Financial **Statements** 2001

GRUPO Televisa

Report of the **Statutory Auditor**

Mario Salazar Erdmann
Contador Público

México, D.F., April 2, 2002.

To the General Stockholders' Meeting of Grupo Televisa, S.A.:

In my capacity as Statutory Auditor and in compliance with what is provided for in Article 166 of the Mexican Corporate Law and the bylaws of this Corporation, I render to you my report on the veracity, adequacy and reasonableness of the - unconsolidated and consolidated - financial information presented by the Board of Directors regarding the Company's course of business for the year ended December 31, 2001.

I have attended the Stockholders' and Board of Directors' Meetings to which I have been called and have obtained from the directors and administrators the information about the operations, documentation and records that I considered necessary to examine. My review has been made in accordance with generally accepted auditing standards.

Effective January 1, 2001, Grupo Televisa, S.A. and subsidiaries adopted the guidelines of the Bulletin C-2 "Financial Instruments", issued by the Mexican Institute of Public Accountants.

In my opinion, the accounting and reporting criteria and policies followed by the Company, and considered by the administrators for the preparation of the information presented to this Meeting are adequate and sufficient, and were applied consistently with the prior year. Therefore, this information reflects veraciously, reasonably and adequately, the - unconsolidated and consolidated - financial position of Grupo Televisa, S.A., as December 31, 2001, and the results of their operations, changes in stockholders' equity and changes in financial position - unconsolidated and consolidated - for the year then ended, in conformity with generally accepted accounting principles.

Very truly yours,

Mario Salazar Erdmann
Statutory Auditor

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
Mariano Escobedo 573
Col. Rincón del Bosque
11580 México, D.F.
Teléfono 52 63 60 00
Fax 52 63 60 10

Report of **Independent Accountants**

México, D.F., February 22, 2002, except for Note 26 for which the date is March 1, 2002.

To the Stockholders of Grupo Televisa, S.A.:

We have audited the accompanying consolidated balance sheets of Grupo Televisa, S.A. and subsidiaries as of December 31, 2000 and 2001, and the related consolidated statements of income, changes in stockholders' equity and changes in financial position for the years ended December 31, 2000 and 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Mexico. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1 (o) to the consolidated financial statements, effective January 1, 2000, Grupo Televisa, S.A. and subsidiaries adopted the guidelines of the revised Bulletin D-4 "Accounting for Income Tax, Assets Tax and Employees' Profit Sharing", issued by the Mexican Institute of Public Accountants.

As discussed in Note 1 (p) to the consolidated financial statements, effective January 1, 2001, Grupo Televisa, S.A. and subsidiaries adopted the guidelines of the Bulletin C-2 "Financial Instruments", issued by the Mexican Institute of Public Accountants.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Grupo Televisa, S.A. and subsidiaries at December 31, 2000 and 2001, and the consolidated results of their operations, changes in their stockholders' equity and changes in their financial position for the years ended December 31, 2000 and 2001, in conformity with accounting principles generally accepted in Mexico.

PricewaterhouseCoopers

Felipe Pérez Cervantes, C.P.C.

Consolidated **Balance Sheets**

As of December 31, 2000 and 2001

(In thousands of Mexican Pesos in purchasing power as of December 31, 2001)

(Notes 1 and 2)

		2000	2001
ASSETS			
Current:			
Available:			
Cash		Ps. 1,063,028	Ps. 485,688
Temporary investments		6,815,654	5,139,412
		7,878,682	5,625,100
Trade notes and accounts receivable - net	(Note 3)	8,136,662	8,768,864
Other accounts and notes receivable - net		612,235	901,249
Due from affiliated companies - net	(Note 17)	395,134	411,773
Transmission rights, programs, films and production talent advances	(Note 4)	4,513,941	4,051,510
Inventories		385,640	532,513
Other current assets		509,396	570,845
Current assets of discontinued operations	(Note 22)	730,140	690,298
Total current assets		23,161,830	21,552,152
Transmission rights, programs and films	(Note 4)	3,807,319	3,437,536
Investments	(Note 5)	314,277	4,005,223
Property, plant and equipment - net	(Note 6)	13,137,160	12,919,891
Goodwill and trademarks - net	(Note 7)	3,102,623	2,888,810
Deferred costs - net	(Note 8)	2,724,208	2,655,183
Other assets		717,871	653,563
Non-current assets of discontinued operations	(Note 22)	45,726	38,634
Total assets		Ps. 47,011,014	Ps. 48,150,992

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated **Balance Sheets**

As of December 31, 2000 and 2001

(In thousands of Mexican Pesos in purchasing power as of December 31, 2001)

(Notes 1 and 2)

		2000	2001
LIABILITIES			
Current:			
Current portion of long-term debt	(Note 9)	Ps. 360,934	Ps. 334,803
Trade accounts payable		2,233,489	2,092,275
Taxes payable		580,590	270,373
Accrued interest		194,820	208,222
Other accrued liabilities		851,259	499,885
Current liabilities of discontinued operations	(Note 22)	216,810	170,126
Total current liabilities		4,437,902	3,575,684
Non-current:			
Long-term debt	(Note 9)	11,351,874	12,819,711
Other long-term liabilities		548,865	456,432
		11,900,739	13,276,143
Deferred credits:			
Customer deposits and advances		10,350,962	10,800,938
Other liabilities:			
Deferred taxes	(Note 21)	1,960,751	1,732,072
Pension plans and seniority premiums	(Note 11)	—	37,348
		1,960,751	1,769,420
Total liabilities		28,650,354	29,422,185
Commitments and contingencies	(Note 12)		
STOCKHOLDERS' EQUITY			
Contributed capital:			
Capital stock, no par value:	(Note 13)		
Authorized and issued		7,203,182	7,203,182
Repurchased		(184,849)	(225,664)
Outstanding		7,018,333	6,977,518
Additional paid-in capital		204,403	204,403
		7,222,736	7,181,921
Earned capital:			
Retained earnings:	(Note 14)		
Legal reserve		1,052,901	1,052,901
Reserve for repurchase of shares		5,219,312	5,219,312
Unappropriated earnings		9,403,580	8,397,480
		15,675,793	14,669,693
Accumulated other comprehensive loss	(Note 15)	(4,669,611)	(5,444,270)
Net (loss) income for the year	(Note 14)	(825,211)	1,345,662
		10,180,971	10,571,085
Total majority interest		17,403,707	17,753,006
Minority interest	(Note 16)	956,953	975,801
Total stockholders' equity		18,360,660	18,728,807
Total liabilities and stockholders' equity		Ps. 47,011,014	Ps. 48,150,992

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements **of Income**

For the years ended December 31, 2000 and 2001

(In thousands of Mexican Pesos in purchasing power as of December 31, 2001, except per CPO amounts)

(Notes 1 and 2)

			2000		2001
Net sales	(Note 25)	Ps.	20,417,855	Ps.	19,664,546
Cost of sales			11,402,790		11,442,243
Gross profit			9,015,065		8,222,303
Operating expenses:					
Selling			1,477,558		1,489,173
Administrative			1,367,024		1,346,567
			2,844,582		2,835,740
Depreciation and amortization			1,240,913		1,281,012
Operating income	(Note 25)		4,929,570		4,105,551
Integral cost of financing - net	(Note 18)		997,960		413,353
Restructuring and non-recurring charges	(Note 19)		1,917,476		543,361
Other expense - net	(Note 20)		499,198		657,030
Income before taxes			1,514,936		2,491,807
Income tax and assets tax	(Note 21)		293,682		519,117
Employees' profit sharing	(Note 21)		53,480		21,497
			347,162		540,614
Income before equity in losses of affiliates, income from discontinued operations, cumulative loss effect of accounting change and minority interest			1,167,774		1,951,193
Equity in losses of affiliates	(Note 5)		(1,834,171)		(522,107)
Income from discontinued operations - net	(Note 22)		23,766		13,305
Cumulative loss effect of accounting change - net	(Note 1 (p))		—		(69,443)
Consolidated net (loss) income			(642,631)		1,372,948
Minority interest	(Note 16)		(182,580)		(27,286)
Net (loss) income	(Note 14)	Ps.	(825,211)	Ps.	1,345,662
Net (loss) income per CPO	(Note 23)	Ps.	(0.27)	Ps.	0.45

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements **of Changes in Stockholders' Equity**

For the years ended December 31, 2000 and 2001

(In thousands of Mexican Pesos in purchasing power as of December 31, 2001)

(Notes 1 and 2)

	Contributed capital		Earned capital					
	Capital stock (Note 13)	Additional paid-in capital	Retained earnings (Note 14)	Accumulated other comprehensive loss (Note 15)	Net income (loss) (Note 14)	Total majority interest	Minority interest (Note 16)	Total stockholders' equity
Balance at January 1, 2000	Ps. 6,971,639	Ps. 6,733	Ps. 15,581,339	Ps. (1,754,126)	Ps. 1,210,470	Ps. 22,016,055	Ps. 1,505,535	Ps. 23,521,590
Appropriation of net income for 1999	—	—	1,210,470	—	(1,210,470)	—	—	—
Repurchase of CPOs	(43,757)	—	(553,323)	—	—	(597,080)	—	(597,080)
Shares repurchased by subsidiary (Note 2)	(45,932)	—	(562,693)	—	—	(608,625)	—	(608,625)
Shares issued (Note 2)	136,383	197,670	—	—	—	334,053	(422,527)	(88,474)
Decrease in minority interest	—	—	—	—	—	—	(60,302)	(60,302)
Comprehensive loss	—	—	—	(2,915,485)	(825,211)	(3,740,696)	(65,753)	(3,806,449)
Balance at December 31, 2000	7,018,333	204,403	15,675,793	(4,669,611)	(825,211)	17,403,707	956,953	18,360,660
Appropriation of net loss for 2000	—	—	(825,211)	—	825,211	—	—	—
CPOs repurchased by subsidiary	(40,815)	—	(180,889)	—	—	(221,704)	—	(221,704)
Increase in minority interest	—	—	—	—	—	—	18,848	18,848
Comprehensive (loss) income	—	—	—	(774,659)	1,345,662	571,003	—	571,003
Balance at December 31, 2001	Ps. 6,977,518	Ps. 204,403	Ps. 14,669,693	Ps. (5,444,270)	Ps. 1,345,662	Ps. 17,753,006	Ps. 975,801	Ps. 18,728,807

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements **of Changes in Financial Position**

For the years ended December 31, 2000 and 2001

(In thousands of Mexican Pesos in purchasing power as of December 31, 2001)

(Notes 1 and 2)

	2000	2001
Operating activities:		
Net (loss) income	Ps. (825,211)	Ps. 1,345,662
Adjustments to reconcile net income to resources provided by (used for) operating activities:		
Equity in losses of affiliates	1,834,171	522,107
Minority interest	182,580	27,286
Depreciation and amortization	1,240,913	1,281,012
Amortization and write-off of goodwill	210,728	402,177
Other amortization	377,738	127,839
Write-down of investment in Videovisa	27,105	—
Deferred income tax and employees' profit sharing	(597,797)	(168,941)
Gain on disposition of investments	(918,154)	—
Provision for doubtful accounts and write-off of receivables	281,225	233,387
Cumulative loss effect of accounting change	—	69,443
Income from discontinued operations	(23,766)	(13,305)
	1,789,532	3,826,667
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Trade notes and accounts receivable - net	(17,947)	(691,191)
Transmission rights, programs and films and production talent advances	112,915	614,074
Inventories	16,056	(147,775)
Other accounts and notes receivable and other current assets	(278,751)	(524,861)
Increase (decrease) in:		
Customer deposits and advances	1,178,303	449,976
Trade accounts payable	(57,374)	(141,214)
Other liabilities, taxes payable and deferred taxes	(730,153)	(704,276)
Pension plans and seniority premiums	—	(252,114)
	223,049	(1,397,381)
Resources provided by continuing operations	2,012,581	2,429,286
Resources provided by discontinued operations	78,850	10,172
Resources provided by operating activities	2,091,431	2,439,458
Financing activities:		
Decrease in long-term debt securities	(8,429,679)	(374,765)
Syndicated credit	4,013,266	(4,013,266)
Issue of Senior Notes	2,006,633	2,582,367
Issue of UDI-denominated Notes	3,298,487	19,562
Loan facility	—	917,800
Bridge loan facility	—	2,533,128
Other changes in debt	19,559	(223,120)
Repurchase of shares	(1,205,705)	(221,704)
Shares issued	334,053	—
Minority interest	(665,409)	(8,438)
Translation effect	(154,552)	(317,894)
Resources (used for) provided by financing activities	(783,347)	893,670
Investing activities:		
Due from affiliated companies - net	113,638	(16,639)
Investments	(1,257,462)	(4,715,295)
Disposition of investments	1,502,547	229,987
Investments in property, plant and equipment	(1,537,060)	(1,338,749)
Disposition of property, plant and equipment	813,119	518,274
Goodwill and trademarks	799,495	(108,457)
Deferred costs and other assets	(683,175)	(155,831)
Resources used for investing activities	(248,898)	(5,586,710)
Net increase (decrease) in cash and temporary investments	1,059,186	(2,253,582)
Cash and temporary investments at beginning of year	6,819,496	7,878,682
Cash and temporary investments at end of year	Ps. 7,878,682	Ps. 5,625,100

The accompanying notes are an integral part of these consolidated financial statements.

Notes to **Consolidated Financial Statements**

For the years ended December 31, 2000 and 2001

(In thousands of Mexican Pesos in purchasing power as of December 31, 2001, except per CPO, per share and exchange rate amounts)

1. Accounting policies

The principal accounting policies followed by Grupo Televisa, S.A. (the “Company”) and its consolidated subsidiaries (collectively, the “Group”) and observed in the preparation of these financial statements are summarized below.

a) Basis of presentation

The financial statements of the Group are presented on a consolidated basis and in accordance with accounting principles generally accepted in Mexico (“Mexican GAAP”), and accordingly, include the recognition of the effects of inflation on financial information. The consolidated financial statements include the net assets and results of operations of all companies in which the Company has a controlling interest (subsidiaries). All significant intercompany balances and transactions have been eliminated from the financial statements.

The preparation of financial statements in conformity with Mexican GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Effective December 2001, the Group reached an agreement to sell its music recording operations to Univision Communications Inc. (“Univision”). Accordingly, the results of operations and net assets of the Group’s music recording segment, which were previously reported as continuing operations, have been classified as discontinued operations in these consolidated financial statements (see Note 22).

b) Members of the Group

At December 31, 2001, the Group consisted of the Company and various subsidiaries, including the following:

	Company’s ownership	Business segments (1)
Telesistema Mexicano, S.A. de C.V. and subsidiaries	100%	Television broadcasting
		Programming for pay television
		Programming licensing
Televisión Independiente de México, S.A. de C.V. and subsidiaries	100%	Television broadcasting
Televisa Comercial, S.A. de C.V.	100%	Television broadcasting
Editorial Televisa, S.A. de C.V. and subsidiaries	100%	Publishing
Grupo Distribuidoras Intermex, S.A. de C.V. and subsidiaries	100%	Publishing distribution
Grupo Radiópolis, S.A. de C.V. and subsidiaries	100%	Music recording (2)
Empresas Cablevisión, S.A. de C.V. and subsidiaries	51%	Cable television
Sistema Radiópolis, S.A. de C.V. and subsidiaries	50%	Radio (see Note 2)
Corporativo Vasco de Quiroga, S.A. de C.V. and subsidiaries	100%	Other businesses
Galavisión DTH, S. de R.L. de C.V.	100%	DTH (3)

(1) See Note 25 for a description of each of the Company´s business segments.

(2) Beginning December 2001, the results of operations of the Group’s music recording business are classified as discontinued operations (see Note 22).

(3) The Group has investments in entities (joint ventures) engaged in direct-to-home (”DTH”) broadcast satellite pay television.

The Group’s television broadcasting, cable television, radio and nationwide paging businesses require concessions (licenses) granted by the Mexican Federal Government for a fixed term, subject to renewal in accordance with Mexican law. At December 31, 2001, the expiration dates of the Group’s concessions were as follows:

Concessions	Expiration dates
Television broadcasting	From 2003 to 2010
Cable television	In 2029
Radio	From 2003 to 2009
Nationwide paging	In 2006 and 2019

c) Foreign currency translation

Monetary assets and liabilities of Mexican companies denominated in foreign currencies are translated at the prevailing exchange rate at the balance sheet date. Resulting exchange rate differences are recognized in income for the year, within integral cost of financing.

Assets, liabilities and results of operations of non-Mexican subsidiaries are first converted to Mexican GAAP, including restating to recognize the effects of inflation based on the inflation of each foreign country, and then translated to Mexican pesos utilizing the exchange rate as of the balance sheet date at year-end. Resulting translation differences are recognized in equity as part of the accumulated other comprehensive loss.

d) Temporary investments

The Group considers all highly liquid investments with original maturities of three months or less, consisting primarily of short-term promissory notes of Mexican financial institutions, to be temporary investments. Investments with maturities between three months and one year are classified as short-term investments. Temporary investments are valued at market value.

As of December 31, 2000 and 2001, temporary investments consisted of fixed short-term deposits in commercial banks (primarily in Mexican Pesos and U.S. dollars), with an average yield of approximately 6.32% for U.S. dollar deposits and 15.20% for Mexican Peso deposits in 2000, and approximately 3.97% for U.S. dollar deposits and 12.55% for Mexican Peso deposits in 2001.

e) Valuation of transmission rights, programs, films, and inventories

Beginning December 31, 2001, transmission rights, programs, films and production talent advances, which previously were reported as inventories, are classified as separate current and non-current assets in the consolidated balance sheets (see Note 4). As of December 31, 2000 and 2001, inventories of the Group consisted primarily of paper, magazines, materials and supplies.

Transmission rights, paper, materials and supplies inventories are valued at the lesser of acquisition cost or net realizable value. Programs, films and magazines are valued at the lesser of production cost, which consists of direct production costs and production overhead, or net realizable value.

Transmission rights, programs, films, paper and certain materials and supplies are restated at specific costs determined by the Group on the basis of last purchase price or production cost, or replacement cost whichever is more representative. Other inventories are restated using the National Consumer Price Index ("NCPI") factors. Cost of sales is determined based on restated costs, as determined above, and calculated for the month in which such transmission rights, programs and films and inventories are matched with related revenues.

f) Investments

Investments in companies in which the Group exercises significant influence are accounted for by the equity method. Other investments are accounted for at cost.

g) Property, plant and equipment

Property, plant and equipment are recorded at acquisition cost, and thereafter are restated using the NCPI, except for equipment of non-Mexican origin, which is restated using an index which reflects the inflation in the respective country of origin and the exchange rate of the Mexican Peso against the currency of such country at the balance sheet date ("Specific Index").

The integral cost of financing attributable to assets under construction is capitalized. Capitalized integral financing costs include interest costs, gains from monetary position and foreign exchange losses, and are determined by reference to the Group's average integral financing cost of outstanding borrowings. No integral cost of financing was capitalized in 2000 and 2001, since the capitalization rate attributable to outstanding borrowings was negative in those years.

Depreciation of property, plant and equipment is based upon the restated carrying value of the assets in use and is computed using the straight-line method over the estimated useful lives of the assets ranging principally from 20 to 65 years for buildings, 5 to 25 years for technical equipment and 5 to 20 years for other equipment.

h) Goodwill, trademarks and other deferred costs

Goodwill, trademarks and certain deferred costs are recognized at cost, and thereafter restated using the NCPI. They are amortized using the straight-line method over the following periods:

	Years
Goodwill	20
Trademarks	40
Installation costs	Ranging from 5 to 20
Television network concession	15
Licenses and leasehold improvements	10
DTH development costs (1) and internet preoperating expenses (2)	5
Internet development costs (2)	3

(1) Costs incurred by the Group in connection with proposed DTH broadcast satellite pay television joint ventures before the respective DTH services have commenced. Upon commencement of DTH services, additional costs incurred by the Group in connection with investments in DTH ventures are recognized in income within other expense (see Note 20).

(2) Costs incurred in the development and creation of the Group's Internet portal and preoperating expenses incurred prior to the launch of such portal.

Deferred financing costs incurred in respect of borrowings are amortized over the life of the related debt using the effective interest method.

i) Evaluation of long-lived assets

The Group periodically evaluates the recoverability of its long-lived assets to determine whether current events or circumstances warrant adjustment to the carrying value. Such evaluation may be based on current and projected income and cash flows from operations of related businesses on a continuing basis as well as other economic and market variables (see Notes 7 and 22).

j) Exclusive rights letters and players signing bonuses

Exclusive rights letters for soccer players, which entitle the holder to the players exclusive participation, are valued at cost, and gain or loss is recognized at the time the exclusive right is canceled, usually when a player is transferred. Signing bonuses are valued at cost and are amortized over the contract period.

k) Customer deposits and advances

Deposit and advance agreements for television advertising services provide that customers receive volume discounts, that are fixed for the contract period, for television broadcast advertising time based on rates established by the Group. Such rates vary depending on when the advertisement is aired, including the season, hour, day and type of programming.

Customer deposits and advances are considered non-monetary items since they are non-refundable and are applied at rates in effect when they were received. Accordingly, these deposits and advances are restated to recognize the effects of inflation by using the NCPI.

l) Stockholders' equity

The capital stock and other stockholders' equity accounts (other than deficit from restatement) include the effect of restatement, determined by applying the change in the NCPI between the dates capital was contributed or net results were generated to the most recent period end. The restatement represents the amount required to maintain the contributions, share repurchases and accumulated results in Mexican Pesos in purchasing power as of December 31, 2001.

m) Revenue recognition

The Group derives the majority of its revenues from media and entertainment related business activities both domestically and internationally. Revenues generally are recognized when the service is provided and collectibility is probable. A summary of revenue recognition policies by activity is as follows:

- Advertising revenues, including deposits from customers for future advertising, are recognized at the time the advertising services are rendered.

- Revenues from program services for pay television and licensed television programs are recognized when the programs are sold and become available for broadcast.
- Revenues from magazine subscriptions are deferred and recognized proportionately as products are delivered to subscribers. Revenues from the sales of magazines and books are recognized when the merchandise is delivered, net of a provision for estimated returns.
- Revenues from the sales of cassettes and compact discs, net of a provision for estimated returns and allowances, are recognized when the merchandise is delivered. Beginning December 2001, the Group's music recording operations are classified as discontinued operations (see Note 22).
- Cable television subscription, pay per view and installation fees are recognized in the period in which the services are rendered. Installation fees were not significant for all periods presented.
- Revenues from attendance to soccer games, including revenues from advance ticket sales for soccer games and other promotional events, are recognized on the date of the relevant event.
- Revenues from nationwide paging are recognized when the paging services are rendered. Activation fees were not significant for all periods presented.
- Motion picture production and distribution revenues are recognized as the films are exhibited.
- Revenues from dubbing services are recognized in the period in which the services are rendered.
- Advertising revenues from Internet operations are recognized based on the number of times in which such advertising is shown in the Group's Internet portal and this is visited by a user.

n) Pension plans, seniority premiums and indemnities

Plans exist for pension and retirement payments for substantially all of the Group's Mexican employees, funded through irrevocable trusts. Payments to the trusts are determined in accordance with actuarial computations of funding requirements. Pension payments are made by the trust administrators.

Increases or decreases in the seniority premium liability are made by the Group and are based upon actuarial calculations.

Severance obligations to dismissed personnel are charged to income in the year in which they are incurred.

o) Income tax

Beginning January 1, 2000, the Group adopted the guidelines of revised Bulletin D-4 "Accounting for Income Tax, Assets Tax and Employees' Profit Sharing" issued by the Mexican Institute of Public Accountants ("MIPA"). This Bulletin requires recognition of deferred income tax by using the comprehensive asset and liability method. Under this method, deferred income taxes are calculated by applying the respective income tax rate to the temporary differences between the accounting and tax values of assets and liabilities at the date of the financial statements. The cumulative effect of adopting the revised Bulletin D-4 at January 1, 2000, increased the deferred tax liability and decreased stockholders' equity by Ps.2,565,772 (of which Ps.2,500,019 impacted majority stockholders' equity).

In July 2000, the MIPA issued Circular 54, "Bulletin D-4 Interpretations", which was intended to clarify certain concepts in connection with the guidelines and application of Bulletin D-4.

p) Derivative financial instruments

The Group uses from time to time derivative financial instruments for the purpose of reducing its exposure to adverse fluctuations in foreign exchange rates and interest. Through December 31, 2000, the Group recognized gains or losses on derivative financial instruments not designated as a hedge upon settlement of the related contracts (see Notes 5, 9 and 18). In February 2000, the MIPA issued Bulletin C-2, "Financial Instruments", which became effective as of January 1, 2001. Bulletin C-2 provides guidance for recognizing, measuring and disclosing information about financial assets and financial liabilities, including accounting for certain hedging transactions. Bulletin C-2 requires that all financial instruments be recorded in the balance sheet at their fair value and changes in the fair value of financial instruments are recorded in each period in the income statement. In the first quarter of 2001, the Group adopted the provisions of Bulletin C-2. As a result of applying the provisions of this new accounting principle, the Group accounted for all of its derivative financial instruments at fair value as of January 1, 2001, and recognized a cumulative effect loss of Ps.69,443 (net of income tax benefit of Ps.37,393) in the consolidated income statement for the year ended December 31, 2001. The impact was primarily due to the recognition of unsettled forward contracts not designated as a hedge.

q) Comprehensive income

In August 2000, the MIPA issued Bulletin B-4, "Comprehensive Income". Bulletin B-4 defines comprehensive income as the net income for the period presented in the income statement plus other results for the period reflected in the stockholders' equity which are from non-owner services, and requires the disclosure of the components of comprehensive income in the presentation of financial statements. Bulletin B-4 became effective and was adopted by the Group as of January 1, 2001 (see Note 15).

r) New accounting bulletins

In December 2001, the MIPA issued Bulletin C-9, "Liability, Provisions, Contingent Assets and Liabilities, and Commitments". Bulletin C-9 provides guidance for the valuation, presentation and disclosure of liabilities and provisions (other than income taxes, employee benefit plans, financial instruments to be valued on a fair value basis and asset allowances), including contingent assets and liabilities, as well as disclosure guidelines for commitments incurred by an entity as a part of its operations. Bulletin C-9 will be effective as of January 1, 2003, with earlier adoption allowed. The Group is currently evaluating the impact that the adoption of Bulletin C-9 will have on the Group's financial statements.

In January 2002, the MIPA issued Bulletin C-8, "Intangible Assets", which defines intangible assets as costs incurred and rights or privileges acquired that will generate a future economic benefit. Bulletin C-8 provides a definition of research and development costs requiring that only development costs can be deferred to future periods. Furthermore, Bulletin C-8 states that preoperating costs should be expensed as a period cost, unless they can be classified as development costs. Bulletin C-8 requires that intangible assets with indefinite useful lives should not be amortized, but should be tested for impairment annually. Intangible assets with finite useful lives should be amortized over its useful life. The provisions of Bulletin C-8 are effective as of January 1, 2003, although early adoption is recommended. The Group is currently evaluating the impact that the adoption of Bulletin C-8 will have on its consolidated financial statements.

s) Prior years' financial statements

The Group's financial statements for the prior year have been restated to Mexican pesos in purchasing power as of December 31, 2001, by using a restatement factor derived from the change in the NCPI, which was 1.0440. Had the alternative weighted average factor allowed under Mexican GAAP been applied to restate the Group's financial statements for the prior year, which included the results of Mexican and non-Mexican subsidiaries, the restatement factor for 2000 would have been 1.0397.

The NCPI at the following dates was:

December 31, 1999	308.919
December 31, 2000	336.596
December 31, 2001	351.418

Certain reclassifications have been made in prior years' financial statements to conform to classifications used in the most recent year.

2. Acquisitions and dispositions

In July 2000, in conjunction with a series of related transactions intended to change the shareholder structure of the Group's controlling company, the Group (a) sold to a former shareholder of the Group's controlling company its equity interest in Pegaso Telecomunicaciones, S.A. de C.V. ("Pegaso") for U.S.$126 million (Ps.1,291,214) in the form of short-term unsecured notes which matured and were paid in full on August 28, 2000, and its interest in the net assets related to the operations of its newspaper "Ovaciones" in exchange for a U.S.$25 million (Ps.256,194) short-term unsecured note; and (b) through a subsidiary repurchased from its controlling company 58,238,668 Series A Shares, not traded as CPO units, for U.S.$59.4 million (see Note 13) in the form of U.S.$34.4 million in cash and the U.S.$25 million note received in connection with the Ovaciones sale. As a result of the disposition of Pegaso and Ovaciones, the Group recognized a pre-tax gain on such disposals of Ps.93,811 as other income in the consolidated income statement for the year ended December 31, 2000 (see Note 20).

In August 2000, the Company reached an agreement to acquire a 35% interest owned by a minority shareholder in Editorial Televisa, S.A. de C.V. ("Editorial Televisa"), the major subsidiary of the Group's publishing segment. This acquisition was completed on October 19, 2000, and was effected through a series of related transactions which included the merger of Editorial Televisa into the Company, pursuant to which the Company issued 172,922,325 shares of capital stock, in the form of 57,640,775 CPOs, for the benefit of such minority shareholder (see Note 13). This acquisition was accounted for as a purchase, recognizing a related goodwill of Ps.70,810 and an additional paid-in capital of Ps.197,670.

In June 2001, the Group acquired a 30% equity interest in Argos Comunicación, S.A. de C.V. ("Argos") for an aggregate cash purchase price of Ps.139,771. The Group recognized related goodwill as a result of this acquisition in the amount of Ps.104,782 resulting from the excess of the purchase price over the carring value of the net assets of Argos. Argos is a company engaged in the production of television programming.

In October 2001, the Company agreed to sell a 50% limited stake of the Group's radio business to Grupo Prisa, a Spanish communications group, for an aggregate purchase price of U.S.$50 million (Ps.465,941), (U.S.$15 million (Ps.139,782) of which was in the form of cash and U.S.$35 million (Ps.326,159) of which was in the form of notes receivable due 2002), and a U.S.$10 million (Ps.91,780) capital contribution to be made in 2002. The Group recognized a pre-tax gain on this sale of approximately Ps.272,952, which represented the excess of the cash and non-cash proceeds over the 50% carrying value of the net assets of its radio business at the transaction date (see Notes 16 and 20).

In December 2001, the Group entered into a series of transactions with Univision by which, among other things, the Group (i) acquired 375,000 non-voting preferred shares of Univision stock, which converted upon the receipt of required U.S. regulatory approvals on February 25, 2002, into 10,594,500 shares of Univision Class A Common Stock for U.S.$375 million (Ps. 3,441,750) in cash; (ii) received a warrant to purchase (which expires in December 2017) 9,000,000 shares of Univision Class A Common Stock as a consideration for surrendering certain governance rights previously held by the Group in Univision; (iii) agreed to sell its music recording business to Univision in exchange for 6,000,000 shares of Univision Class A Common Stock and warrants to purchase (which expire in December 2017) 100,000 shares of Univision Class A Common Stock, subject to obtaining necessary governmental approvals; and (iv) amended its program license agreement to provide Univision with exclusive rights to broadcast the Group's programming in the United States, subject to some exceptions, in exchange for increased royalties. Upon consummation of these transactions and after the conversion of preferred shares and the exercise of warrants at a price of U.S.$38.261 per share, the Group's equity stake in Univision will increase to approximately 14.8% (see Notes 5, 9, 22 and 26).

3. Trade notes and accounts receivable

Trade notes and accounts receivable as of December 31, 2000 and 2001, consisted of:

		2000		2001
Non-interest bearing notes received as customer deposits and advances	Ps.	3,921,630	Ps.	4,498,687
Accounts receivable, including television broadcasting and non-television broadcasting receivables, as well as value-added tax receivables related to advertising services		4,757,045		4,770,715
Allowance for doubtful accounts		(542,013)		(500,538)
	Ps.	8,136,662	Ps.	8,768,864

4. Transmission rights, programs, films and production talent advances

At December 31, 2000 and 2001, transmission rights, programs, films and production talent advances consisted of:

		2000		2001
Transmission rights (1)	Ps.	4,359,035	Ps.	3,738,189
Programs and films (2)		3,700,363		3,572,120
Production talent advances (3)		261,862		178,737
		8,321,260		7,489,046
Less: Non-current portion of transmission rights, programs and films		3,807,319		3,437,536
Current portion of transmission rights, programs, films and production talent advances	Ps.	4,513,941	Ps.	4,051,510

(1) Transmission rights are amortized over the lives of the contracts, generally one to three years or a shorter period if the period of benefit from such rights is estimated to be shorter. Motion pictures to which the Group has long-term transmission rights from third parties and for which the contract terms do not limit the number of showings, including rights in perpetuity, are amortized on a straight-line basis over the period of the expected benefit as determined based upon past experience, but not for more than 25 years. Other long-term transmission rights, with contractually pre-determined number of showings, are amortized based on the Company's estimate of the total number of showings during the contract period.

(2) The Group's policy is to capitalize the production costs of programs which benefit more than one period and amortize them over the expected period of program revenues based on the Company's historic revenue patterns for similar productions, which is generally estimated to occur over five years. Generally, under this policy, 70% of such costs are expensed in the initial year of broadcasting, and 30% are deferred and expensed over the succeeding four-year period in which the Group estimates revenues from licensing such programs.

(3) The Group makes payments to artists, producers, writers and actors for exclusive rights to their services in the Group's future programs for specified periods (production talent advances). Such payments will be included as direct or indirect costs of program production to be amortized starting with transmission.

5. Investments

At December 31, 2000 and 2001, the Group had the following investments:

		2000		2001	Ownership % as of December 31, 2001
Accounted for by the equity method:					
Bouncynet, Inc. (1)	Ps.	148,787	Ps.	36,821	47%
DTH TechCo Partners (2)		160,573		150,016	30%
DTS Distribuidora de Televisión Digital, S.A. (3)		116,180		—	10%
Innova, S. de R.L. de C.V. ("Innova") (4) (8)		(2,703,932)		(2,703,932)	60%
Red Televisiva Megavisión, S.A.		33,766		31,066	21.99%
Sky Multi-Country Partners (5) (8)		—		(76,595)	30%
Univision (6)		455,945		500,725	6.16%
Other		95,240		103,217	—
		(1,693,441)		(1,958,682)	
Other investments:					
Deposits in escrow (7)		1,004,822		790,381	—
Innova (4)		971,056		1,731,106	—
Univision (6)		—		3,441,750	4.80%
Other		31,840		668	—
		2,007,718		5,963,905	
	Ps.	314,277	Ps.	4,005,223	

(1) In the fourth quarter of 2000, the Group contributed U.S.$15.0 million (Ps.148,787) as an initial payment to acquire shares representing 47% of the capital stock (50% of the voting stock) of this company, which is engaged in Internet operations in the United States and Mexico. This acquisition was completed by the Group in the first quarter of 2001, through a final capital contribution of U.S.$2.0 million (Ps.20,111).

(2) General partnership engaged in providing technical services to DTH ventures in Latin America.

(3) Limited liability company which operates a DTH venture in Spain. The concession required for operating this venture expires in 2003. The Group made capital contributions in 2000 of approximately U.S.$24.4 million (Ps.244,387) and no capital contributions were made in 2001. In 2000, the Group's ownership in this venture was increased from 8.77% to 10.00% as a result of a capital stock restructuring. The Company does not recognize its share in the losses of this investee beyond the carrying amount of its equity contributions.

(4) Joint venture engaged in providing digital DTH broadcast satellite pay television services in Mexico. The concession granted by the Mexican Federal Government for operating this joint venture expires in 2026. The Group and News Corp. have a 60% and 30% interest in Innova, respectively, and Liberty Media International, Inc. is an investor with a 10% interest. In connection with this joint venture, the Group has guaranteed certain commitments made by Innova for transponder lease payments (see Note 12). Through December 31, 2000, the Group recognized its share in the net losses of Innova beyond its initial investment and subsequent contributions. In 2001, the Group discontinued the recognition of equity losses in this joint venture because the Group's net liability position in Innova throughout the year was in excess of both the outstanding long-term debt incurred by this joint venture in connection with a transponder capital lease being guaranteed by the Group and the Group's existing commitments to provide Innova with additional funding. The Group's net liability position in Innova as of December 31, 2000 and 2001, was of Ps.1,732,876 and Ps.972,826 respectively, net of long-term notes and interest receivable due from Innova of Ps.971,056 and Ps.1,731,106, respectively, with principal and interest maturities between December 2008 and December 2011 and bearing annual interest rate of 9.0%. To the extent that the Group makes additional funding to Innova in excess of its net liability position the Group will recognize its equity in losses generated by Innova up to the amount of any such excess. Also, in the event that Innova generates net income in the future, the Group will not recognize its proportionate share of this net income until the Group first fully recognizes its proportionate share of previously unrecognized losses.

(5) General partnership in which the Group made equity contributions in 2000 and 2001 of U.S.$35.2 million (Ps.357,208) and U.S.$36.2 million (Ps.340,836), respectively. Also, in 2001, News Corp. made equity contributions in this partnership on behalf of the Group of U.S.$15.0 million (Ps. 137,670) (see Note 17). The Group will continue recognizing its share in losses of this partnership beyond the carrying amount of its equity contributions but not in excess of the outstanding long-term debt incurred by this joint venture in connection with a transponder capital lease being guaranteed by the Group. As of December 31, 2000 and 2001, Sky Multi-Country Partners had investments in DTH ventures in Colombia, Chile and Argentina. The concessions for operating the DTH ventures in Colombia and Chile do not have expiration dates. The concession for operating the DTH venture in Argentina expires in 2015.

(6) The Group accounts for this investment under the equity method due to the Group's continued ability to exercise influence over Univision's operations. As of December 31, 2000 and 2001, the Group owned the following shares, share equivalents and warrants to acquire shares of Univision (see Note 2):

	2000	2001
Shares of common stock	13,593,034	13,593,034
Preferred shares convertible into shares of common stock (a)	—	10,594,500
Warrants to acquire shares of common stock (b)	2,000	9,002,000
	13,595,034	33,189,534

(a) Assumes the conversion of 375,000 preferred shares into 10,594,500 shares of Class A Common Stock of Univision, that the Group acquired in December 2001 for the amount of U.S.$375 million (Ps.3,441,750) (see Note 26).

(b) Includes a warrant to acquire 9,000,000 shares of Common Stock of Univision (which expires in December 2017), at an exercise price of U.S. $38.261 per share.

Assuming the completion of all of the transactions with Univision described in Note 2, the Group's ownership stake in Univision as of December 31, 2001, would have been approximately 14.8% on a fully diluted basis. The quoted market price of Univision's common stock at December 31, 2001, was U.S.$40.46 per share.

(7) In connection with the disposal of the Group's investment in PanAmSat Corporation in 1997, the Group granted collateral to secure certain indemnification obligations which consisted, at December 31, 2000, of a standby letter of credit for up to U.S.$25.1 million (Ps.252,335) and short-term securities of U.S.$75 million (Ps.752,487), and at December 31, 2001, of short-term securities of U.S.$86.1 million (Ps.790,381). In December 2001, the Group used a portion of this investment for the amount of approximately U.S.$14.0 million (Ps.128,795), in connection with certain indemnification payments (see Note 12). The amount required to be held in escrow at December 31, 2001 was U.S.$86.1 million, in cash or cash equivalents (currently in the form of short-term securities). After the expiration of applicable tax statutes of limitations, the collateral will be reduced to a minimal amount. The collateral agreement will terminate in approximately six years.

(8) In 1999, the Company entered into forward exchange contracts for a notional amount of U.S.$45 million and Ps.585,675 (nominal) for purposes of hedging its anticipated investment in its DTH joint ventures. The terms of such contracts were for periods ranging from 14 to 26 months (see Notes 1 (p) and 18). As of December 31, 2001, none of these contracts were outstanding.

In 2000 and 2001, the Group recognized in the consolidated statements of income an equity in losses of affiliates of Ps.1,834,171 and Ps.522,107, respectively, and in the consolidated other comprehensive loss an equity in the result from holding non-monetary assets of affiliates of Ps.15,757 and Ps.1,294, respectively, and an equity in the translation (gain) loss effect of affiliates of (Ps.124,239) and Ps.180,364, respectively.

Summarized financial information for Innova and the Group's affiliates accounted for by the equity method, are as follows:

		2000		2001
Innova:				
At December 31:				
Current assets	Ps.	275,838	Ps.	369,932
Noncurrent assets		3,461,032		3,200,860
Current liabilities		(1,492,954)		(998,963)
Noncurrent liabilities		(6,750,433)		(7,587,135)
Net liabilities	Ps.	(4,506,517)	Ps.	(5,015,306)
For the year ended December 31:				
Net sales	Ps.	2,366,896	Ps.	3,102,034
Depreciation and amortization		(799,762)		(897,195)
Operating loss		(1,015,134)		(152,598)
Net loss		(1,758,486)		(387,365)
Other affiliates:				
As of December 31:				
Current assets	Ps.	7,078,873	Ps.	6,895,858
Noncurrent assets		24,403,226		26,883,554
Current liabilities		(7,004,180)		(3,718,428)
Noncurrent liabilities		(15,219,998)		(21,775,037)
Net assets	Ps.	9,257,921	Ps.	8,285,947
For the year ended December 31:				
Net sales	Ps.	13,133,445	Ps.	13,058,688
Operating loss		(3,059,928)		(2,202,839)
Net loss		(4,037,634)		(1,945,165)

6. Property, plant and equipment

Property, plant and equipment as of December 31, 2000 and 2001, consisted of:

	2000	2001
Buildings	Ps. 6,288,749	Ps. 6,149,571
Technical equipment	8,549,550	8,661,425
Furniture and fixtures	523,054	500,155
Transportation equipment	411,591	435,574
Computer equipment	584,402	639,237
	16,357,346	16,385,962
Accumulated depreciation	(7,066,212)	(7,176,978)
	9,291,134	9,208,984
Land	3,314,139	3,284,270
Construction in progress	531,887	426,637
	Ps. 13,137,160	Ps. 12,919,891

At December 31, 2000 and 2001, the Group's Mexican subsidiaries had technical equipment, transportation equipment and computer equipment of non-Mexican origin totaling Ps.2,600,744 and Ps.2,460,077, respectively, net of accumulated depreciation (see Note 1(g)).

Had the NCPI been applied to restate all of the Group's net equipment, the net balance of property, plant and equipment as of December 31, 2000 and 2001 would have been Ps.13,910,035 and Ps.13,996,592 respectively.

Property, plant and equipment includes capitalized financing costs of Ps.1,351,682 as of December 31, 2000 and 2001. Accumulated depreciation includes depreciation of capitalized financing costs of Ps.300,858 and Ps.431,899 as of December 31, 2000 and 2001, respectively.

Depreciation charged to income in 2000 and 2001 was Ps.899,012 and Ps.819,744 respectively.

Included in property, plant and equipment are assets held under capital leases, net of accumulated depreciation, of Ps.73,367 and Ps.90,741 as of December 31, 2000 and 2001, respectively.

7. Goodwill and trademarks

The balances of goodwill and trademarks as of December 31, 2000 and 2001, were as follows:

	Goodwill		Trademarks	
	2000	2001	2000	2001
Cost	Ps. 3,670,521	Ps. 3,618,609	Ps. 463,734	Ps. 429,782
Accumulated amortization	(936,649)	(1,060,061)	(94,983)	(99,520)
	Ps. 2,733,872	Ps. 2,558,548	Ps. 368,751	Ps. 330,262

Amortization of goodwill in 2000 and 2001 was Ps.217,052 and Ps.191,687, respectively, which was recorded in other expense, net (see Note 20).

In 2001, a write-off of unamortized goodwill for the amount of Ps.210,699 was recognized in connection with the impairment of certain long-lived assets of the Group (see Note 20).

Amortization of trademarks in 2000 and 2001 was Ps.11,655 and Ps.10,481, respectively.

8. Deferred costs

The balance of deferred costs as of December 31, 2000 and 2001, consisted of:

		2000		2001
Installation costs	Ps.	1,852,757	Ps.	2,094,930
Leasehold improvements		58,619		56,041
Television network concession		1,055,853		1,055,853
Licenses		73,463		76,429
Deferred financing costs		637,830		251,737
DTH development costs		139,682		139,524
Costs related to programming contracts		65,866		63,088
Internet development costs		320,080		351,969
Internet preoperating expenses		64,410		62,705
Other		187,514		91,273
		4,456,074		4,243,549
Accumulated amortization		(1,731,866)		(1,588,366)
	Ps.	2,724,208	Ps.	2,655,183

Amortization of deferred costs charged to income in 2000 and 2001, was Ps.707,984 and Ps.578,626, respectively, of which Ps.63,039 and Ps.43,830, respectively, were recorded as other expense, net (see Note 20), Ps.40,484 and Ps.40,331, respectively, were recorded as interest expense (see Note 18), and Ps.271,475 and Ps.30,430, respectively, were recorded as non-recurring charges in connection with the extinguishment of long-term debt (see Note 19).

9. Debt

As of December 31, 2000 and 2001, long-term debt outstanding was as follows:

		2000		2001	Maturities at December 31, 2001
U.S. dollars:					
Series A Senior Notes (1) (3)	Ps.	690,753	Ps.	631,878	2003
Series B Senior Notes (1) (3)		53,607		49,038	2006
Senior Discount Debentures (2) (3)		311,321		—	—
Senior Notes due 2005 (4)		2,006,633		1,835,600	2005
Senior Notes due 2011 (5)		—		2,753,400	2011
Syndicated loan (6)		4,013,266		—	—
Loan facility (6)		—		917,800	Various from 2005 to 2006
Bridge loan facility (7)		—		2,533,128	2002 and refinanced through 2032
Other, including capital leases (8)		421,195		188,106	Various from 2002 to 2010
		7,496,775		8,908,950	
Mexican pesos:					
UDI-denominated Notes (9)		3,298,488		3,318,050	2007
Bank loans (10)		597,546		736,051	Various from 2004 to 2006
		3,896,034		4,054,101	
Other currency long-term debt (11)		319,999		191,463	Various from 2003 to 2004
Total debt		11,712,808		13,154,514	
Less: long-term maturities		11,351,874		12,819,711	
Current portion of long-term	Ps.	360,934	Ps.	334,803	

(1) Interest on each series of the Senior Notes is payable semi-annually. Except as described below, the Senior Notes are not redeemable at the option of the Company. Interest rates on the Series A Senior Notes and Series B Senior Notes (including additional amounts payable in respect of certain Mexican withholding taxes) are 11.96% and 12.49% per annum, respectively. In the event of certain changes in law affecting the Mexican withholding tax treatment of certain payments on the securities, the securities will be

redeemable, as a whole but not in part, at the option of the Company, at any time, at 100% of their principal amount plus accrued interest, to the date of redemption. These securities are unsecured, unsubordinated obligations of the Company, rank pari passu in right of payment with all existing and future unsecured, unsubordinated obligations of the Company, and are senior in right of payment to all future subordinated indebtedness of the Company, and are effectively subordinated to all existing and future liabilities of the Company's subsidiaries.

In June 1999, the Company entered into forward exchange contracts for notional amounts of U.S.$100 million and Ps.1,253,500 (nominal) to hedge its U.S. dollar semi-annual interest payments on the Series A Senior Notes and Series B Senior Notes in 2000, and, following the tender offers and consent solicitations for such securities, to hedge its U.S. dollar semi-annual interest payments on the syndicated loan through 2001 (see Note 1 (p) and 10). As of December 31, 2001, none of these contracts were outstanding.

In the third quarter of 1999, the Company entered into a total return bond swap agreement in respect of U.S.$41 million (Ps.411,359) of its Series A Senior Notes, which were purchased by a financial institution in the open market pursuant to this agreement. Under the terms of such agreement, the Company received an up-front fee of 5.4% of the amount of the purchased notes which is being accounted for as an adjustment to the interest expense over the remaining and outstanding maturity of the Series A Senior Notes. Depending on market conditions, the total return bond swap calls for the Company to pay or receive, upon maturity or earlier redemption of the notes, the difference between the price paid by the financial institution for the notes and the then market value of the Mexican Federal Government Bonds with an annual interest of 9.875% and due in 2007.

(2) Net of unamortized discount of approximately U.S.$1.5 million as of December 31, 2000 (including amortized discount of approximately U.S.$2.5 million at that date). Interest rate on the Senior Discount Debentures (including additional amounts payable in respect of certain withholding taxes) was 13.93% per annum.

(3) On May 10, 2000, the Company consummated tender offers and consent solicitations for the securities representing its Series A Senior Notes, Series B Senior Notes and Senior Discount Debentures for an amount of approximately U.S.$920.1 million (Ps.9,641,810), which included premiums, consent fees, and accrued interest payable as of that date of approximately U.S.$125.9 million (Ps.1,319,314). As a result of these transactions, the Company (a) extinguished approximately 88.17% of its Series A Senior Notes, Series B Senior Notes and Senior Discount Debentures denominated in U.S. dollars (including those held on behalf of the Company); (b) eliminated substantially all of the restrictive covenants in connection with this debt; and (c) recognized a pre-tax loss of approximately Ps.1,463,524 which was classified as a non-recurring charge in the consolidated income statement for the year ended December 31, 2000. Following these transactions, additional long-term securities were repurchased by the Company for an amount of approximately U.S.$4.0 million (Ps.42,056), which included premiums, and accrued interest payable as of the date of the repurchase of approximately U.S.$0.2 million (Ps.2,573). On May 15, 2001, the Company redeemed all of the remaining Senior Discount Debentures outstanding which were originally due in 2008, at 106.625% of their principal amount of approximately U.S.$32.5 million in accordance with the terms of the related debt securities indenture. The premiums for redeeming this debt amounted to approximately U.S.$2.2 million (Ps.20,961), and were accounted for, together with related costs, as a non-recurring charge of Ps.31,850 in the consolidated income statement for the year ended December 31, 2001 (see Note 19). This redemption was refinanced by means of a Mexican peso loan of Ps.327,191, described below.

(4) On August 8, 2000, the Company issued U.S.$200 million aggregate principal amount of 8.625% Senior Notes due August 2005. Interest on the Senior Notes, including additional amounts payable in respect of certain Mexican withholding taxes, is 9.07% per annum, and is payable semi-annually in February and August of each year, commencing in February 2001. The Senior Notes are unsecured obligations of the Company, rank equally in right of payment with all existing and future unsecured and unsubordinated indebtedness of the Company, and are junior in right of payment to all of the existing and future liabilities of the Company's subsidiaries. The Senior Notes may not be redeemed prior to maturity, except in the event of certain changes in law affecting the Mexican withholding tax treatment of certain payments on the securities, in which case the securities will be redeemable, as a whole but not in part, at the option of the Company. The agreement contains certain covenants that limit the ability of the Company and its subsidiaries engaged in television broadcasting, programming for pay television and programming licensing, to incur or assume liens, perform sale and leaseback transactions, and consummate certain mergers, consolidations and similar transactions. In the fourth quarter of 2000, substantially all of the Senior Notes were registered by the Company with the U.S. Securities and Exchange Commission through an exchange offer.

(5) In September 2001, the Company issued U.S.$300 million 10-year Senior Notes with a coupon rate of 8%. The Senior Notes were priced at 98.793% for a yield to maturity of 8.179%. The proceeds of this offering were used to repay all of the remaining amounts then outstanding under the Company's U.S.$400 million syndicated loan with an original maturity in 2003. Interest on the Senior Notes, including additional amounts payable in respect of certain Mexican withholding taxes, is 8.41% per annum, and is payable semi-annually in September and March of each year, commencing in March 2002. The Senior Notes may not be redeemed prior to maturity, except in the event of certain changes in law affecting the Mexican withholding tax treatment of certain payments on the securities, in which case the securities will be redeemable, as a whole but not in part, at the option of the Company. The agreement of the Senior Notes contains certain covenants that limit the ability of the Company and its subsidiaries engaged in television broadcasting, programming for pay television and programming licensing (other than those operations conducted by a television broadcasting subsidiary in San Diego, California), to incur or assume liens, perform sale and leaseback transactions, and consummate certain mergers, consolidations and similar transactions. On January 30, 2002, the Company initiated an offer to exchange all of these unregistered Senior Notes for Senior Notes registered under the Securities Act (see Note 26).

(6) On May 8, 2000, the Company entered into a syndicated credit agreement with international commercial banks for an amount of U.S.$400 million, with an annual interest rate of LIBOR plus 1.25% (excluding the effect of the related Mexican withholding tax) and a maturity in 2003. Interest on this credit was payable semi-annually. The net proceeds of this credit agreement, together with the net proceeds of the UDI-denominated Notes described below, and cash on hand, were used to fund the tender offers and related fees and expenses described above. Amounts outstanding under this credit agreement were refinanced by the Company in September 2001 through a combination of the net proceeds from the issuance of U.S.$300 million Senior Notes due 2011 described above and, in December 2001, a U.S.$100 million credit agreement with three international commercial banks. Amounts outstanding under this facility are payable in four consecutive semi-annual installments beginning in June 2005 and ending in December 2006 (the first two installments of U.S.$20 million each and the last two installments of U.S.$30 million each), and bear an annual interest rate of LIBOR plus 0.875% for the first three years and 1.125% for the last two years (excluding the effect of the related Mexican withholding tax). Under the terms of this credit agreement, the Company and its restricted subsidiaries engaged in television broadcasting, programming for pay television and programming licensing (other than those operations conducted by a television broadcasting subsidiary in San Diego, California) are required to maintain (a) certain financial coverage ratios related to indebtedness, interest expense and stockholders´ equity; and (b) certain restrictive covenants on indebtedness, dividend payments, issuance and sale of capital stock, capital expenditures or investments, and liens.

(7) Bridge loan for U.S.$276 million incurred in December 2001 to finance, together with U.S.$99.0 million of cash on hand, the acquisition of capital stock of Univision (see Notes 2 and 5). On March 1, 2002, the Company priced a U.S.$300 million 30-year Senior Notes offering with a coupon rate of 8.50%. The Senior Notes were priced at 99.431% for a yield to maturity of 8.553%. A portion of the net proceeds of this offering were used to refinance this bridge loan facility on a long-term basis (see Note 26).

(8) Includes U.S.$10.3 million (Ps.103,813) and U.S.$4.3 million (Ps.39,817) at December 31, 2000 and 2001, respectively, of long-term indebtedness with maturities of up to two years at a fixed interest rate of 5.5% per annum (excluding additional interest payable as a result of certain Mexican withholding taxes). This indebtedness requires that the Company meet certain leverage and liquidity coverage tests. The remaining U.S. dollar loans bear interest at rates which vary between 1 and 4 points above LIBOR (excluding additional interest payable as a result of certain Mexican withholding taxes). Includes also other notes payable to third parties other than banks of Ps.317,382 and Ps.148,289 as of December 31, 2000 and 2001, respectively, bearing annual interest rates which vary between one and six points above LIBOR.

(9) On April 14, 2000, the Company issued in the Mexican market Notes denominated in Mexican Investment Units ("Unidades De Inversión" or "UDIs") for an amount of Ps.$3,000,000, representing 1,086,007,800 UDIs, with an annual interest rate of 8.15% and maturity in 2007. Interest on these notes is payable semi-annually. The balance as of December 31, 2000 and 2001 includes restatement of Ps.166,386 and Ps.318,050, respectively. The UDI value as of December 31, 2001, was of Ps.3.055273 per one UDI.

(10) Includes a long-term loan payable to a Mexican bank of Ps.597,546 and Ps.419,719 at December 31, 2000 and 2001, respectively, which was originally due in August 2000, and was refinanced by the Group in July 2000. Under such refinancing, the Company will pay the principal amount of this loan in 16 equal quarterly installments beginning October 2000 and ending July 2004, bearing an annual interest rate of the Mexican interbank rate plus 45 basis points, payable on a monthly basis. The terms of this loan include certain financial ratios and covenants to be complied with by the Company and certain restricted subsidiaries similar to the covenants and financial ratios under the Company's U.S.$100 million credit agreement described above. Before the refinancing, this loan bore annual interest at the Mexican interbank rate calculated on a monthly basis plus additional basis points, the average of which was 150 for the first six months of 2000. The 2001 balance also includes a long-term loan of Ps.288,000, granted by a commercial Mexican bank in 2001 to refinance the redemption of the Senior Discount Debentures described above, with principal and interest thereof payable on a quarterly basis through May 15, 2006, and annual interest rate of the Mexican interbank rate plus 30 basis points. The terms of this loan include certain financial ratios and covenants.

(11) Includes at December 31, 2000 and 2001, a long-term loan for approximately 3,921.6 million Spanish pesetas (Ps.219,455 and Ps.190,857, respectively) with an annual interest rate of EURIBOR plus 0.80% payable on a quarterly basis, and a maturity in June 2003. This loan is collateralized by shares representing approximately 42% of the Group's investment in its DTH venture in Spain (see Note 5). Includes also other notes payable to third parties other than banks of Ps.100,544 as of December 31, 2000, bearing annual interest rates which vary between 5.73% and 10.84%.

In February 2000, the Company entered into arrangements under which it may issue unsecured short-term debt up to U.S.$200 million as a part of a Euro-Commercial Paper Program. As of December 31, 2001, no debt had been incurred by the Company under this program.

Maturities of debt

Debt maturities for the years subsequent to December 31, 2001, excluding capital lease obligations, are as follows:

2002	Ps.	298,720
2003		1,056,794
2004		187,772
2005		2,272,900
2006		636,409
Thereafter		8,635,004
	Ps.	13,087,599

Future minimum payments under capital leases for the years subsequent to December 31, 2001, are as follows:

2002	Ps.	40,795
2003		15,934
2004		7,597
2005		7,468
2006		6,520
Total minimum lease payments		78,314
Less: amount representing interest		11,399
Present value of net minimum payments	Ps.	66,915

10. Financial instruments

The Group's financial instruments recorded on the balance sheet include cash, temporary investments, accounts and notes receivable, accounts payable and debt. For cash, temporary investments, accounts receivable and payable, and short-term notes payable due to banks and other financial institutions, the carrying amounts approximate fair value due to the short maturity of these instruments. The fair value of the Group's long-term debt securities and foreign currency contracts are based on quoted market prices. Escrow deposits (see Note 5) bear interest at market rates and the carrying value approximates fair value. Other investments carried at cost in 2001 include preferred shares of Univision, and the carrying value of such shares approximates fair value. The fair value of warrants to purchase shares of Univision was based upon an option pricing model. The fair value of the long-term loans that the Group borrowed from leading Mexican banks (see Note 9) was estimated using the borrowing rates currently available to the Group for bank loans with similar terms and average maturities.

The estimated fair values of the Group's financial instruments at December 31, 2000 and 2001 were as follows:

	2000		2001	
	Carrying value	**Fair value**	**Carrying value**	**Fair value**
Assets:				
Univision preferred shares (see Note 5)	Ps. —	Ps. —	Ps. 3,441,750	Ps. 3,441,750
Univision warrants (see Note 5)	—	—	—	—
Liabilities:				
Senior Notes due 2005 and 2011	2,006,633	1,996,600	4,589,000	4,734,655
Other long-term debt securities	1,055,682	1,133,193	680,916	710,120
Long-term syndicated loan	4,013,266	4,013,266	—	—
UDI-denominated long-term securities	3,298,488	3,289,910	3,318,050	3,540,691
Long-term notes payable to Mexican banks	597,547	597,547	707,719	707,719
Loan facility	—	—	917,800	917,800
Derivative financial instruments:				
Forward exchange contracts	1,138,337	881,751	—	—

11. Pension plans and seniority premiums

Certain companies in the Group have collective bargaining contracts which include defined benefit pension plans for substantially all of their employees. Additionally, the Group has a defined benefit pension plan for executives. All pension benefits are based on salary and years of service rendered.

Under the provisions of the Mexican labor law, seniority premiums are payable, based on salary and years of service, to employees who resign or are terminated prior to reaching retirement age. Some companies in the Group have seniority premium benefits which are greater than the legal requirement. After retirement age, employees are no longer eligible for seniority premiums.

Pension and seniority premium amounts are actuarially determined by using real assumptions (net of inflation) and attributing the present value of all future expected benefits proportionately over each year from date of hire to age 65. The Group has used a 4% discount rate, 2% salary scale, and 5% return on assets rate for 2000 and 2001. The Group makes voluntary contributions from time to time to trusts for the pension and seniority premium plans which are generally deductible for tax purposes. No cash contributions to the trusts were made by the Group in 2000 and 2001. Plan assets were invested primarily in corporate and government bonds as of December 31, 2000, and in a portfolio that primarily consisted of equity and debt securities (including shares of the Company) as of December 31, 2001. Pension and seniority premium benefits are paid when they become due.

The pension and seniority premium plan (asset) liability as of December 31, 2000 and 2001 was as follows:

		2000		2001
Actuarial present value of benefit obligations:				
Vested benefit obligations	Ps.	257,005	Ps.	265,091
Nonvested benefit obligations		477,503		476,857
Accumulated benefit obligation		734,508		741,948
Benefit attributable to projected salaries		153,304		160,249
Projected benefit obligation		887,812		902,197
Plan assets		(803,344)		(704,600)
Projected benefit obligation in excess of plan assets		84,468		197,597
Items to be amortized over a 15-year period:				
Transition obligation		339,639		314,247
Unrecognized prior service cost		39,551		36,785
Unrecognized net (gain) loss from experience differences		(14,640)		98,679
		364,550		449,711
Net projected asset		(280,082)		(252,114)
Adjustment needed to recognize minimum liability (with the recognition of an intangible asset included in other assets)		—		289,462
Balance sheet (asset) liability	Ps.	(280,082)	Ps.	37,348

The net projected asset as of December 31, 2000, was included in other assets.

The net pension and seniority premium cost for 2000 and 2001 was Ps.84,434 and Ps.100,312, respectively.

12. Commitments and contingencies

At December 31, 2001, the Group's commitments for capital expenditures were approximately Ps.473,173, of which Ps.313,108 were related to purchase commitments to acquire television technical equipment.

At December 31, 2001, the Group had commitments for making capital contributions in 2002 to Innova of up to U.S.$40 million and to its DTH ventures in Latin America, excluding Mexico, for up to U.S.$25 million.

In September 2001, the Company entered into a 50/50 programming joint venture with Endemol, a world leading content developer and producer for television and online platforms based in The Netherlands, to produce and develop content for television and the Internet. In this regard, the Group has commitments to acquire from Endemol programming formats through this venture for up to U.S.$75 million in a period of five years beginning 2002.

The Company has guaranteed the obligations of certain consolidated subsidiaries for direct loans and capital leases in an aggregate amount of Ps.275,920, which are reflected in the December 31, 2001 balance sheet as liabilities. The Group has granted collateral in connection with certain indemnification obligations (see Note 5), which includes a deposit of U.S.$86.1 million of short-term securities. In addition, a subsidiary of the Company has guaranteed Ps.892,497 in respect of a federal tax claim made against the Company. The Company believes it has a meritorious defense against this claim.

Furthermore, the Company has guaranteed the obligations of certain related parties for direct loans in an aggregate amount of approximately Ps.248,911, approximately 93% of which relates to guarantees related to DTH technical facilities.

Payments to be made by certain Mexican companies in the Group to employees in case of dismissal and under certain circumstances provided by the Mexican labor law will be expensed as incurred.

At December 31, 2001, the Group had the following aggregate minimum annual lease commitments under non-cancelable operating leases:

		Thousands of U.S. dollars
2002	U.S.$	3,579
2003		936
2004		960
2005		930
2006 and thereafter		1,915
	U.S.$	8,320

At December 31, 2001, the Group had the following aggregate minimum annual commitments for the use of satellite transponders (other than transponders for DTH television services described below):

		Thousands of U.S. dollars
2002	U.S.$	18,587
2003		18,043
2004		17,907
2005		17,907
2006 and thereafter		57,822
	U.S.$	130,266

The Group has guaranteed its 60% proportionate share of Innova's minimum commitment for use of transponders over a period ending in 2015, which is estimated to be an aggregate of approximately U.S.$168.3 million as of December 31, 2001.

The Group has also guaranteed its proportionate share of the minimum commitments of DTH joint ventures other than Innova for use of transponders over a period ending in 2014, which is estimated to be an aggregate of approximately U.S.$129.8 million as of December 31, 2001. The Group's share of the ventures varies depending upon the venture.

In September 2000, the Company reached an agreement with shareholders of Grupo Acir Comunicaciones, S.A. de C.V. ("Grupo Acir") and Clear Channel Communications, Inc. ("CCC") to merge their radio operations in México in a series of related transactions. This merger was subject to the fulfillment of certain applicable corporate requirements, as well as obtaining all the necessary governmental approvals. On December 4, 2000, the Mexican Antitrust Agency ("Comisión Federal de Competencia" or "CFC") announced that it had rejected this proposed merger on the grounds that such merger would affect to all radio competitors in Mexico. The Company is vigorously appealing the ruling of the CFC; however, no assurance can be given that this merger will be consummated.

The Company's United States music recording subsidiary, Fonovisa, Inc. ("Fonovisa"), made an estimated U.S.$10 million in payments over a ten year period in apparent violation of applicable U.S. laws. As a result, the Group underreported taxable income in prior years. Since 1999, the Group has taken action to assure that these payments have stopped and will not be made in the future. In 2000, the Group pled guilty to one court in connection with this matter and paid a U.S.$0.7 million fine. Also, in the fourth quarter of 2001, Univisa, Inc. ("Univisa"), a former parent company of Fonovisa and a former U.S. subsidiary of the Company, received final proposed adjustments in connection with U.S. Internal Revenue Service audits for fiscal periods ended in 1995, 1996 and 1997. As a result of these audits, in December 2001, the Group made U.S. federal income tax and interest payments of approximately U.S.$14.0 million (Ps.128,795) related to taxes attributable to Univisa and Fonovisa (see Note 5). The Group has accrued Ps.65,089, representing the Group's estimate of state and other tax liabilities in connection with these matters as of December 31, 2001. These matters did not have, and the Group does not expect that they will have, a material adverse effect on its financial condition or results of operations.

There are other various legal actions and other claims pending against the Group incidental to its businesses and operations. In the opinion of the Group's management, none of these proceedings will have a material adverse effect on the Group's financial position or results of operations.

13. Capital stock and stock option plan

Capital stock

As of December 31, 2000 and 2001, the Company had 9,133,000,000 shares of capital stock authorized and issued, consisting of 4,590,700,000 Series A Shares, 2,271,150,000 Series L Shares and 2,271,150,000 Series D Shares (dividend premium shares), of which 2,271,150,000 Series A Shares, 2,271,150,000 Series L Shares and 2,271,150,000 Series D Shares are represented, until at least December 2008, by 2,271,150,000 Ordinary Participation Certificates ("CPOs"), each CPO representing one Series A Share, one Series L Share and one Series D Share. Series L Shares and Series D Shares have limited voting rights.

Changes in the Company's capital stock outstanding for the years ended December 31, 2000 and 2001, were as follows:

	Series A Shares	Series L Shares	Series D Shares	Total shares	Total amount
At January 1, 2000	4,515,606,000	2,161,908,350	2,161,908,350	8,839,422,700	Ps. 6,971,638
Repurchase of CPOs	(18,493,000)	(18,493,000)	(18,493,000)	(55,479,000)	(43,757)
Shares acquired by a subsidiary of the Company (see Note 2)	(58,238,668)	—	—	(58,238,668)	(45,932)
Shares issued	57,640,775	57,640,775	57,640,775	172,922,325	136,384
At December 31, 2000	4,496,515,107	2,201,056,125	2,201,056,125	8,898,627,357	7,018,333
CPOs acquired by a subsidiary of the Company	(14,122,600)	(14,122,600)	(14,122,600)	(42,367,800)	(40,815)
At December 31, 2001	4,482,392,507	2,186,933,525	2,186,933,525	8,856,259,557	Ps. 6,977,518

Under the Company's bylaws, the Company's Board of Directors consists of a minimum of 19 and a maximum of 24 members, of which the holders of Series L Shares and Series D Shares, each voting as a class, are entitled to elect two and two members, respectively. Non-Mexican holders of CPOs do not have voting rights with respect to the Series A and D Shares.

Holders of Series D Shares are entitled to receive an annual, cumulative and preferred dividend equivalent to 5% of the nominal capital attributable to those Shares (nominal Ps.0.0085443938 per share) before any dividends are payable in respect of Series A Shares or Series L Shares. Holders of Series D Shares are also entitled to a premium preference consisting of annual dividends per Series D Share of at least 160% of any annual dividends payable per Series A Share and Series L Share, including the preferred dividend.

The Series A, L and D Shares are perpetual in duration, and are not subject to be exchanged for shares of any other class of equity securities. If the Company is liquidated, Series D Shares are entitled to a liquidation preference equal to the nominal capital attributable to those Shares (nominal Ps.0.1708878756 per share) before any distribution is made in respect of Series A and Series L Shares.

On October 19, 2000, the Company's stockholders approved, among other matters:

(a) The cancellation of 309,922,325 shares of capital stock (represented by 137,000,000 Series A Shares not traded as CPO units, and 172,922,325 shares in the form of 57,640,775 CPOs). These shares were part of the repurchases of shares made by the Group in 1999 and 2000.
(b) The merger of the Company with its majority-owned subsidiary Editorial Televisa, with the Company remaining as the surviving entity. Pursuant to this merger, the Company acquired all of the interest owned by a minority shareholder in Editorial Televisa by issuing 172,922,325 shares of capital stock in the form of 57,640,775 CPOs (see Note 2).

At December 31, 2001, the restated tax value of the Company's common stock was of Ps.2,779,150.

Stock option plan

Beginning in 1999, the Company adopted a stock option plan (the "Plan") that provides for the grant and sale of up to 8% of the Company's capital stock to key Company management. Pursuant to this Plan, through December 31, 2001, the Company had assigned 251,435,910 shares (the equivalent of 83,811,970 CPOs) at market prices, subject to certain conditions, including vesting periods of three to five years. The shares sold pursuant to the Plan can only be transferred to the plan participants when the conditions set forth in the Plan are satisfied. As of December 31, 2001, no shares of capital stock had been transferred to the plan participants.

14. Retained earnings

In accordance with Mexican law, the legal reserve must be increased by 5% of annual net profits until it reaches 20% of the capital stock amount. In 2000, the Company's stockholders approved increases to the legal reserve amounting to Ps.60,522. This reserve is not available for dividends, but may be used to reduce a deficit or may be transferred to stated capital. Other appropriations of profits require the vote of the stockholders.

Dividends, either in cash or in other forms, paid by the Mexican companies in the Group will be subject to income tax in accordance with the Mexican Income Tax Law if the dividends are paid from earnings that have not been subject to Mexican income taxes computed on an individual company basis under the provisions of the Mexican Income Tax Law, as follows:

Dividends paid to companies resident in Mexico will be subject to a 35% income tax to be paid by the companies paying the dividends and applied to the result of multiplying the dividends paid by a factor of 1.5385.

Dividends paid to individuals or foreign residents will be subject to a withholding tax of 5% applied to the result of multiplying the dividends paid by a factor of 1.5385 (1.5150 if dividends are paid to Mexican individuals from earnings that have been subject to Mexican income taxes).

At December 31, 2001, cumulative earnings that have been subject to income tax and can be distributed by the Company free of Mexican withholding tax were approximately Ps.4,818,752. In addition, the payment of dividends is restricted under certain circumstances by the terms of the U.S. dollar loan facility agreement (see Note 9).

As of December 31, 2001, the Company's stockholders had approved appropriating from retained earnings a reserve amounting to Ps.6,020,165, for the repurchase of shares, at the discretion of management. The Company's repurchase program has been authorized by the Mexican Bank and Securities Commission ("Comisión Nacional Bancaria y de Valores" or "CNBV"), and was initiated by the Company in February 1999. The reserve for repurchase of shares was used in 1999 and 2000 in the amount of Ps.247,529 and Ps.553,324, respectively, in connection with repurchases of shares made by the Company in those years.

15. Comprehensive (loss) income

Comprehensive (loss) income for the years ended December 31, 2000 and 2001, was as follows:

		2000		2001
Net (loss) income	Ps.	(825,211)	Ps.	1,345,662
Other comprehensive loss, net:				
Foreign currency translation adjustments		(30,312)		(498,258)
Result from holding non-monetary assets, net (1)		(385,154)		(276,401)
Cumulative effect of deferred taxes		(2,500,019)		—
Total other comprehensive loss, net		(2,915,485)		(774,659)
Comprehensive (loss) income	Ps.	(3,740,696)	Ps.	571,003

(1) Represents the difference between specific costs (net replacement cost or Specific Index) of non-monetary assets and the restatement of such assets using the NCPI. Net of deferred tax benefit of Ps.207,393 and Ps.161,935 for the years ended December 31, 2000 and 2001, respectively.

The changes in components of accumulated other comprehensive loss for the years ended December 31, 2000 and 2001, were as follows:

		Gain on issuance of shares of associate		Accumulated monetary result		Cumulative result from holding non-monetary assets		Cumulative result from foreign currency translation		Cumulative effect of deferred taxes (Note 1(o))		Accumulated other comprehensive loss
Balance at January 1, 2000	Ps.	203,441	Ps.	(27,281)	Ps.	(1,378,885)	Ps.	(551,401)	Ps.	—	Ps.	(1,754,126)
Current year change		—		—		(385,154)		(30,312)		(2,500,019)		(2,915,485)
Balance at December 31, 2000		203,441		(27,281)		(1,764,039)		(581,713)		(2,500,019)		(4,669,611)
Current year change		—		—		(276,401)		(498,258)		—		(774,659)
Balance at December 31, 2001	Ps.	203,441	Ps.	(27,281)	Ps.	(2,040,440)	Ps.	(1,079,971)	Ps.	(2,500,019)	Ps.	(5,444,270)

Cumulative result from holding non-monetary assets as of December 31, 2000 and 2001 is net of deferred income tax benefit of Ps.207,393 and Ps.369,328, respectively.

16. Minority interest

Minority interest at December 31, 2000 and 2001, consisted of:

		2000		2001
Capital stock	Ps.	803,182	Ps.	918,855
Retained earnings		285,436		355,794
Cumulative result from holding non-monetary assets		(245,790)		(258,169)
Accumulated monetary result		(2,702)		(6,552)
Cumulative effect of deferred income tax (see Note 1 (o))		(65,753)		(61,413)
Net income for the year		182,580		27,286
	Ps.	956,953	Ps.	975,801

Beginning October 2001, minority interest in the Group's consolidated stockholders' equity reflects that portion attributable to the 50% interest held by Grupo Prisa (see Note 2).

17. Transactions with related parties

The principal transactions that the Group carried out with affiliated companies, including equity investees, stockholders and entities in which stockholders have an equity interest, were as follows:

		2000		2001
Revenues:				
Royalties (Univision) (a)	Ps.	785,785	Ps.	713,472
Soccer transmission rights (Univision)		47,894		93,603
Programming production and transmission rights (Innova)		251,716		269,818
Administrative services (b)		91,826		64,583
Interest income		55,803		115,457
Advertising (c)		209,400		227,810
	Ps.	1,442,424	Ps.	1,484,743
Customer deposits and advances	Ps.	459,009	Ps.	268,679

		2000		2001
Costs:				
Donations	Ps.	3,065	Ps.	60,212
Advertising and transmission rights (Club de Fútbol Atlante, S.A. de C.V. in 2000 (d), and Editorial Clío, Libros y Videos, S.A. de C.V. in 2000 and 2001)		45,718		51,155
Administrative services (b)		8,442		23,003
Other		11,262		1,788
	Ps.	68,487	Ps.	136,158

(a) The Group receives royalties from Univision for programming provided pursuant to a royalty agreement that expires in December 2017. Royalties are determined based upon a percentage of combined net sales of Univision, which was 9% as of December 31, 2000 and 2001.

(b) The Group receives revenue from and is charged by affiliates for various services, such as equipment rental, security and other services, at rates which are negotiated. The Group provides management services to affiliates, which reimburse the Group for the incurred payroll and related expenses.

(c) Advertising services rendered to Innova in 2000 and 2001, and to Pegaso through the consummation of the sale of Pegaso and Ovaciones (see Note 2).

(d) Through the consummation of the sale of Pegaso and Ovaciones (see Note 2), following which Club de Fútbol Atlante, S.A. de C.V. was no longer an affiliate of the Group.

During 2000 and 2001, a professional services firm in which a current director maintains an interest provided legal advisory services to the Group in connection with various corporate matters. Total fees for such services amounted to Ps.9,341 and Ps.12,508, respectively.

During 2000, the Group consummated the sale of Pegaso and Ovaciones and the acquisition of a minority interest in its publishing business segment (see Note 2) with related parties who were terminated as executives and/or directors of the Group following these transactions.

The balances of receivables, advances, deposits and (payables) between the Group and affiliates as of December 31, 2000 and 2001, were as follows:

		2000		2001
Asistencia, Asesoría y Administración de Espectáculos, S.A. de C.V.	Ps.	108,635	Ps.	104,168
Comunicaciones Kappa, S.A. de C.V.		32,242		29,366
Corporación Tapatía de Televisión, S.A. de C.V.		(2,876)		(2,460)
Coyoacán Films, S.A. de C.V.		18,883		13,837
Editorial Clío, Libros y Videos, S.A. de C.V.		7,985		37,622
Grupo Televicentro, S.A. de C.V.		(24,565)		4,733
Innova (see Note 5)		1,109,164		1,998,458
News Corp. (see Note 5)		—		(137,670)
Telemercado Alameda, S. de R.L. de C.V.		35,536		34,117
Univision (see Note 5)		81,921		64,185
Other		(735)		(3,477)
		1,366,190		2,142,879
Less:				
Long-term loans and related accrued interest due from Innova and included as other investments (see Note 5)		971,056		1,731,106
	Ps.	395,134	Ps.	411,773

All significant account balances included in amounts due from affiliates bear interest. In 2000 and 2001, average interest rates of 17.92% and 19.55% were charged, respectively. Advances and receivables are short-term in nature; however, these accounts do not have specific due dates.

18. Integral cost of financing

Integral cost of financing for the years ended December 31, consisted of:

		2000		2001
Interest expense (1)	Ps.	1,461,838	Ps.	1,204,634
Interest income		(918,443)		(925,648)
Foreign exchange loss (gain), net (2)		171,072		(35,326)
Gain from monetary position (3)		(154,712)		(17,059)
		559,755		226,601
Monetary result classified as provision for deferred income tax (4)		438,205		186,752
	Ps.	997,960	Ps.	413,353

(1) Interest expense includes Ps.170,635 and Ps.161,815, respectively, derived from the restatement of the UDI-denominated debt securities issued in April 2000 (see Note 9).

(2) Net foreign exchange loss in 2000 and 2001, includes losses of Ps.197,820 and Ps.100,537, respectively, derived from forward exchange contracts (see Notes 5 and 9).

(3) The gain or loss from monetary position represents the effects of inflation, as measured by the NCPI in the case of Mexican companies, or the general inflation index of each country in the case of foreign subsidiaries, on the monetary assets and liabilities at the beginning of each month.

(4) Arising from temporary differences of non-monetary items in calculating deferred income tax under Mexican GAAP Circular No. 54 (see Note 1 (o)).

19. Restructuring and non-recurring charges

The restructuring charges in 2000 and 2001 consisted principally of severance costs in connection with employees who were terminated. All associated costs have been expensed as incurred.

In 2000 and 2001, the Company extinguished a significant amount of its long-term debt outstanding (see Note 9), and recognized related premiums, consent fees, unamortized financing costs (see Note 8) and other expenses of Ps.1,463,524 and Ps.57,438, respectively, as non-recurring charges in the consolidated income statements.

20. Other expense - net

Other (income) expense is analyzed as follows:

		2000		2001
Gain on disposition of investments, net (see Note 2)	Ps.	(93,572)	Ps.	(278,729)
Amortization of goodwill (see Note 7) (1)		210,728		191,478
Costs incurred in DTH investments (2)		98,172		27,364
Provision for doubtful accounts and write-off of receivables (3)		—		174,398
Write-down of investment in Videovisa		27,105		—
Write-off of goodwill (see Note 7)		—		210,699
Donations (see Note 17)		55,951		118,819
Financial advisory and professional services (4)		145,642		99,800
Loss on disposition of fixed assets		37,270		91,359
Miscellaneous other expense - net		17,902		21,842
	Ps.	499,198	Ps.	657,030

(1) Includes in 2000 and 2001, amortization of negative goodwill of Ps.6,324 and Ps.209, respectively.

(2) In 2000, these costs include lease payments of Ps.66,929 for unused satellite transponders intended for proposed DTH ventures, net of sublease payments received for transponders which were used by the Group's other DTH businesses; administrative costs and expenses of Ps.3,878 resulting from the Group's equity investment in DTH ventures in Spain and Latin America; and the amortization of DTH development costs of Ps.27,364. In 2001, these costs include only the amortization of DTH development costs (see Note 8).

(3) Principally includes the write-off of a note receivable received in connection with the sale of certain assets.

(4) In 2000 and 2001, includes financial advisory services in connection with contemplated dispositions and strategic planning projects and professional services in connection with certain litigation and other matters (see Notes 2, 12 and 17).

21. Income tax, assets tax and employees' profit sharing

The Company is authorized by the Mexican tax authorities to compute its income tax and assets tax on a consolidated basis. Mexican controlling companies are allowed to consolidate, for income tax purposes, income or losses of their Mexican subsidiaries up to 60% of their share ownership in such subsidiaries. The assets tax is computed on a fully consolidated basis.

The Mexican corporate income tax rate in 2000 and 2001 was 35%. In 2000 and 2001, companies were allowed to pay the income tax liability computed at a 30% rate with the remaining 5% of the liability due when the taxable income of that year is distributed to shareholders.

In accordance with the new Mexican Income Tax Law effective January 1, 2002, the 35% corporate income tax rate applicable to Mexican companies will be reduced annually starting in 2003, and continue to decrease until the corporate rate is 32% in 2005. Consequently, the effect of this gradual decrease in the income tax rate will reduce the Group's deferred income tax liability in 2002. The Group is currently evaluating the impact that this rate decrease will have on its consolidated financial statements.

The income tax provision for the years ended December 31, 2000 and 2001, is comprised as follows:

		2000		2001
Income tax and assets tax - current	Ps.	926,172	Ps.	688,058
Income tax and assets tax - deferred		(632,490)		(168,941)
	Ps.	293,682	Ps.	519,117

The following items represent the principal differences between income taxes computed at the statutory rate and the Group's provision for income tax and the assets tax.

	%	%
	2000	**2001**
Tax at the statutory rate on income before provisions	35	35
Differences in restatement (a)	4	(5)
Non-deductible items	4	2
Special tax consolidation items	(14)	(9)
Excess in tax provision of prior years	—	(4)
Changes in valuation allowances:		
Goodwill	5	2
Assets tax	18	1
Tax loss carryforwards	(30)	—
Discontinued operations	(3)	(3)
Cumulative effect of accounting change	—	2
Provision for income tax and the assets tax	19	21

(a) This amount represents the effect of using different methods of calculating inflation adjustments for tax purposes and book purposes, which includes the net effect of differences between tax and accounting practices in calculating the inflation effects of customer deposits, interest expense and interest income.

The Group has tax loss carryforwards at December 31, 2001, as follows:

		Amount	Expiration
Operating tax loss carryforwards:			
Consolidated (1)	Ps.	—	—
Unconsolidated:			
Mexican subsidiaries (2)		1,467,202	From 2002 to 2008
Non-Mexican subsidiaries (3)		1,189,158	From 2002 to 2021
		2,656,360	
Capital tax loss carryforwards:			
Unconsolidated Mexican subsidiary (4)		84,297	2004
	Ps.	2,740,657	

(1) During 2000, the Group used all of its consolidated operating tax loss carryforwards of Ps.955,249.

(2) During 2000 and 2001, certain Mexican subsidiaries utilized unconsolidated operating tax loss carryforwards of Ps.1,849,488 and Ps.506,994, respectively.

(3) Approximately the equivalent of U.S.$129.6 million for subsidiaries in Spain, South America and the United States.

(4) These carryforwards can only be used in connection with capital gains to be generated by such subsidiary.

The assets tax rate is 1.8%. The income tax paid in excess of the assets tax in the previous three years can be credited to the amount of the assets tax in respect to the current year. As of December 31, 2001, the Company had Ps.1,243,228 of assets tax subject to be credited and expiring between 2007 and 2010.

The Mexican companies in the Group are required by law to pay employees, in addition to their agreed compensation and benefits, employee profit sharing at the statutory rate of 10% based on their respective taxable incomes (calculated without reference to inflation adjustments and tax loss carryforwards).

The deferred taxes as of December 31, 2000 and 2001, were principally derived from the following temporary differences:

		2000		2001
Assets:				
Accrued liabilities	Ps.	620,211	Ps.	506,994
Goodwill		327,827		371,021
Tax loss carryforwards		513,421		543,025
Allowance for doubtful accounts		145,997		179,600
Customer advances		1,665,560		798,320
Other items		14,166		13,569
Liabilities:				
Inventories		(2,338,135)		(1,895,976)
Property, plant and equipment - net		(2,041,099)		(978,765)
Other items		(412,481)		(352,099)
Innova		(787,948)		(981,348)
Deferred-income taxes of Mexican companies		(2,292,481)		(1,795,659)
Deferred taxes of foreign subsidiaries		57,307		94,116
Assets tax		1,661,941		1,243,228
Valuation allowances		(1,351,367)		(1,247,186)
Deferred income tax liability		(1,924,600)		(1,705,501)
Deferred tax asset of discontinued operations		36,151		26,571
Deferred tax liability of continuing operations	Ps.	(1,960,751)	Ps.	(1,732,072)

The change in the deferred income tax liability for the years ended December 31, 2000 and 2001, of Ps.617,633 and Ps.228,679 respectively, was recorded against the following accounts:

		2000		2001
Credits to the gain from monetary position	Ps.	209,038	Ps.	81,173
Credits to the result from holding non-monetary assets		207,393		161,935
Credits (charge) to the provision for deferred income tax		194,285		(17,811)
Credits to the discontinued operations		6,917		3,382
	Ps.	617,633	Ps,	228,679

Additionally, in accordance with the guidelines provided by Circular No. 54 of the MIPA, the provision for deferred income tax for the years ended December 31, 2000 and 2001 was credited by Ps.438,205 and Ps.186,752, respectively, representing the effect on restatement of the non-monetary items included in the deferred tax calculation, which was originally accounted for in the result from monetary position and then reclassified to the provision for deferred income tax. Consequently, the provision for deferred tax for the years ended December 31, 2001, was a benefit of Ps.632,490 and Ps.168,941, respectively.

The provision for employees' profit sharing for the years ended December 31, 2000 and 2001, is comprised as follows:

		2000		2001
Employees' profit sharing - current	Ps.	18,787	Ps.	21,497
Employees' profit sharing - deferred		34,693		—
	Ps.	53,480	Ps.	21,497

The deferred employees' profit sharing asset as of December 31, 1999, of Ps.34,693, was reversed in 2000, since the employees of Mexican companies in the Group were assigned to companies which provide administrative services beginning January 1, 2001, and these companies do not have significant temporary differences between the carrying values of assets and liabilities and their related tax values.

22. Discontinued operations

On December 19, 2001, in connection with a series of transactions the Group reached an agreement with Univision to sell its music recording business in the United States and Latin America (see Note 2). Management anticipates that the sale of the music recording net assets will be consummated in the first half of 2002. Accordingly, the results of operations of the music recording business are reported as discontinued operations for all periods presented in these consolidated financial statements. The music recording segment results for the years ended December 31, 2000 and 2001, are summarized as follows:

		2000		2001
Net sales	Ps.	1,298,241	Ps.	988,155
Cost of sales		970,491		731,910
Operating expenses		196,975		167,803
Depreciation and amortization		4,414		3,998
Operating income		126,361		84,444
Income before income taxes		80,253		71,097
Income taxes		56,487		57,792
Net income from discontinued operations		23,766		13,305

The discontinued music recording operations includes the production and distribution (in Mexico and abroad) of cassettes, compact disc recordings and records of Mexican and Latin American artists, principally under three owned record labels. Music recording revenues are derived primarily from sales of recorded music and royalty revenues from the licensing of recordings to third parties.

The net assets of the discontinued music recording operations in the December 31, 2000 and 2001 consolidated balance sheets include:

		2000		2001
Accounts receivable	Ps.	558,767	Ps.	471,686
Inventories		53,790		45,701
Other current assets		117,583		172,911
Current assets of discontinued operations		730,140		690,298
Property and equipment-net		3,756		7,943
Deferred costs-net		40,554		30,154
Other assets		1,416		537
Non-current assets of discontinued operations		45,726		38,634
Trade accounts payable		33,353		22,701
Other current liabilities		183,457		147,403
Long-term liabilities		—		22
Liabilities of discontinued operations		216,810		170,126
Net assets of discontinued operations	Ps.	559,056	Ps.	558,806

23. Earnings per CPO/Share

During the years ended December 31, 2000 and 2001, the weighted average of outstanding shares, CPOs and Series A Shares (not traded as CPO units) was as follows:

	2000	2001
Shares	8,825,436,712	8,877,087,751
CPOs	2,166,316,311	2,193,876,256
Series A Shares (not traded as CPO units)	2,326,487,781	2,295,458,982

(Loss) earnings per CPO and per Series A Share not traded as a CPO unit for the years ended December 31, 2000 and 2001, are presented as follows:

	2000		2001	
	Per CPO	Per Series "A" Share	Per CPO	Per Series "A" Share
Continuing operations	Ps. (0.27)	Ps. (0.09)	Ps. 0.48	Ps. 0.16
Discontinued operations	—	—	—	—
Cumulative effect of accounting change	—	—	(0.03)	(0.01)
Net (loss) income	Ps. (0.27)	Ps. (0.09)	Ps. 0.45	Ps. 0.15

24. Foreign currency position

The foreign currency position of monetary items of the Group at December 31, 2001, was as follows:

	Foreign currency amounts (thousands)	Year-end exchange rate	Mexican pesos
Assets:			
U.S. dollars	676,381	Ps. 9.1780	Ps. 6,207,825
Spanish pesetas	3,694,053	0.0486	179,531
Colombian pesos	34,680,250	0.0040	138,721
Other currencies	—	—	101,320
Liabilities:			
U.S. dollars	1,209,836	Ps. 9.1780	Ps. 11,103,875
Spanish pesetas	4,759,278	0.0486	231,301
Colombian pesos	21,375,750	0.0040	85,503
Other currencies	—	—	78,575

The foreign currency position of non-monetary items as of December 31, 2001, was as follows:

	Foreign currency amounts (thousands)	Year-end exchange rate	Mexican pesos
Property, plant and equipment:			
U.S. dollars	176,618	Ps. 9.1780	Ps. 1,621,000
Japanese yen	8,859,084	0.0723	640,512
Spanish pesetas	4,360,758	0.0486	211,933
French francs	42,838	1.2500	53,547
Colombian pesos	6,999,381	0.0040	27,998
Other currencies	—	—	76,815
Inventories:			
U.S. dollars	419,356	Ps. 9.1780	Ps. 3,848,849
Colombian pesos	7,631,266	0.0040	30,525
Other currencies	—	—	19,220

Transactions incurred during 2001 in foreign currencies were as follows:

		U.S. dollar (thousands)		U.S. dollar equivalent of other foreign currency transactions (thousands)		Total U.S. dollar (thousands)		Mexican pesos (1)
Income:								
Revenues	$	372,356	$	54,945	$	427,301	Ps.	3,921,768
Other income		58,616		1,877		60,493		555,205
Interest income		12,924		940		13,864		127,244
	$	443,896	$	57,762	$	501,658	Ps.	4,604,217
Purchases, costs and expenses:								
Purchases of inventories	$	201,378	$	27,017	$	228,395	Ps.	2,096,209
Purchases of property and equipment		44,829		3,684		48,513		445,253
Other investments		514,220		—		514,220		4,719,511
Other costs and expenses		245,066		50,917		295,983		2,716,532
Interest expense		60,805		1,494		62,299		571,780
	$	1,066,298	$	83,112	$	1,149,410	Ps.	10,549,285

(1) Income statement amounts translated at the year-end exchange rate of Ps.9.1780 for reference purposes only; does not indicate the actual amounts accounted for in the financial statements (see Note 1(c)).

As of December 31, 2001, the exchange rate was Ps.9.1780 per U.S. dollar, which represents the interbank free market exchange rate on that date as reported by Banco Nacional de México, S.A.

As of February 22, 2002, the exchange rate was Ps.9.1030 per U.S. dollar, which represents the interbank free market exchange rate on that date as reported by Banco Nacional de México, S.A.

25. Segment data

The Group's segment data is prepared in accordance with International Accounting Standard No. 14 (revised). Reportable segments are those that are based on the Group's method of internal reporting.

The Group is organized on the basis of services and products. The Group's segments are strategic business units that offer different entertainment services and products. The Group's reportable segments are as follows:

Television broadcasting

The television broadcasting segment includes the production of television programming and nationwide broadcasting of Channels 2, 4, 5 and 9 (television networks), and the production of television programming and broadcasting for local television stations in Mexico and the United States. The broadcasting of television networks is performed by television repeater stations in Mexico which are wholly-owned, majority- or minority-owned by the Group or otherwise affiliated with the Group's networks. Revenues are derived primarily from the sale of advertising time on the Group's television network and local television station broadcasts.

Programming for pay television

The programming for pay television segment includes programming services for cable and pay-per-view television companies in Mexico, other countries in Latin America, the United States and Europe. The programming services consist of both programming produced by the Group and programming produced by others. Programming for pay television revenues are derived from domestic and international programming services provided to the independent cable television systems in Mexico and the Group's DTH satellite businesses, and from the sale of advertising time on programs provided to pay television companies in Mexico.

Programming licensing

The programming licensing segment consists of the domestic and international licensing of television programming. Programming licensing revenues are derived from domestic and international program licensing fees.

Publishing

The publishing segment primarily consists of publishing Spanish-language magazines in Mexico, the United States and Latin America and, through June 2000, a newspaper in Mexico. Publishing revenues include subscriptions, sales of advertising space and magazine and newspaper sales to distributors.

Publishing distribution

The publishing distribution segment consists of distribution of Spanish-language magazines, owned by either the Group or independent publishers, in Mexico, the United States and Latin America. Publishing distribution revenues are derived of magazine and newspaper sales to retailers.

Cable television

The cable television segment includes the operation of a cable television system in the Mexico City metropolitan area and derives revenues principally from basic and premium services subscription and installation fees from cable subscribers, pay-per-view fees, and local and national advertising sales.

Radio

The radio segment includes the operation of six radio stations in Mexico City and eleven other domestic stations owned by the Group. Revenues are derived by advertising and by the distribution of programs to nonaffiliated radio stations.

Other businesses

The other businesses segment includes the Group's domestic operations in sports and show business promotion, soccer, nationwide paging, feature film production and distribution, Internet and dubbing services for Mexican and multinational companies.

The table below presents information by segment for the years ended December 31, 2000 and 2001.

	Total revenues	Intersegment revenues	Consolidated revenues	Operating income (loss) before depreciation and amortization	Depreciation and amortization expense	Operating income (loss)
2000:						
Television broadcasting	Ps. 13,288,961	Ps. 93,619	Ps. 13,195,342	Ps. 5,434,183	Ps. 835,551	Ps. 4,598,632
Programming for pay television	500,928	64,042	436,886	(57,326)	33,311	(90,637)
Programming licensing	1,527,217	—	1,527,217	375,681	12,715	362,966
Publishing	1,732,657	—	1,732,657	363,548	40,063	323,485
Publishing distribution	903,479	13,955	889,524	53,978	12,658	41,320
Cable television	928,287	590	927,697	227,847	79,612	148,235
Radio	353,892	12,951	340,941	71,382	22,953	48,429
Other businesses	1,563,267	195,676	1,367,591	(162,051)	204,050	(366,101)
Eliminations and corporate expenses	(380,833)	(380,833)	—	(136,759)	—	(136,759)
Consolidated total	Ps. 20,417,855	Ps. —	Ps. 20,417,855	Ps. 6,170,483	Ps. 1,240,913	Ps. 4,929,570

		Total revenues		Intersegment revenues		Consolidated revenues		Operating income (loss) before depreciation and amortization		Depreciation and amortization expense		Operating income (loss)
2001:												
Television broadcasting	Ps.	12,704,710	Ps.	126,229	Ps.	12,578,481	Ps.	4,820,555	Ps.	804,751	Ps.	4,015,804
Programming for pay television		514,230		69,977		444,253		40,111		37,544		2,567
Programming licensing		1,404,892		—		1,404,892		304,630		14,043		290,587
Publishing		1,604,268		17,932		1,586,336		279,292		44,827		234,465
Publishing distribution		897,089		15,301		881,788		20,419		12,337		8,082
Cable television		1,082,235		535		1,081,700		331,261		94,164		237,097
Radio		246,682		23,753		222,929		13,232		21,436		(8,204)
Other businesses		1,725,810		261,643		1,464,167		(287,766)		251,910		(539,676)
Eliminations and corporate expenses		(515,370)		(515,370)		—		(135,171)		—		(135,171)
Consolidated total	Ps.	19,664,546	Ps.	—	Ps.	19,664,546	Ps.	5,386,563	Ps.	1,281,012	Ps.	4,105,551

Accounting policies

The accounting policies of the segments are the same as those described in the Group's summary of significant accounting policies (see Note 1). The Group evaluates the performance of its segments and allocates resources to them based on operating income before depreciation and amortization.

In April 2001, the Group closed the operations of ECO (a newscast business of the programming for pay television segment). In connection with this closing, fixed costs of ECO related to production studios and technical equipment in the amount of approximately Ps.284,476 and Ps.101,820 for the years ended December 31, 2000 and 2001, respectively, were reallocated to the segment where those assets are subsequently being utilized, and therefore, are now reflected in the results of the Television broadcasting segment, together with the subsequent operations related to those fixed costs. Accordingly, the results of the Television broadcasting and Programming for pay television segments for the years ended December 31, 2000 and 2001 have been reclassified to conform to this presentation.

Intersegment revenue

Intersegment revenue consists of revenues derived from each of the segments principal activities as provided to other segments.

The Group accounts for intersegment revenues as if the revenues were from third parties, that is, at current market prices.

Allocation of general and administrative expenses

Non-allocated corporate expenses include payroll for certain executives, related employee benefits and other general expenses.

The table below presents segment information about assets, liabilities, and additions to property, plant and equipment as of and for the years ended December 31, 2000 and 2001.

	Segment assets at year-end	Segment liabilities at year-end	Additions to property, plant and equipment
2000:			
Continuing operations:			
Television operations (1)	Ps. 34,441,981	Ps. 16,294,675	Ps. 1,097,490
Publishing	1,304,073	266,254	3,197
Publishing distribution	763,764	278,807	5,851
Cable television	1,928,591	138,272	301,038
Radio	922,502	21,387	4,053
Other businesses	3,792,284	462,533	125,431
	43,153,195	17,461,928	1,537,060
Discontinued operations:			
Music recording (see Note 22)	775,866	216,810	606
Total	Ps. 43,929,061	Ps. 17,678,738	Ps. 1,537,666
2001:			
Continuing operations:			
Television operations (1)	Ps. 32,330,951	Ps. 15,271,922	Ps. 904,898
Publishing	1,360,419	287,887	10,422
Publishing distribution	860,276	222,903	7,120
Cable television	1,716,033	258,933	381,685
Radio	1,005,399	31,948	2,263
Other businesses	3,578,741	431,753	32,361
	40,851,819	16,505,346	1,338,749
Discontinued operations:			
Music recording (see Note 22)	728,932	170,126	583
Total	Ps. 41,580,751	Ps. 16,675,472	Ps. 1,339,332

(1) Segment assets and liabilities information is not maintained by the Group for each of the television broadcasting, programming for pay television and programming licensing segments. In management's opinion, there is no reasonable or practical basis to make allocations due to the interdependence of these segments. Consequently, management has presented such information on a combined basis as television operations.

Segment assets reconcile to total assets as follows:

	2000	2001
Segment assets	Ps. 43,929,061	Ps. 41,580,751
Non trade long-term receivables	33,804	6,470
Investments attributable to:		
Television operations (1)	1,503,173	1,330,707
Other segments	189,531	3,528,638
DTH ventures (2)	(1,308,426)	(796,174)
Goodwill - net attributable to:		
Television operations	2,258,877	2,088,923
Cable television	—	101,853
Publishing distribution	294,095	248,366
Other segments	110,899	61,458
Total assets	Ps. 47,011,014	Ps. 48,150,992

(1) Includes goodwill attributable to equity investments of Ps.2,297 and Ps.2,088 in 2000 and 2001, respectively.

(2) Includes goodwill attributable to investments in DTH ventures of Ps.67,704 and Ps.55,860 in 2000 and 2001, respectively.

Equity method income for the years ended December 31, 2000 and 2001 attributable to television operation, equity investments approximated Ps.91,503 and Ps.35,849, respectively.

Segment liabilities reconcile to total liabilities as follows:

		2000		2001
Segment liabilities	Ps.	17,678,738	Ps.	16,675,472
Notes payable and long-term debt not attributable to segments		10,971,616		12,746,713
Total liabilities	Ps.	28,650,354	Ps.	29,422,185

Geographical segment information

		Total net sales		Segment assets at year-end		Additions to property, plant and equipment
2000:						
México	Ps.	17,439,155	Ps.	41,570,232	Ps.	1,519,807
Other countries		2,978,700		2,358,829		17,859
	Ps.	20,417,855	Ps.	43,929,061	Ps.	1,537,666
2001:						
México	Ps.	16,960,640	Ps.	39,442,093	Ps.	1,308,947
Other countries		2,703,906		2,138,658		30,385
	Ps.	19,664,546	Ps.	41,580,751	Ps.	1,339,332

Net sales are attributed to countries based on the location of customers.

26. Subsequent events

On February 25, 2002, the 375,000 non-voting preferred shares of Univision stock acquired by the Group in December 2001, were converted upon the receipt of required U.S. regulatory approvals into 10,594,500 shares of Univision Class A Common Stock (see Notes 2 and 5).

On March 1, 2002, the Company priced U.S.$300 million Senior Notes due 2032 with a coupon rate of 8.50%. The net proceeds of this offering will be used primarily to repay all of the amounts outstanding under a U.S.$276 million bridge loan facility. Consequently, the balance of the U.S.$276 million bridge loan facility has been clasified as "long-term" in the consolidated balance sheet as of December 31, 2001 (see Note 9).

Effective March 1, 2002, the Company designated its investment in shares of Univision as an effective hedge of its U.S.$300 million Senior Notes due in 2011 and its U.S.$300 million Senior Notes due in 2032 (see Note 9). Consequently, during the term of the hedge, any foreign exchange gain or loss attributable to this U.S. dollar long-term debt, which is hedged by the Company's net investment in shares of Univision, will be credited or charged directly to equity (foreign currency translation).

Board of **Directors**

Directors

Directors	Emilio Azcárraga Jean	Chairman of the Board, President and Chief Executive Officer and President of the Executive Committee
	Ma. Asunción Aramburuzabala Larregui	Vice Chairman of the Board and Member of the Executive Committee of Grupo Modelo
	In alphabetical order:	
	Juan Abelló Gallo	President of Grupo Torreal, Spain
	Alfonso de Angoitia Noriega	Executive Vice President and Chief Financial Officer; Member and Secretary of the Board of Directors; Member and Secretary of the Executive Committee and Partner Mijares, Angoitia, Cortés y Fuentes, S.C.
	Julio Barba Hurtado	Prosecretary of the Board; Director of Grupo Televicentro and Legal Advisor to the Presidence
	José Antonio Bastón Patiño	Corporate Vice President of Television
	Ana Patricia Botín O'Shea	Private Investor
	Manuel Jorge Cutillas Covani	Director of Bacardi Limited
	Jaime Dávila Urcullu	Executive Vice President
	Carlos Fernández González	Chief Executive Officer and Vice President of the Board of Grupo Modelo
	Bernardo Gómez Martínez	Deputy to the President
	Claudio X. González Laporte	Chairman and Chief Executive Officer of Kimberly-Clark de México and President of the Business Council
	Roberto Hernández Ramírez	Chairman of the Board of Banamex
	Enrique Krauze Kleinbort	Chief Executive Officer of Editorial Clío
	Germán Larrea Mota Velasco	Chairman of the Board of Grupo México
	Gilberto Perezalonso Cifuentes	Private Advisor
	Alejandro Quintero Iñiguez	Corporate Vice President of Sales and Marketing
	Fernando Senderos Mestre	Chief Executive Officer of Desc
	Enrique F. Senior Hernández	Executive Vice President and Managing Director of Allen & Company Inc.
	Lorenzo H. Zambrano Treviño	Chairman of the Board and Chief Executive Officer of Cemex
Alternate Directors	*In alphabetical order:*	
	Juan Pablo Andrade Frich	Asset Manager
	Lucrecia Aramburuzabala Larregui	Private Investor
	Joaquín Balcárcel Santa Cruz	Director Legal Department of Grupo Televisa
	Rafael Carabias Príncipe	Vice President of Administration
	María Azucena Domínguez Cobián	Legal Corporate Director of Grupo Televisa
	Jorge Lutteroth Echegoyen	Controller and Vice President of Grupo Televisa
	Ricardo Maldonado Yáñez	Partner, Mijares, Angoitia, Cortés y Fuentes, S.C.
	Juan Sebastián Mijares Ortega	Prosecretary of the Board: Vice President - Legal & General Counsel of Grupo Televisa and Partner, Mijares, Angoitia, Cortés y Fuentes, S.C.
	Guillermo Nava Gómez Tagle	Vice President of Administration - San Angel
	Guillermo Nuñez Herrera	Vice President of Grupo Televisa
	Cristóbal Rugama Maison	Chief Executive Officer of Innova
Statutory Auditor	Mario Salazar Erdmann	Partner of PricewaterhouseCoopers, S.C.
Alternate Statutory Auditor	José Miguel Arrieta Méndez	Director of PricewaterhouseCoopers, S.C.
Executive Officers	Emilio Azcárraga Jean	President and Chief Executive Officer and Chairman of the Board
	In alphabetical order:	
	Alfonso de Angoitia Noriega	Executive Vice President - Chief Financial Officer
	Félix José Araujo Ramírez	Vice President of Broadcasting and Telesistema
	José Antonio Bastón Patiño	Corporate Vice President of Television
	Jaime Dávila Urcullu	Executive Vice President
	Bernardo Gómez Martínez	Deputy to the President
	Alejandro Quintero Iñiguez	Corporate Vice President of Sales and Marketing
	Raúl Rodríguez González	Chief Executive Officer of Radio
	Cristóbal Rugama Maison	Chief Executive Officer of Innova
	Pablo Vázquez Oria	Chief Executive Officer of Cablevisión

Shareholders' **Structure** (1)

Structure

Emilio Azcárraga Jean **55.29%**

Inbursa **24.70%**

Aramburuzabala Family **16.21%**

Fernández Family **3.80%**

Grupo Televicentro (2)

Total Shares	**26.92%**
Voting A Shares	**51.19%**

Flotante y Otros

Total Shares	**73.08%**
Voting A Shares	**48.81%**

1) As of December 31, 2001.
2) For purposes of this chart, the number of the Company's shares outstanding include shares which are owned by one of the Company's subsidiaries. Had these shares been excluded from the Company's shares outstanding, the ownership of Grupo Televicentro's total shares and voting A shares would be 27.76% and 52.42%, respectively.

April, 2002

This Annual Report is available both English and Spanish.

Abril, 2002

Este Informe Anual está disponible tanto en español como en inglés.