos as of December 31, 2007. See Item 5, "Operating and Financial Review and Prospects—Changes in Inflation Accounting."

Due to the adoption of MFRS B-10, effective January 1, 2008, inflation accounting methods do not apply unless the economic environment in which the Company operates is "inflationary" for purposes of MFRS. An environment is considered inflationary if the cumulative inflation rate equals or exceeds an aggregate of 26% over the three preceding years. Because of the relatively low level of Mexican inflation in recent years, the cumulative inflation rate in Mexico over the three-year period preceding December 31, 2008 does not qualify the Mexican economic environment as inflationary. As a result, we have not applied the effects of inflation accounting to our financial information in 2008, 2009 and 2010. See Item 5, "Operating and Financial Review and Prospects—Changes in Inflation Accounting."

	Year Ended December 31,					
	2010(1)	2010	2009	2008	2007	2006
	(in thousands, except per ADS data)					
Operating Data:						
MFRS:						
Broadcasting revenue	U.S.$ 73,323	Ps. 907,925	Ps. 785,869	Ps. 735,105	Ps. 654,760	Ps. 825,590
Broadcasting expenses(2)	55,571	688,113	595,011	452,350	421,970	460,072
Broadcasting income	17,752	219,812	190,858	282,755	232,790	365,518
Depreciation and amortization	1,927	23,861	26,024	31,720	33,687	37,183
Corporate, general and administrative expenses	1,206	14,939	14,939	14,461	14,774	14,813
Operating income	14,619	181,012	149,895	236,574	184,329	313,522
Comprehensive cost of financing	2,109	26,116	40,615	7,678	5,850	39,842
Other expenses, net	3,433	42,508	66,495	56,880	45,806	59,511
Extraordinary item(3)	-	-	-	-	-	263,523
Net income (4)	4,879	60,410	4,443	126,765	91,119	434,748
Non-controlling interest	1	8	(53,943)	45	21	63
Net income per ADS(4) (5)	0.27	3.34	0.25	7.01	5.04	24.08
Common shares outstanding(5)	162,725	162,725	162,725	162,725	162,725	162,500
U.S. GAAP:						
Broadcasting revenue	U.S.$ 73,323	Ps. 907,925	Ps. 785,869	Ps. 735,105	Ps. 654,760	Ps. 825,590
Operating income (3)	11,186	138,504	83,400	179,694	138,523	517,534
Net income (4)	4,866	60,253	4,443	126,720	91,098	434,685
Net income per ADS(4) (5)	0.27	3.33	3.23	7.01	5.04	24.08
Dividends per ADS(5) (6)	0.45	5.53	5.53	5.53	5.53	4.01
Balance Sheet Data:						
MFRS:						
Working capital	U.S.$ 14,093	174,502	Ps. 246,967	Ps. 212,776	Ps. 170,056	Ps. 133,545
Property and equipment, net	35,251	436,499	459,941	465,034	461,555	481,220
Excess cost over fair value of assets of subsidiaries	66,938	828,863	828,863	828,863	828,863	828,734

Total assets	142,487	1,764,350	1,926,955	1,743,638	1,700,445	1,722,173
Long-term debt excluding current portion	7,268	90,000	130,000	-	-	-
Total debt(7)	10,499	130,000	170,000	-	-	-
Shareholders' equity(8)	104,224	1,290,552	1,356,479	1,432,790	1,406,025	1,387,446
U.S. GAAP:						
Total assets	U.S.$ 141,654	Ps 1,754,036	Ps. 1,916,790	1,801,377	1,779,008	1,763,734
Shareholders' equity (8)	103,366	1,279,924	1,380,103	1,422,404	1,396,585	1,378,019

(1) Peso amounts have been translated into U.S. dollars solely for the convenience of the reader at the rate of Ps. 12.3825 per U.S. dollar, the exchange rate for pesos on December 31, 2010, as published by the U.S. Federal Reserve Board. See "—Exchange Rate Information."
(2) Excludes depreciation, amortization and corporate, general and administrative expenses.
(3) The extraordinary item recorded in 2006 reflects the reversal in June 2006 of a provision for the contingent liability related to an arbitration proceeding. See Item 5, "Operating and Financial Review and Prospects—Loss Contingency" and Item 8, "Financial Information—Other Financial Information—Legal and Arbitration Proceedings."
(4) In accordance with then-applicable MFRS, net income for dates and periods prior to 2008 does not give effect to minority interest. Net income under U.S. GAAP and, for dates and periods beginning in 2008 under MFRS, does give effect to minority interest. See Note 23 to the Consolidated Financial Statements.
(5) Amounts shown are the weighted average number of Series A Shares outstanding, which was used for purposes of computing net income per ADS under both MFRS and U.S. GAAP and dividends per ADS under U.S. GAAP.
(6) The Company declares dividends in any given year for the immediately preceding fiscal year. In 2010, the Company paid dividends in the aggregate amount of Ps. 100 million with respect to 2009. In 2009, the Company paid dividends in the aggregate amount of Ps. 100 million with respect to 2008. In 2008, the Company paid dividends in the aggregate amount of Ps. 100 million with respect to 2007. In 2007, the Company paid dividends in the aggregate amount of Ps. 71.9 million with respect to 2006. No dividends have been declared for 2010.
(7) Total debt consists of bank debt. See Item 5, "Operating and Financial Review and Prospects—Liquidity and Capital Resources—Indebtedness."
(8) In 2006, the Company reduced its capital by Ps. 128.5 million (Ps. 120 million nominal amount) through cash payments to its shareholders equal to that amount.

EXCHANGE RATE INFORMATION

Mexico has a free market for foreign exchange, and the Mexican government allows 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 appreciate or depreciate significantly in the future.

The following table sets forth, for the periods indicated, the high, low, average and period-end exchange rate for the purchase of U.S. dollars, expressed in pesos per U.S. dollar.

Period	Exchange Rate(1)			
Year Ended December 31,	High	Low	Average(2)	Period End
2006	11.46	10.43	10.90	10.80
2007	11.27	10.67	10.93	10.92
2008	13.94	9.92	11.21	13.83
2009	15.41	12.63	13.58	13.06
2010	13.19	12.16	12.63	12.38
Month Ended 2010:				
December 31	12.47	12.33	12.39	12.38
Month Ended 2011:				
January 31	12.25	12.04		
February 28	12.18	11.97		
March 31	12.11	11.92		
April 30	11.86	11.52		
May 31	11.77	11.50		

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(1) Sources: Federal Reserve Bank of New York and the U.S. Federal Reserve Board.
(2) Average of month-end rates.

On June 3, 2011, the exchange rate was Ps. 11.6585 to U.S.$ 1.00.

Fluctuations in the exchange rate between the peso and the U.S. dollar will affect the U.S. dollar equivalent of the peso price of Series A Shares on the Bolsa Mexicana de Valores, S.A. de C.V. (the Mexican Stock Exchange) and the price of American Depositary Shares, or “ADSs”, on the New York Stock Exchange (“NYSE”). The Company pays cash dividends in pesos, and exchange rate fluctuations will affect the U.S. dollar amounts received by holders of ADSs upon conversion by Citibank N.A., as depositary for the ADSs (the “Depositary”), of cash dividends on the Series A Shares underlying the certificados de participación ordinaria (ordinary participation certificates, or “CPOs”) represented by the ADSs.

RISK FACTORS

Risks Relating to Our Operations

We may be unsuccessful in addressing the challenges and risks presented by our investment in the United States

In April 2009, we began to provide programming to, and sell advertising time on, KXOS-FM, a radio station broadcasting in Los Angeles, California that is owned by Emmis Communications Corporation. Our investment in the United States involves risks to which we have not previously been exposed and presents different or greater risks, including from competition and regulation, than those present in Mexico. Our potential for success should be considered in light of the expenses, complications and delays frequently encountered in connection with a new business. In 2010, our U.S. operations generated an operating loss of Ps. 106.8 million. We cannot predict whether or when our operations in the United States will become profitable.

In light of operating losses in our operations in the United States, we may not have sufficient sources of cash to meet our working capital needs

Although cash flow from operations historically has been sufficient to cover our working capital needs, our investment in April 2009 in a Los Angeles radio station has resulted in increased working capital needs. On June 1, 2010, we borrowed Ps. 30 million under the revolving tranche of our credit facility to meet working capital needs, which we repaid on November 9, 2010. We may need to borrow again under this facility in the future. We have borrowing capacity of Ps. 60 million under our credit facility, but our ability to borrow under that facility is subject to compliance with covenants or our ability to obtain a waiver of non-compliance with those covenants. There can be no assurances that we will be able to meet our working capital needs, or, if we are in non-compliance with our debt covenants, that we will be able to borrow further amounts under the credit facility. Such events would have a material adverse effect on our financial condition and results of operations.

Increased competition or a decline in popularity of any of our radio formats could reduce our audience share and result in a loss of revenue

Radio broadcasting is highly competitive, and programming popularity, an important factor in advertising sales, is readily susceptible to change. There can be no assurance that increased competition within, or a decline in the popularity of, a given format will not decrease our aggregate audience share in the future. In addition, we face strong competition for advertising revenues from both television and various print media. If we are unable to respond to an increase in competition or a decline in the popularity of any of our radio formats, our revenue and profitability could suffer material adverse consequences.

In the past, we have not complied with a financial covenant under our credit facility

We have entered into a credit facility for a secured peso-denominated loan having an outstanding aggregate principal amount of Ps. 110 million as of the date hereof. This amount is guaranteed by several of our subsidiaries and secured by a first priority lien on substantially all of our property, including our corporate headquarters but excluding any equipment used for broadcasting.

The credit facility contains covenants requiring us to maintain certain financial ratios and comply with other financial conditions that, among other things, limit our ability to incur additional indebtedness, pay dividends, pledge assets and enter into transactions with affiliates. We were not in compliance with the fixed charges coverage ratio for the first and second quarters of 2010 and obtained waivers from the lender of this non-compliance for each quarter. Since then, we have been in compliance with our financial covenants. If we fail to comply with any covenant under the credit facility in the future, there can be no assurance that we will be able to obtain waivers or that the lender will not accelerate amounts due under the credit facility. If we are unable to repay amounts due under the credit facility, the lender could proceed against the collateral securing our indebtedness. Such events would have a material adverse effect on our business, financial condition and results of operations.

If we lose one or more of our key customers in Mexico, we could lose a significant amount of our revenue

Our two largest individual customers in 2010 were Wal Mart de México, S.A.B. de C.V. (“Wal Mart”) and Organización Soriana, S.A.B. de C.V. Soriana (“Tiendas Soriana”). In 2008 and 2009, our two largest customers were Wal Mart and Tiendas Comercial Mexicana, S.A.B. de C.V. (“Comercial Mexicana”). In 2010, Wal Mart represented 10.4% and Tiendas Soriana represented 3.4% of our total broadcasting revenue, excluding revenue from our operations in the United States. In 2009, Wal Mart represented 7.0% and Comercial Mexicana represented 4.0% of our total broadcasting revenue, excluding revenue from our operations in the United States. In 2008, Wal Mart represented 6.6% and Comercial Mexicana represented 3.7% of our total broadcasting revenue. The companies comprising Grupo Carso are also key customers, representing 5.2% of our total broadcasting revenue in 2010 and 6.4% in 2009, excluding revenue from our operations in the United States. We cannot assure you our key customers will continue to purchase advertising from us at current levels or at all. The loss of our relationship with any one of our principal customers could have a material adverse effect on our results of operations.

The seasonal nature of our business affects our revenue

Our business is seasonal. Our revenue from advertising sales, which we recognize when the advertising is aired, is generally highest in the fourth quarter because of the high level of advertising during the holiday season. Accordingly, our results of operations depend disproportionately on revenue recognized in the fourth quarter, and a low level of fourth quarter advertising revenue could have a material adverse effect on our results of operations for the year.

The Mexican Federal Competition Commission may prohibit us from making additional investments in radio operations in Mexico

We, like all Mexican radio licensees, are subject to regulation by several Mexican governmental agencies. As a result of such regulation, radio licenses are subject to review and possible revocation, and licensees are prohibited from transferring or assigning their radio broadcasting licenses without prior governmental approval of both the transfer and its terms. As a result of the increase in our share of the Mexico City radio market following the acquisition of Radiodifusión RED, S.A. in 1996, we are required by the Mexican Comisión Federal de Competencia (Federal Competition Commission) to seek its prior approval in connection with any future investments in radio operations in Mexico, including, without limitation, purchases and leases of radio stations, interests in other radio concerns or transmission sites, irrespective of the size of such investments or their related audience share. To the best of our knowledge, other Mexican radio broadcasting companies are not generally subject to this requirement. No assurance can be given that we will be permitted by the Federal Competition Commission to make any particular investment should we desire to do so.

If the Mexican government does not renew our broadcasting licenses, our business could be harmed

To broadcast commercial radio in Mexico, a broadcaster must have a license from the Secretaría de Comunicaciones y Transportes (Secretary of Communication and Transportation, or “SCT”). Because the SCT generally grants renewals to licensees that have substantially complied with applicable law, we expect that our future renewal applications will be granted. However, if we were unable to renew these licenses in the future, our business could be significantly harmed.

Adverse global economic conditions and, in particular, the slowdown of the U.S. and Mexican economies, may affect our client base and could have a negative impact on our business and results of operations

Our business is influenced by general economic conditions worldwide and in Mexico. The risks associated with our business become more acute in periods of a slowing economy or recession, which may be accompanied by a decrease in advertising. A decline in the level of business activity of our advertisers could have an adverse effect on our revenue and profit margins. In response to negative market conditions, customers may choose to make fewer advertising expenditures, to slow their spending on or cancel our services or to seek contract terms more favorable to them. Adverse economic conditions may also lead to an increase in the number of our customers that are unable to pay for services. If these events were to occur, it could have a material adverse effect on our business and results of operations.

If we are required by the Mexican courts to pay a pending arbitration award, it may have a material adverse effect on our financial condition

We are party to legal proceedings in Mexico relating to an arbitration award granted in 2004 against us in favor of Infored, S.A. de C.V. and Mr. José Gutiérrez Vivó. If we are ultimately unsuccessful in challenging the enforcement of the arbitration award, we will be required to finance all or part of the amount due. Our ability to obtain financing is subject to various factors, including general market conditions, our financial condition and results of operations and the fact that we have pledged substantially all of our assets under outstanding indebtedness. Accordingly, we may not be able to obtain financing in a timely manner, or on acceptable terms, or at all. If we incur additional indebtedness or we are unable to obtain financing when needed, our financial condition may be materially and adversely affected.

Risks Relating to Our Principal Shareholders and Capital Structure

Holders of ADSs are not entitled to attend shareholders meetings and have no voting rights

Holders of the CPOs, and therefore holders of the ADSs, have no voting rights with respect to the underlying Series A Shares. Pursuant to the trust agreement under which the CPOs are issued, the trustee for the CPOs will vote the Series A Shares held in the trust in the same manner as the majority of the Series A Shares that are not held in the trust and that are voted at the relevant shareholders meeting. Holders of the CPOs are not entitled to attend or to address our shareholders meetings.

Certain members of the Aguirre family effectively control our management and the decisions of the shareholders, and their interests may differ from those of other shareholders

Certain members of the Aguirre family have the power to elect a majority of our directors and control our management because they own a substantial majority of the outstanding Series A Shares not held in the form of CPOs. These Aguirre family members have established a Mexican trust, which they control, that holds 51.6%, of the outstanding Series A Shares as of June 6, 2011.

Our bylaws include provisions that could delay or prevent a takeover and, thus, deprive you of a premium over the market price of the ADSs or otherwise adversely affect the market price of the ADSs

Our bylaws include certain provisions that could delay, defer or prevent a third party from acquiring us, despite the possible benefit to our shareholders. These provisions include restrictions on the acquisition, without the approval of the board of directors, of our shares or other securities representing 30% or more of our capital stock and restrictions on agreements and other arrangements, without the approval of the board of directors, for the exercise of voting rights in respect of shares representing 30% or more of our capital stock. These provisions may deprive you of a premium over the market price of the ADSs or otherwise adversely affect the market price of the ADSs.

Future sales of Series A Shares by the controlling shareholders may affect future market prices of the Series A Shares, CPOs and ADSs

Actions by members of the Aguirre family, directly or through the Mexican trust through which they hold most of their Series A Shares, with respect to the disposition of their Series A Shares, may adversely affect the trading price of the Series A Shares or the CPOs on the Mexican Stock Exchange and the price of the ADSs on the NYSE. There are no contractual restrictions on the rights of members of the Aguirre family to sell ADSs, CPOs or Series A Shares, other than those contained in our U.S.$ 21 million credit facility, which requires the Aguirre family to maintain 51% of our capital stock.

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You may not be able to participate in any future preemptive rights offering and, as a result, your equity interest in the Company may be diluted

Under current Mexican law, if we issue new shares for cash as a part of a capital increase, we generally must grant our shareholders the right to purchase a sufficient number of shares to maintain their existing ownership percentage. Rights to purchase shares in these circumstances are known as preemptive rights. We may not be legally permitted to allow holders of ADSs in the United States to exercise any preemptive rights in any future capital increases unless (i) we file a registration statement with the U.S. Securities and Exchange Commission ("SEC") with respect to that future issuance of shares or (ii) the offering qualifies for an exemption from the registration requirements of the U.S. Securities Act of 1933. At the time of any future capital increase, we will evaluate the costs and potential liabilities associated with filing a registration statement with the SEC, the benefits of preemptive rights to holders of ADSs in the United States and any other factors that we consider important in determining whether to file a registration statement.

We cannot assure you that we will file a registration statement with the SEC to allow holders of ADSs in the United States to participate in a preemptive rights offering. Furthermore, under current Mexican law, sales by the Depositary of preemptive rights and distribution of the proceeds from such sales to ADS holders are not possible. As a result, the equity interest of ADS holders would be diluted proportionately. In addition, preemptive rights will not arise under current Mexican law upon the sale of newly issued shares in a public offering or the resale of shares of capital stock previously repurchased by us.

Risks Relating to Mexico

Economic developments in Mexico may adversely affect our business

Our financial condition and results of operations are generally affected by the strength of the Mexican economy, as the demand for advertising, from which we derive revenue constituting the principal source of our earnings, generally declines during periods of economic difficulty.

In 2010, Mexico's gross domestic product, or GDP, grew by 5.5% and inflation was 4.4%. In 2009, Mexico's GDP fell by 6.1% and inflation was 3.6%. The Mexican economy is experiencing an upturn. In 2011, according to preliminary estimates of the Mexican government, GDP is expected to increase by 4.3% and inflation is expected to be 3.9%. If the Mexican economy contracts or if inflation and interest rates increase significantly, our business, financial condition and results of operations could suffer material adverse consequences.

Economic conditions in Mexico are heavily influenced by the condition of the U.S. economy due to various factors, including commercial trade with the U.S., U.S. investment in Mexico and emigration from Mexico to the United States. Events and conditions affecting the U.S. economy may adversely affect our business, results of operations, prospects and financial condition. In addition, in the past, economic crises in Asia, Russia, Brazil and other emerging markets have adversely affected the Mexican economy and could do so again.

High levels of inflation and high interest rates in Mexico could adversely affect our financial condition and results of operations

Mexico has experienced high levels of inflation and high domestic interest rates in the past. The annual rate of inflation, as measured by changes in the INPC, was 4.4% for 2010. Inflation for the first quarter of 2011 was 1.1%. If inflation in Mexico does not remain within the government's projections, we may not be able to raise our broadcast advertising rates to keep pace with inflation. More generally, the adverse effects of high inflation on the Mexican economy may result in lower demand for broadcast advertising.

Interest rates on 28-day Mexican treasury bills, or Cetes, averaged 4.5% during 2010. During the first quarter of 2011, the average 28-day Cetes rate was 4.2%. High interest rates in Mexico could adversely affect our financing costs, and to the extent that we incur peso-denominated debt in the future, it could be at high interest rates.

Political events in Mexico could affect Mexican economic policy and our operations

Mexican political events may significantly affect our operations and the performance of Mexican securities, including our securities. We cannot assure you that the current political situation or any future political developments will not have a broad adverse effect on growth trends in the Mexican broadcasting industry or in the economy generally, or directly and adversely affect us.

Depreciation of the peso relative to the U.S. dollar could adversely affect our financial condition and results of operations

The value of the peso has been subject to significant fluctuations with respect to the U.S. dollar in the past and may be subject to significant fluctuations in the future. In 2010, the peso appreciated against the U.S. dollar at year-end by 5.2%, and the average value of the peso against the U.S. dollar during 2010 was 3.2% higher than in 2009. In 2009, the peso appreciated against the U.S. dollar at year-end by 5.6%, while the average value of the peso against the U.S. dollar during 2009 was 21.1% lower than in 2008. In 2008, the peso depreciated against the U.S. dollar at year-end by 26.6%, and the average value of the peso against the U.S. dollar during 2008 was 2.7% lower than in 2007. No assurance can be given that the peso will not depreciate in value relative to the U.S. dollar in the future.

Fluctuations in the exchange rate between the peso and the U.S. dollar will affect the U.S. dollar value of an investment in our equity securities and of dividend and other distribution payments on those securities.

In 2010, our operating costs payable in U.S. dollars increased due to our investment in a radio station in Los Angeles, California. These expenses represented 24.8% of our consolidated broadcasting expenses in 2010. We prepaid the first two years of fees (U.S.$ 14 million) under the related local marketing agreement and, beginning in April 2011, we have been making monthly fee payments of U.S.$583,333. Although at December 31, 2010, we had no U.S. dollar-denominated indebtedness, we may incur U.S. dollar-denominated indebtedness in the future. Declines in the value of the peso relative to the U.S. dollar increase our operating costs, increase our interest costs in pesos relative to any U.S. dollar-denominated indebtedness, increase our obligations payable in U.S. dollars, result in foreign exchange losses and could adversely affect our ability to meet our U.S. dollar-denominated obligations. Additionally, since substantially all our revenue is denominated in pesos, increased costs resulting from a decline in the value of the peso relative to the U.S. dollar will not be offset by any exchange-related increase in revenue. Since we fund our operations in the United States with peso-denominated revenue earned in Mexico, the decline of the peso relative to the U.S. dollar could increase our operating costs.

Severe devaluation or depreciation of the peso may also result in disruption of the international foreign exchange markets and may limit our ability to transfer, or to convert pesos into, U.S. dollars and other currencies for the purpose of making timely payments of our operating costs or obligations payable in U.S. dollars.

Developments in other countries may affect the price of the ADSs

As is the case with respect to securities of issuers from other emerging markets, the market value of securities of Mexican companies is, to varying degrees, affected by economic and market conditions in other countries. Although economic conditions in other countries may differ significantly from economic conditions in Mexico, investors' reactions to developments in other countries may have an adverse effect on the market value of securities of Mexican issuers. In recent years, for example, economic conditions in Mexico have become increasingly correlated to economic conditions in the United States as a result of NAFTA and increased economic activity between the two countries. Adverse economic conditions in the United States and other related events could have a material adverse effect on the Mexican economy. Prices of Mexican securities also dropped substantially as a result of developments in Russia, Asia, Brazil and Argentina in the late 1990s. The Mexican securities markets also have been adversely affected by ongoing developments in the global credit markets. We cannot assure you that events in other emerging market countries, in the United States or elsewhere, will not have a material adverse effect on our business, financial condition or results of operations.

Item 4. Information on the Company

THE COMPANY

Organization

Grupo Radio Centro is a corporation (sociedad anónima bursátil de capital variable) organized under the laws of Mexico. Grupo Radio Centro is a holding company that operates through its subsidiaries.

Grupo Radio Centro's principal executive offices are located at Constituyentes 1154 (7° Piso), Col. Lomas Altas, C.P. 11950, México, D.F., México. The telephone number of Grupo Radio Centro is (525) 55-728-4800.

History

Grupo Radio Centro is a family-controlled radio broadcasting company with roots in Mexican radio broadcasting dating back approximately 65 years. Francisco Aguirre J., the founder of Grupo Radio Centro, initiated his radio broadcasting activities in 1946. In 1952, he founded Organización Radio Centro ("ORC"), the sole owner and operator of two radio stations, Radio Centro and Radio Exitos. In 1965, the Company formed Organización Impulsora de Radio ("OIR"), to provide national sales representation to affiliated radio stations outside Mexico City. The Company was incorporated as Técnica de Desarrollo Publicitario, S.A. de C.V. on June 8, 1971, renamed Grupo Radio Centro, S.A. de C.V. on July 14, 1992 and renamed Grupo Radio Centro, S.A.B. de C.V. on July 31, 2006. The bylaws of the Company provide for its indefinite existence.

In 1973, Grupo Radio Centro expanded its broadcasting activities by establishing three new FM radio stations, thus consolidating its position as the market leader in Mexico City radio broadcasting. In 1989, the Aguirre family began a comprehensive process of corporate reorganization designed to consolidate Grupo Radio Centro's radio operations under the common ownership of the Company and the family's non-radio-related operations under the common ownership of another company controlled by the Aguirre family outside Grupo Radio Centro. The purpose of the reorganization was to permit Grupo Radio Centro to focus on radio-related operations and to acquire the balance of shares of its radio broadcasting subsidiaries that were owned directly or indirectly by members of the Aguirre family outside Grupo Radio Centro. As a result of the reorganization, the Company acquired substantially all of the shares of its radio broadcasting subsidiaries, with the last transfer of shares occurring in March 1993. In the third quarter of 1993, the Company completed an initial public offering of its ADSs and CPOs, listing these securities on the NYSE and the Mexican Stock Exchange. The Company completed a subsequent public offering of ADSs and CPOs during the third quarter of 1996. On June 30, 2003, all CPOs held by holders that qualified as Mexican investors, pursuant to the Company's bylaws (see Item 10, "Additional Information—Bylaws and Mexican Law—Limitations Affecting Non-Mexican Holders—Share Ownership"), were exchanged for Series A Shares held in the CPO Trust (see Item 9, "The Offer and Listing"). In connection with the amended CPO trust arrangement, the Series A Shares commenced trading on the Mexican Stock Exchange under the symbol "RCENTRO.A" on June 30, 2003. The Series A Share listing is deemed to include the CPOs, so the Series A Share trading line reflects trading of both Series A Shares and CPOs.

Capital Expenditures and Divestitures

Capital Expenditures

Capital expenditures were Ps. 13.0 million in 2010, Ps. 27.7 million in 2009 and Ps. 36.4 million in 2008. In 2010, 2009 and 2008, capital expenditures were financed from working capital. In 2010, the Company's principal capital expenditures were for transportation equipment. In 2009 and 2008, the Company's principal capital expenditures were for transportation equipment, which consists primarily of promotional trucks and vans. The increase in 2010 compared to 2009 was primarily due to increased expenditures related to transportation equipment and office equipment.

Capital Divestitures

The Company had capital divestitures in the amount of Ps. 10.5 million in 2010, Ps. 6.6 million in 2009 and Ps. 1.2 million in 2008. In each year, these divestitures were principally related to the sale of transportation equipment. See Notes 1 and 12 to the Consolidated Financial Statements.

BUSINESS OVERVIEW

Grupo Radio Centro is a leading radio broadcasting company in Mexico. For more than 40 years, the Company has been the leading radio broadcaster in terms of audience share in Mexico City, the most populous city in North America. Grupo Radio Centro's principal activities are the production and broadcasting of music, entertainment, news and special event programs. The Company's revenue is derived primarily from the sale of commercial airtime to advertising agencies and businesses. According to IBOPE AGB México ("IBOPE"), the Company's Mexico City average audience share for the year ended December 31, 2010 was 49.0%, more than three times that of the next most popular radio broadcasting company in Mexico City for the same period. See "—Broadcasting Operations" and "—Competition."

In Mexico, Grupo Radio Centro currently owns eight AM and five FM radio stations. The Company manages and operates an additional FM station located in Mexico City and an additional FM station located in the United States. Of these 15 radio stations, Grupo Radio Centro operates five AM and six FM stations in Mexico City, one AM station in both Guadalajara and Monterrey, and one FM station in Los Angeles. The remaining AM radio station in Mexico City is managed and operated by a third party pursuant to an operating agreement.

The Company manages the 11 radio stations it operates in Mexico City as a portfolio, combining in-depth market research and programming innovation with continuous investment in state-of-the-art technology and human resources to produce high-quality, popular programs that target substantially all of the demographic segments of the Mexico City radio audience sought by advertisers. According to IBOPE, for the year ended December 31, 2010, Grupo Radio Centro's radio stations ranked as five of the top 10 FM radio stations (out of a total of 31 FM stations) and three of the top 10 AM stations (out of a total of 35 AM stations). See "—Business Strategy."

In the United States, we entered into an agreement on April 3, 2009 with Emmis Communications Corporation ("Emmis"), a U.S. radio broadcasting company. We agreed to provide programming to, and sell advertising time on, KXOS-FM for up to seven years. KXOS-FM is an Emmis-owned radio station broadcasting in Los Angeles, California, on the 93.9 FM frequency. We began operating the station in the contemporary Spanish-language hits format on April 15, 2009. We operate KXOS-FM through our subsidiary, Grupo Radio Centro LA, LLC ("GRC-LA"), which was incorporated on March 13, 2009 as a Delaware limited liability company. According to Arbitron Inc., a media and marketing research firm, as of December 31, 2010, KXOS-FM had an audience share of 1.6% and was ranked 25 out of a total of 76 stations in the Los Angeles metropolitan area and an audience share of 3.1% and was ranked 14 in terms of the Hispanic population.

In addition to its radio broadcasting activities, the Company, under the trade name Organización Impulsora de Radio, acts as the national sales representative for, and provides programming to, a network of affiliates in Mexico. At December 31, 2010, the Company had 110 affiliates in76 cities throughout Mexico.

Business Strategy

The Company's strategy is to optimize cash flow from operations by maintaining its leading market position.

Maintenance of Leading Market Position

The Company is focused on maintaining its current position as the leading radio broadcaster in Mexico City, offering advertisers top-ranked stations in almost all major station formats, including the following:

- Grupera—Diverse Musical Genres,
- Juvenil—Youth Oriented,
- Spanish Language—Contemporary Music,
- English Language—Classic Rock,
- English Language—Contemporary Music,
- Spanish Language—Classics, News/Talk Show, and
- English Language—Music/News.

By maintaining a strong presence in the major station formats, management believes that the Company will maximize its share of total radio advertising expenditures. Management bases such belief on the following rationales: (i) a broadcaster's revenue is correlated with its ability to maximize the number of listeners within an advertiser's given demographic parameters, and (ii) the Company's stations currently cover almost all of the demographic segments of the radio audience sought by advertisers. In addition, by managing its stations as a portfolio and offering a broad range of advertising packages, the Company believes that it distinguishes itself from its smaller competitors, who cannot offer as comprehensive coverage of the Mexican radio audience. The Company offers advertisers exposure to listening audiences targeted to correspond with the demographic profiles advertisers seek and provides advertisers with their choice of either focused or broad audience exposure across a comprehensive range of income classes and age groups.

In order to maximize the audience share of its portfolio of stations, the Company recognizes the need to be responsive to the requirements of its listeners and advertisers, tailoring its stations to the changing circumstances of the market. The Company seeks to manage its station portfolio by balancing the mix of its station formats to correspond to the needs of the overall market and being proactive in the management of each individual station format and adjusting to the evolution of its particular market segment.

OIR Network Strategy

As a complement to its radio-broadcasting activities, Grupo Radio Centro operates and continues its efforts to expand its OIR radio network. The Company simultaneously transmits its news program "La Red de Radio Red" from 5:45 a.m. to 10:00 a.m. to the 23 largest commercial markets in Mexico outside the Mexico City metropolitan area. While increasing programming and service revenue, the operation of OIR also facilitates the Company's overall marketing efforts, offering advertisers access to radio stations on a nationwide basis. See "—OIR Network."

Broadcasting Operations

Radio Stations

Except as noted, the following table sets forth certain information about the radio stations Grupo Radio Centro operates in Mexico City as of December 31, 2010:

Station	Frequency	Power (Watts)	Station Format	Total Market Rank(1)(2)	Total Audience Share(1)(3)	Band Rank(1)(4)	Target Demographic Segments
XEQR-FM	107.3 mhz	100,000	Grupera—Diverse Musical Genres	1	14.0%	1	Ages 13-44
XERC-FM	97.7 mhz	100,000	Juvenil— Youth Oriented	9	3.5 %	8	Ages 8-34
XEJP-FM	93.7 mhz	100,000	Spanish Language—Contemporary Music	4	6.5 %	4	Ages 18-44
XHFO-FM(5)	92.1 mhz	150,000	English Language—Classic Rock	5	5.7 %	5	Ages 18-44
XHFAJ-FM	91.3 mhz	100,000	English Language—Contemporary Music	3	8.4 %	3	Ages 13-34
XEQR-AM	1030 khz	50,000	Spanish Language—Talk Show	6	4.3 %	1	Ages 25+
XEJP-AM	1150 khz	50,000	Spanish Language Classics	10	3.4 %	2	Ages 35+
XERED-AM	1110 khz	100,000	News / Talk Show	22	1.1 %	5	Ages 25+
XHRED-FM	88.1 mhz	100,000	News / English Language—Music	21	1.1 %	17	Ages 25 +
XERC-AM	790 khz	50,000	News	38	0.4 %	13	Ages 25+
XEN-AM	690 khz	100,000	News / Talk Show	37	0.4 %	12	Ages 25+

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(1) Source: IBOPE AGB México.
(2) Total market rank is determined based on each station's annual average share of the total radio audience.
(3) Total audience share represents each station's annual average share of the total radio audience.
(4) Band rank is determined based on each station's annual average share of the radio audience within its broadcasting frequency band (i.e., either AM or FM).
(5) XHFO-FM is operated by Grupo Radio Centro pursuant to an operating agreement that was renewed on October 16, 2008 for five years ending on January 2, 2014. For the year ended December 31, 2010, XHFO-FM accounted

for approximately 13.0% of Grupo Radio Centro's broadcasting revenue.

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Programming

The Company currently produces all of the programming for the stations it owns or operates. The Company also provides programming to its network of affiliates.

The programming the Company produces includes playing recorded music, covering live music events (such as concerts), and airing special musical programs and news and talk show programs. Through its Noticentro news division, the Company produces daily news programs consisting of three-minute updates and 10-minute summaries of local, national and international news that are broadcast through Formato 21, the Company's 24-hour all-news station, and the majority of its other stations in Mexico City.

The Company's programming strategy is to tailor the format of each of its stations to attract targeted demographic segments of the radio audience sought by advertisers. To ensure that its programming remains responsive to shifting demographic trends and audience tastes, Grupo Radio Centro uses its internal research division (which regularly conducts door-to-door interviews throughout Mexico City), as well as commercially available data, to assess the listening habits and tastes of the Mexico City population. Grupo Radio Centro conducted approximately 287,000 interviews in 2010 and 250,000 interviews in 2009. The Company believes that no competitor has developed an internal research capability as extensive as its own.

Production and Transmission of Programming

Audio Engineering. Grupo Radio Centro has 18 production studios in which musical material, advertisements, informational messages, news and promotional spots are recorded on hard drive, compact disk, and DVD-audio through the Maestro Automation System. This system permits the direct transmission of audio recordings to the Company's 35 workstations, where they are processed and sent to broadcast sites.

Grupo Radio Centro also maintains 13 on-air studios, each of which is linked to Grupo Radio Centro's automated programming computer network via fiber optics. Grupo Radio Centro's primary studio operations are substantially fully digital and utilize state-of-the-art computer networks to record, schedule and play all news, music, promotional and advertising material. Currently, the Company has a single high-speed computer network installed both in on-air studios and in production studios. In 2008, the Company installed two digital mixer consoles used by OIR.

Grupo Radio Centro's news division uses the News Room system, which enables news writers to provide radio announcers with information directly through scrolling text that runs across a flat-panel screen while the announcers are on air. The system is used primarily in the Formato 21 radio station, but it also provides information to news centers in other radio stations. The News Room system, which receives news reports from the Associated Press (AP), Agence France-Presse (AFP), Notimex F Agency and Reuters, has reduced considerably the amount of paper used during news programs.

Transmission. Each of the Company's radio stations has a main transmitter and two back-up transmitters. All AM transmitters incorporate solid-state design. Each transmitter site has a diesel generator with automatic transfer that allows rapid switch to back-up power in case of a power outage. In addition, the main FM transmitter facility is equipped with an uninterruptible power supply to prevent the loss of airtime during the transfer to back-up power.

Grupo Radio Centro uses multiplexed networks for transmission, which allows five of its AM stations to operate at three sites, each using one antenna. Similarly, five FM stations are multiplexed in a common panel master antenna on the Cerro del Chiquihuite, which Grupo Radio Centro believes is ideally located at 540 meters above the average terrain level in Mexico City. One FM radio station operated by the Company transmits from the World Trade Center building in Mexico City.

In 2007, the Company renovated a location to serve as an alternate transmission site as a back-up studio and production space. This facility is equipped with two small production studios, six transmission booths for talk show or news programs, and five workstations for music programs. The facility also has a sophisticated multiplexing network for up to five stereo channels for the FM stations and six digital encoders/decoders to connect to the transmitting plants. If there is an emergency, the alternate site can be controlled remotely from the XERC-FM, XEJP-FM and XEQR-FM radio stations in Mexico City.

In 2008, the Company began renovating an additional alternate transmission site for the studios of 11 of the Company's Mexico City radio stations. The alternate site, which was completed in 2009, is equipped with two small production studios, six transmitter booths for talk show and news programs, and five workstations for music programs.

In December 2008, the Company obtained authorization from the SCT to increase the power at two stations: XEDKR-AM (in Jalisco) was increased from one to 10 kilowatts, and XESTN-AM (in Monterrey) was increased from one to five kilowatts. In June 2009 the Company completed a new transmission site which is controlled remotely in a new building from which XEDKR-AM currently operates. In September 2009, the Company completed upgrades to its XESTN-AM transmission site. Both stations now operate with increased power.

Investment in Technology

The Company consistently invests in state-of-the-art equipment, the development and deployment of new operating systems and the training of its engineering and operating personnel. The Company believes these investments enable it to produce high-quality programming with few on-air errors and to broadcast a superior signal to listeners' radios. In addition, the Company's computer system allows it to maintain a certifiable log of advertising and to generate real-time affidavits certifying that advertisements have been aired when and as requested, which reduces customers' monitoring costs and enhances customers' goodwill. The Company believes that its equipment and engineering staff give it a competitive edge in Mexico City radio broadcasting.

Currently, all AM and FM radio broadcast signals in Mexico are analog. However, in recent years there have been efforts to develop, test and implement radio digital audio broadcasting (DAB), using either the "in-band-on-channel" (IBOC) U.S. broadcasting model or the "out-of-band" European broadcasting model. The Cámara Nacional de la Industria de Radio y Televisión (National Chamber of the Radio and Television Industries, or "CIRT") has been analyzing DAB proposals and created a task force with the Comisión Federal de Telecomunicaciones (Mexican Federal Telecommunications Commission or "Cofetel") in order to introduce DAB in Mexico. In February 2011, Cofetel approved the IBOC standard for AM and FM radio broadcast signals in Mexico. Cofetel announced that the adoption of IBOC would be voluntary for AM and FM station licensees and that IBOC would be used in hybrid mode, allowing for continued use of analog signals. The approval of IBOC does not prevent Cofetel from evaluating other broadcasting technologies in other bands of frequencies assigned to broadcasting. The adoption of IBOC is pending final approval by the Comisión Federal de Mejora Regulatoria (Federal Commission for the Improvement of Regulations). If implemented, IBOC would eliminate fading, static and other interference that adversely affects the listening experience.

The Company has actively participated in the analysis of the adoption of DAB in Mexico through its representation in CIRT and by supporting Cofetel's Comité Mixto de Tecnologías Digitales (Mixed Committee on Digital Technology). The Company has also supported the adoption of DAB in Mexico by installing and operating advanced digital radio transmission systems on an experimental basis. From October to December 2008, the Company tested a Digital Broadcasting System from its Constituyentes building. The system's capabilities included the transmission on one digital radio channel of two video programs, eight audio CD quality programs, data, and a webcam signal. The Company demonstrated the system with a reduced power transmitter during "CIRT Radio Week" in October 2008. The demonstration included more than 20 different types of DAB receivers. The Company plans to adopt IBOC by 2015.

Sale of Airtime and Marketing

Our two largest individual customers in 2010 were Wal Mart de México, S.A.B. de C.V. ("Wal Mart") and Organización Soriana, S.A.B. de C.V. Soriana ("Tiendas Soriana"). In 2008 and 2009, our two largest customers were Wal Mart and Tiendas Comercial Mexicana, S.A.B. de C.V. ("Comercial Mexicana"). In 2010, Wal Mart represented

10.4% and Tiendas Soriana represented 3.4% of our total broadcasting revenue, excluding revenue from our operations in the United States. In 2009, Wal Mart represented 7.0% and Comercial Mexicana represented 4.0% of our total broadcasting revenue, excluding revenue from our operations in the United States. In 2008, Wal Mart represented 6.6% and Comercial Mexicana represented 3.7% of our total broadcasting revenue. The Companies comprising Grupo Carso are also key customers, representing 5.2% of our total broadcasting revenue in 2010 and 6.4% in 2009, excluding revenue from our operations in the United States.

Sales of commercial airtime vary throughout the year and are generally highest in the fourth quarter of the year and lowest in the first quarter of the year. See Item 5, “Operating and Financial Review and Prospects—Seasonality of Sales.”

At December 31, 2010, the Company had a sales force of 29 individuals, of which 15 marketed primarily to advertising agencies and major customer accounts, and 14 marketed to small and mid-sized customer accounts.

Grupo Radio Centro establishes its advertising rates by considering the cost per thousand listeners as a reference to ensure that its rates are competitive. The Company offers package discounts to customers who purchase airtime on multiple stations; the largest discounts are offered to customers who purchase airtime on all of its stations. The Company charges higher rates to customers who purchase airtime during “special events,” such as live concerts and special news features.

The Company sells some commercial airtime in advance. The advance-sales arrangements guarantee the rate in effect at the time of purchase to advertisers who deposit cash with Grupo Radio Centro in an amount equal to their advertising commitment for an agreed period. These advertisers are also granted bonus advertising time in addition to the time purchased. The Company invests cash deposited pursuant to advance sales and includes interest generated on such investments in broadcasting revenue. In 2010, revenue recognized under advance-sale arrangements, including related interest income, accounted for approximately 22.0% of total broadcasting revenue (excluding revenue from our operations in the United States), compared to 24.9% for 2009 and 33.7% for 2008.

The effect of such advance sales is to substitute the increased interest income earned on the advance sale payments for a portion of the operating income foregone because of the reduced effective rate on the advertising time sold subject to the advance-sale arrangements. The Company believes that such advance sales are advantageous to Grupo Radio Centro because the interest income generated by the proceeds of such advance sales offsets, in part, the effective reduction in advertising rates associated with such sales and because the bonus advertising time granted to purchasers is “dead time” (i.e., time that would not otherwise be sold). The Company also believes that the benefits of guaranteed rates and bonus airtime under its advance-sales plans attract advertisers who would not otherwise purchase advertising time. However, any decrease in future inflation rates may reduce the attractiveness of these plans for such advertisers.

OIR Network

Grupo Radio Centro, under the trade name OIR, provides national sales representation, programming and broadcast-related services to a network of affiliates. At December 31, 2010, Grupo Radio Centro had 110 affiliates located in 76 cities throughout Mexico. During the last three years, broadcasting revenue from OIR-related activities ranged from 3.2% to 3.3% of total broadcasting revenue (excluding revenue from our operations in the United States). In 2010, approximately 3.2% of the Company’s revenue (excluding revenue from our operations in the United States) was attributable to its work through OIR, and no single affiliate represented more than 15.6% of total OIR-related revenue.

At December 31, 2010, 13 of the Company’s OIR-related affiliates were owned or controlled by shareholders of the Company. Except as disclosed elsewhere (see Item 7, “Major Shareholders and Related Party Transactions—Related Party Transactions” and Note 6 to the Consolidated Financial Statements), all commercial relations between such shareholder-owned or shareholder-controlled stations and Grupo Radio Centro are on an arm’s-length basis.

Outside Mexico City, virtually all advertising aimed at a national audience is sold through networks of affiliated radio stations. Pursuant to its standard affiliate agreement, which is terminable at will by either party on 60 days’ notice, OIR agrees to purchase commercial airtime from affiliated stations, compensating such stations for their airtime with a percentage of the revenue obtained on the resale of commercial airtime to national advertisers. The affiliates agree to broadcast certain programs at specified times with advertising spots of specified duration. Compensation paid to each affiliate varies depending on the size of each affiliate’s market.

OIR transmits special event programs, including national advertising, directly to certain affiliates via satellite. In December 2005, the Company installed a new satellite up-link system with state-of-the-art technologies, including Digital Video Broadcasting (DVB) transmission, with 10 digital stereo channels. All of our affiliates are able to receive OIR special event programs via satellite from Mexico City.

Competition

Radio broadcasting in Mexico is highly competitive, and programming popularity, an important factor in advertising sales, is readily susceptible to change. As of December 31, 2010, there were 54 commercial radio stations in Mexico City 31 AM and 23 FM stations) and twelve not-for-profit, public-service stations (four FM and eight AM). These stations constitute all of the currently available radio broadcast channels within Mexico City's AM and FM frequency spectrum.

Set out below is a table showing the number of stations in Mexico City operated by Grupo Radio Centro and each of its six main competitors at December 31, 2010, and a chart depicting the audience share of each.

Operation of Mexico City Stations by Grupo Radio Centro and its Principal Competitors(1)

	AM Stations	FM Stations	Total
Grupo Radio Centro	5	6	11
Grupo Acir	2	4	6
Televisa Radio	3	3	6
NRM Comunicaciones	3	3	6
Grupo Radio Fórmula	3	2	5
Grupo Imagen	0	2	2
MVS Radio	0	2	2
Total	16	22	38

(1) Source: Grupo Radio Centro.

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Mexico City Radio Audience Share (1970-2010)(1)

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(1) Sources: INRA, Arbitron, Inc. and IBOPE.
(2) In 1995, the Company began operating the three stations owned by Radio Programas de México. Accordingly, from 1995, the Company's audience share includes the audience share of these three stations. In 1996, the Company acquired these stations.
(3) In 1995, Grupo Acir acquired the three stations owned by Grupo Artsa.
(4) As of 1994, Núcleo Radio Mil (NRM) no longer owns XECO-AM and XEUR-AM. In 1995, NRM purchased XHMM-FM.
(5) Includes average audience share of stations owned by Grupo Imagen until its separation from MVS Radio in December 1999.

According to IBOPE, the Company's Mexico City audience share increased to 50.4% in 2010. According to IBOPE, the Company's average Mexico City audience share increased from 42.9% in 2008 to 43.4% in 2009. The Company has experienced gradual declines in previous years, which were mainly attributable to increased competition from other radio stations that adopted formats similar to the Company's most successful formats, including Juvenil—Youth Oriented, Grupera—Diverse Musical Genres and News/Talk Show.

The Company believes that its balanced portfolio of station formats reduces the impact of a decline in audience share of any one format segment or station. For example, the Company's most popular station, XEQR-FM, which was the top-ranked station in Mexico City for the year ended December 31, 2010, represented only 27.6% of the Company's total radio audience. However, there can be no assurance that competition within, or a decline in the popularity of, a given format will not decrease the Company's aggregate audience share in the future.

In addition, the Company faces strong competition for advertising revenue from both television and various print media.

OIR Network Competition

The Mexican radio-network market is highly competitive. As of December 31, 2010, there were 28 radio networks serving 706 AM radio stations and 443 FM radio stations outside Mexico City. The Company believes that the popularity of its programming, its long-standing experience in the Mexican radio broadcasting market and the quality of its broadcast-related services enable the Company's affiliates that are served by OIR to compete effectively.

Significant Subsidiaries

The following table sets forth the Company's significant subsidiaries at December 31, 2010:

Name of the Company	Jurisdiction of Establishment	Percentage of Ownership and Voting Interest		Description
XEQR, S.A. de C.V.	Mexico	99.9	%	Radio station
XERC, S.A. de C.V.	Mexico	99.9	%	Radio station
XEEST, S.A. de C.V.	Mexico	99.9	%	Radio station
XEQR-FM, S.A. de C.V.	Mexico	99.9	%	Radio station
XERC-FM, S.A. de C.V.	Mexico	99.9	%	Radio station
XEJP-FM, S.A. de C.V.				