GRUPO Televisa

02

Financial Statements

Report of the Statutory Auditor

Mario Salazar Erdmann
Contador Público

México, D.F., April 2, 2003.

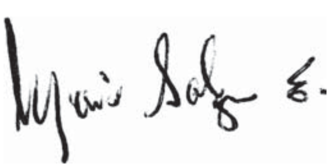
To the General Stockholders' Meeting of
Grupo Televisa, S.A.:

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, 2002.

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.

In may 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, 2002, 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,



C.P.C. Mario Salazar Erdmann
Statutory Auditor

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
Mariano Escobedo 573
Col. Rincón del Bosque
11580 México, D.F.
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Report of Independent Accountants

México, D.F., February 26, 2003.

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, 2001 and 2002, and the related consolidated statements of income, changes in stockholders' equity and changes in financial position for the years ended December 31, 2000, 2001 and 2002. 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 (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, 2001 and 2002, 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, 2001 and 2002, in conformity with accounting principles generally accepted in Mexico.

PricewaterhouseCoopers

Felipe Pérez Cervantes, C.P.C.

Consolidated Balance Sheets

As of December 31, 2001 and 2002

(In thousands of Mexican Pesos in purchasing power as of December 31, 2002)

(Notes 1 and 2)

			2001		2002
ASSETS					
Current:					
Available:					
Cash		Ps.	513,376	Ps.	1,613,176
Temporary investments			5,432,399		7,173,633
			5,945,775		8,786,809
Trade notes and accounts receivable - net	(Note 3)		9,268,759		9,563,636
Other accounts and notes receivable - net			952,628		867,851
Due from affiliated companies - net	(Note 18)		435,247		–
Transmission rights, programs, production talent advances and films	(Note 4)		2,700,553		3,420,102
Inventories			562,871		508,684
Other current assets			944,108		430,170
Current assets of discontinued operations	(Note 23)		729,650		–
Total current assets			21,539,591		23,577,252
Transmission rights, programs, literary works and films	(Note 4)		5,215,428		4,837,440
Investments	(Note 5)		5,342,799		3,033,092
Property, plant and equipment - net	(Note 6)		14,736,497		15,343,222
Goodwill and trademarks - net	(Note 7)		3,053,495		7,966,199
Deferred costs - net	(Note 8)		1,726,481		1,357,716
Other assets	(Note 12)		350,102		358,550
Non-current assets of discontinued operations	(Note 23)		40,837		–
Total assets		Ps.	52,005,230	Ps.	56,473,471

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

Consolidated Balance Sheets

As of December 31, 2001 and 2002

(In thousands of Mexican Pesos in purchasing power as of December 31, 2002)

(Notes 1 and 2)

			2001		2002
LIABILITIES					
Current:					
Current portion of long-term debt	(Note 9)	Ps.	353,889	Ps.	1,239,880
Trade accounts payable			2,083,571		2,228,507
Customer deposits and advances			11,416,678		11,549,427
Taxes payable			285,787		886,387
Accrued interest			220,092		307,468
Other accrued liabilities			656,364		817,329
Due to affiliated companies - net	(Note 18)		–		58,712
Current liabilities of discontinued operations	(Note 23)		179,824		–
Total current liabilities			15,196,205		17,087,710
Long-term debt	(Note 9)		13,550,537		13,345,215
Customer deposits and advances			–		203,668
Other long-term liabilities			482,452		760,451
Deferred taxes	(Note 22)		1,830,814		2,035,860
DTH joint ventures	(Note 11)		1,109,246		1,645,242
Pension plans and seniority premiums	(Note 12)		39,477		70,838
Total liabilities			32,208,731		35,148,984
Commitments and contingencies	(Note 13)				
STOCKHOLDERS' EQUITY					
Contributed capital:					
Capital stock, no par value:	(Note 14)				
Issued			7,613,820		7,613,827
Repurchased			(238,529)		(245,121)
Outstanding			7,375,291		7,368,706
Additional paid-in capital			216,056		216,458
			7,591,347		7,585,164
Earned capital:					
Retained earnings:	(Note 15)				
Legal reserve			1,112,925		1,184,044
Reserve for repurchase of shares			5,516,855		5,516,855
Unappropriated earnings			8,876,211		10,196,964
			15,505,991		16,897,863
Accumulated other comprehensive loss	(Note 16)		(5,754,643)		(5,035,952)
Net income for the year	(Note 15)		1,422,375		737,836
			11,173,723		12,599,747
Total majority interest			18,765,070		20,184,911
Minority interest	(Note 17)		1,031,429		1,139,576
Total stockholders' equity			19,796,499		21,324,487
Total liabilities and stockholders' equity		Ps.	52,005,230	Ps.	56,473,471

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

Consolidated Statements of Income

For the years ended December 31, 2000, 2001 and 2002

(In thousands of Mexican Pesos in purchasing power as of December 31, 2002, except per CPO amounts)

(Notes 1 and 2)

			2000		2001		2002
Net sales	(Note 26)	Ps.	21,581,836	Ps.	20,785,582	Ps.	21,559,269
Cost of sales			12,052,840		12,094,542		12,418,087
Gross profit			9,528,996		8,691,040		9,141,182
Operating expenses:							
Selling			1,561,791		1,574,068		1,685,546
Administrative			1,444,955		1,423,332		1,355,619
			3,006,746		2,997,400		3,041,165
Depreciation and amortization			1,311,655		1,354,040		1,449,687
Operating income	(Note 26)		5,210,595		4,339,600		4,650,330
Integral cost of financing - net	(Note 19)		1,054,852		436,918		612,972
Restructuring and non-recurring charges	(Note 20)		2,026,787		574,337		841,863
Other expense - net	(Note 21)		527,656		694,486		2,134,077
Income before taxes			1,601,300		2,633,859		1,061,418
Income tax and assets tax	(Note 22)		310,424		548,711		295,251
Employees' profit sharing	(Note 22)		56,529		22,722		4,096
			366,953		571,433		299,347
Income before equity in losses of affiliates, income from discontinued operations and cumulative loss effect of accounting change			1,234,347		2,062,426		762,071
Equity in losses of affiliates	(Note 5)		(1,938,734)		(551,871)		(1,155,818)
Income from discontinued operations - net	(Note 23)		25,121		14,063		1,062,750
Cumulative loss effect of accounting change - net	(Note 1 (p))		–		(73,402)		–
Consolidated net (loss) income			(679,266)		1,451,216		669,003
Minority interest	(Note 17)		(192,989)		(28,841)		68,833
Net (loss) income	(Note 15)	Ps.	(872,255)	Ps.	1,422,375	Ps.	737,836
Net (loss) income per CPO	(Note 24)	Ps.	(0.30)	Ps.	0.48	Ps.	0.24

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, 2001 and 2002

(In thousands of Mexican Pesos in purchasing power as of December 31, 2002)

(Notes 1 and 2)

	Contributed capital		Earned capital					
	Capital stock (Note 14)	Additional paid-in capital	Retained earnings (Note 15)	Accumulated other comprehensive (loss) income (Note 16)	Net income (loss) (Note 15)	Total majority interest	Minority interest (Note 17)	Total stockholders' equity
Balance at January 1, 2000	Ps. 7,369,077	Ps. 7,117	Ps. 16,469,608	Ps. (1,854,129)	Ps. 1,279,476	Ps. 23,271,149	Ps. 1,591,362	Ps. 24,862,511
Appropriation of net income for 1999	–	–	1,279,476	–	(1,279,476)	–	–	–
Repurchase of capital stock	(46,252)	–	(584,866)	–	–	(631,118)	–	(631,118)
Capital stock repurchased by subsidiary (Note 2)	(48,550)	–	(594,771)	–	–	(643,321)	–	(643,321)
Capital stock issued (Note 2)	144,158	208,939	–	–	–	353,097	(446,614)	(93,517)
Decrease in minority interest	–	–	–	–	–	–	(63,740)	(63,740)
Comprehensive loss	–	–	–	(3,081,693)	(872,255)	(3,953,948)	(69,501)	(4,023,449)
Balance at December 31, 2000	7,418,433	216,056	16,569,447	(4,935,822)	(872,255)	18,395,859	1,011,507	19,407,366
Appropriation of net loss for 2000	–	–	(872,255)	–	872,255	–	–	–
Capital stock repurchased by subsidiary	(43,142)	–	(191,201)	–	–	(234,343)	–	(234,343)
Increase in minority interest	–	–	–	–	–	–	19,922	19,922
Comprehensive (loss) income	–	–	–	(818,821)	1,422,375	603,554	—	603,554
Balance at December 31, 2001	7,375,291	216,056	15,505,991	(5,754,643)	1,422,375	18,765,070	1,031,429	19,796,499
Appropriation of net income for 2001	–	–	1,422,375	–	(1,422,375)	–	–	–
Shares issued	7	402	–	–	–	409	–	409
Capital stock repurchased by subsidiary	(6,592)	–	(30,503)	–	–	(37,095)	–	(37,095)
Increase in minority interest	–	–	–	–	–	–	108,147	108,147
Comprehensive income	–	–	–	718,691	737,836	1,456,527	–	1,456,527
Balance at December 31, 2002	Ps. 7,368,706	Ps. 216,458	Ps. 16,897,863	Ps. (5,035,952)	Ps. 737,836	Ps. 20,184,911	Ps. 1,139,576	Ps. 21,324,487

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, 2001 and 2002

(In thousands of Mexican Pesos in purchasing power as of December 31, 2002)

(Notes 1 and 2)

	2000	2001	2002
Operating activities:			
Net (loss) income	Ps. (872,255)	Ps. 1,422,375	Ps. 737,836
Adjustments to reconcile net income to resources provided by (used for) operating activities:			
Equity in losses of affiliates	1,938,734	551,871	1,155,818
Minority interest	192,989	28,841	(68,833)
Depreciation and amortization	1,311,655	1,354,040	1,449,687
Amortization and write-off of goodwill	222,741	425,104	1,504,505
Other amortization	399,272	135,127	85,901
Write-down of investment in Videovisa	28,650	–	–
Deferred income tax and employees' profit sharing	(631,876)	(178,572)	(603,357)
Gain on disposition of affiliates	(970,496)	–	12,499
Provision for doubtful accounts and write-off of receivables	297,257	246,692	339,224
Cumulative effect of accounting change	–	73,402	–
Income from discontinued operations	(25,121)	(14,063)	(1,062,750)
	1,891,550	4,044,817	3,550,530
Changes in operating assets and liabilities:			
(Increase) decrease in:			
Trade notes and accounts receivable - net	(18,970)	(730,595)	(567,648)
Transmission rights, programs, films and production talent advances	119,352	649,081	(148,627)
Inventories	16,971	(156,199)	54,187
Other accounts and notes receivable and other current assets	(294,642)	(554,782)	532,262
Increase (decrease) in:			
Customer deposits and advances	1,245,476	475,628	336,417
Trade accounts payable	(60,645)	(149,264)	144,936
Other liabilities, taxes payable and deferred taxes	(771,778)	(744,425)	1,207,940
Pension plans and seniority premiums	25,386	29,562	18,310
	261,150	(1,180,994)	1,577,777
Resources provided by continuing operations	2,152,700	2,863,823	5,128,307
Resources provided by discontinued operations	83,345	10,752	–
Resources provided by operating activities	2,236,045	2,874,575	5,128,307
Financing activities:			
Issuance of Senior Notes	2,121,027	2,910,366	3,139,200
Other decrease in debt-net	(1,160,983)	(1,386,472)	(2,458,532)
Capital stock repurchased	(1,274,440)	(234,343)	(37,095)
Shares issued	353,097	–	409
Minority interest	(703,342)	(8,919)	176,980
Translation effect	(163,363)	(336,016)	(243,960)
Resources (used for) provided by financing activities	(828,004)	944,616	577,002
Investing activities:			
Due from affiliated companies — net	120,116	(17,588)	493,959
Investments and goodwill	(503,035)	(5,128,349)	(4,807,845)
Disposition of investments	1,588,204	243,098	721,381
Investments in property, plant and equipment and deferred costs	(2,585,631)	(1,953,721)	(1,535,762)
Disposition of property, plant and equipment and deferred costs	859,473	547,820	140,576
Disposition of discontinued operations	–	–	2,189,977
Trademarks and other assets	232,400	107,494	(66,561)
Resources used for investing activities	(288,473)	(6,201,246)	(2,864,275)
Net increase (decrease) in cash and temporary investments	1,119,568	(2,382,055)	2,841,034
Cash and temporary investments at beginning of year	7,208,262	8,327,830	5,945,775
Cash and temporary investments at end of year	Ps. 8,327,830	Ps. 5,945,775	Ps. 8,786,809

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

Notes to Consolidated Financial Statements

For the years ended December 31, 2000, 2001 and 2002

(In thousands of Mexican Pesos in purchasing power as of December 31, 2002, 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.

b) Members of the Group

At December 31, 2002, the Group consisted of the Company and various subsidiaries, including the following:

	Company's ownership (1)	Business segments (2)
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
Empresas Cablevisión, S.A. de C.V. and subsidiaries	51%	Cable television (3)
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
CVQ Espectáculos, S.A. de C.V. and subsidiaries	100%	Other businesses
Galavisión DTH, S. de R.L. de C.V.	100%	DTH (4)

(1) Percentage of equity interest directly held by the Company in the holding subsidiary.

(2) See Note 26 for a description of each of the Company's business segments.

(3) In April 2002, the minority shareholder of Empresas Cablevisión, S.A. de C.V. ("Cablevisión"), the subsidiary through which the Group's cable television business is conducted, sold its 49% equity interest in Cablevisión in connection with an offering of CPOs of Cablevisión on the Mexican Stock Exchange.

(4) The Group has investments in 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, 2002, the expiration dates of the Group's concessions were as follows:

Concessions	**Expiration dates**
Television broadcasting	Various from 2003 to 2012
Cable television	In 2029
Radio	Various from 2003 to 2009
Nationwide paging	In 2006 and 2019

The Group's management expects that concessions expiring in 2003 will be renewed or granted by the Mexican Federal Government.

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 other comprehensive income or loss. Financial statements of non-Mexican operations that are integral to Mexican operations are converted to Mexican GAAP and translated to Mexican pesos by utilizing the exchange rate of the balance sheet date at year-end for monetary assets and liabilities, with the related adjustment included in net income, and historical exchange rates for non-monetary items.

Effective March 1, 2002, the Company designated its net investment in Univision as an effective hedge of its U.S.$300 million (Ps.3,139,200) Senior Notes due 2011 and its U.S.$300 million (Ps.3,139,200) Senior Notes due 2032 (see Note 9). Consequently, beginning March 2002, any foreign exchange gain or loss attributable to this U.S. dollar long-term debt, being hedged by the Company's net investment in shares of Univision, is credited or charged directly to equity (other comprehensive income or loss).

d) Temporary investments

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

As of December 31, 2001 and 2002, temporary investments consisted of fixed short-term deposits in commercial banks (primarily Mexican Pesos and U.S. dollars), with an average yield of approximately 3.97% for U.S. dollar deposits and 12.55% for Mexican Peso deposits in 2001, and approximately 1.99% for U.S. dollar deposits and 7.56% for Mexican Peso deposits in 2002.

e) Transmission rights, programs, literary works, production talent advances, films and inventories

Transmission rights, literary works and inventories of paper, materials and supplies, are valued at the lesser of acquisition cost or net realizable value. Programs, films and inventories of 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, literary works, production talent advances, films and inventories are restated by using the National Consumer Price Index ("NCPI") factors, and specific costs for some of these assets, which are determined by the Group on the basis of last purchase price or production cost, or replacement cost whichever is more representative. Cost of sales is determined based on restated costs, and calculated for the month in which such transmission rights, programs, literary works, production talent advances, films and inventories are matched with related revenues.

Transmission rights and literary works are amortized over the lives of the contracts. Transmission 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.

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.

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.

f) Investments

Investments in companies in which the Group exercises significant influence or joint control are accounted for by the equity method. The Group recognizes equity in losses of affiliated companies up to the amount of its initial investment and subsequent capital contributions, or beyond that when guaranteed commitments have been made by the Group in respect of obligations incurred by investees, but not in excess of such guarantees. If an affiliated company for which the Group had recognized equity losses up to the amount of its guarantees generates net income in the future, the Group would not recognize its proportionate share of this net income until the Group first recognizes its proportionate share of previously unrecognized losses. 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").

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
Television network concession	15
Licenses and software	Various from 3 to 10
Internet development costs	3
Financing costs	Over the life of the related debt

i) Evaluation of long-lived assets

The Group 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 as well as other economic and market variables (see Notes 7 and 21).

j) Exclusive rights letters and players signing bonuses

Through December 31, 2001, exclusive rights letters for soccer players, which entitled the holder to the players exclusive participation, were valued at cost, and gain or loss was recognized at the time the exclusive right was canceled, usually when a player was transferred. During 2002, in conjunction with new international regulations issued precluding the use of exclusive rights letters for hiring soccer players, the Group wrote-off all of its related assets which were previously accounted for as other non-current assets (see Note 20). Signing bonuses are valued at cost and are amortized over the short-term 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 the result from holding non-monetary assets and the foreign currency translation adjustments) 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, 2002.

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.
- Cable television subscription, pay per view and installation fees are recognized in the period in which the services are rendered.
- 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.
- 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 advertisement is shown on the Group's Internet portal and the number of times such advertisement 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

The recognition of deferred income tax is made 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 recognizing deferred taxes under the comprehensive asset and liability method at January 1, 2000, increased the deferred tax liability and decreased stockholders' equity by Ps.2,712,043 (of which Ps.2,642,542 impacted majority stockholders' equity).

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. All derivative financial instruments are recorded in the balance sheet at their fair value and changes in their fair value are recorded in each period in the income statement. The Group started accounting for all of its derivative financial instruments at fair value as of January 1, 2001, and recognized a cumulative effect loss of Ps.73,402 (net of income tax benefit of Ps.39,525) in the consolidated income statement for the year ended December 31, 2001.

q) Comprehensive income

Comprehensive income includes 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 sources (see Note 16).

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 became effective as of January 1, 2003. The Group estimates that adoption of Bulletin C-9 in 2003 will not have a significant impact on its consolidated 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 period. 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; however, in accordance with Bulletin C-8, the specific procedures for testing impairment of intangible assets, will be provided by the Mexican GAAP Bulletin C-15, which is expected to be issued by the MIPA in March 2003. Because the impairment test guidelines under Mexican GAAP have not been issued yet, the Group continues evaluating the impact that adoption of Bulletin C-8 will have on its consolidated financial statements.

s) Prior years' financial statements

The Group's financial statements for prior years have been restated to Mexican pesos in purchasing power as of December 31, 2002, by using a restatement factor derived from the change in the NCPI, which for 2000 and 2001 was 1.1036 and 1.0570, respectively. Had the alternative weighted average factor allowed under Mexican GAAP been applied to restate the Group's financial statements for prior years, which included the results of Mexican and non-Mexican subsidiaries, the restatement factor for 2000 and 2001 would have been 1.1026 and 1.0597, respectively.

The NCPI at the following dates was:

December 31, 1999	85.581
December 31, 2000	93.248
December 31, 2001	97.354
December 31, 2002	102.904

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 (i) 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.1,364,824) 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.270,799) short-term unsecured note; and (ii) 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 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.99,159 as other income in the consolidated income statement for the year ended December 31, 2000 (see Note 21).

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. This acquisition was accounted for as a purchase, recognizing a related goodwill of Ps.74,847 and an additional paid-in capital of Ps.208,939.

In June 2001, the Group acquired a 30% equity interest in Argos Comunicación, S.A. de C.V. ("Argos"), a company engaged in the production of television programming, for an aggregate cash purchase price of Ps.147,739, and recognized related goodwill in the amount of Ps.110,755 resulting from the excess of the purchase price over the carrying value of the net assets of Argos (see Note 7).

In October 2001, the Company sold a 50% equity stake, with limited voting rights, in the Group's radio subsidiary, Sistema Radiópolis, S.A. de C.V., to Grupo Prisa, a Spanish communications group, for an aggregate purchase price of U.S.$50 million (Ps.492,503), (U.S.$15 million (Ps.147,751) of which was in the form of cash and U.S.$35 million (Ps.344,753) of which was in the form of notes receivable due in July 2002), and a U.S.$10 million (Ps.97,012) capital contribution made in July 2002. The Group recognized a pre-tax gain on this sale of approximately Ps.288,512, which represented the excess of the cash and non-cash proceeds over the 50% carrying value of the net assets of this radio subsidiary at the transaction date (see Note 21).

In December 2001, the Group entered into a series of transactions with Univision Communications Inc. ("Univision") by which, among other things, the Group (i) acquired 375,000 non-voting preferred shares of Univision stock, for U.S.$375 million (Ps. 3,637,957) in cash, which converted upon the receipt of required U.S. regulatory approvals in February 2002, into 10,594,500 shares of Univision Class "A" Common Stock; (ii) received warrants (which expire in December 2017) to purchase, at an exercise price of U.S.$38.261 per share, 6,274,864 shares of Univision Class "A" Common Stock and 2,725,136 shares of Univision Class "T" Common Stock which expire in December 2017, 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, which sale was consummated in April 2002, in exchange for 6,000,000 shares of Univision Class "A" Common Stock and warrants (which expire in December 2017) to purchase, at an exercise price of U.S.$38.261 per share, 100,000 shares of Univision Class "A" Common Stock; and (iv) amended its program license agreement to provide Univision with exclusive rights to broadcast substantially all of the Group's programming in the United States solely over the Univision, Galavision and Telefutura networks, subject to some exceptions, in exchange for increased royalties. Following the conversion of the preferred shares described above into shares of Univision common stock, the Group recognized an excess of the purchase price of U.S.$375.0 million paid by the Group over the carrying value of the Univision stock acquired of approximately U.S.$321.8 million (Ps.3,366,916). Also, in connection with the sale of the music recording business described above, the Group recognized (i) an excess of the purchase price of U.S.$233.1 million (Ps.2,459,040) assigned to the shares of Univision common stock at the transaction date over the carrying value of the Univision stock acquired of approximately U.S.$197.6 million (Ps.2,055,601); (ii) an acquisition cost of U.S.$2.0 million (Ps.20,928) for the warrants to purchase 100,000 shares of Univision common stock, as being the fair value assigned to this investment at the transaction date; and (iii) a gain on disposal of the music recording business of Ps.1,061,057, net of related costs, expenses and income taxes. Any shares of Univision common stock owned by the Group and those shares of Univision common stock that may be purchased by the Group in connection with related warrants and warrant purchase agreements are intended to be held as equity securities accounted for under the equity method (see Notes 5, 10, 13, 23 and 26).

In April 2002, the Group and Clear Channel Entertainment ("Clear Channel"), a leading producer and marketer of live entertainment, completed a series of transactions and agreements to formalize a live entertainment joint venture in the United States (Cardenas-Fernandez & Associates), in which each company had a 50% interest. The Group acquired a 50% interest of the businesses comprising Cardenas-Fernandez & Associates for an aggregate consideration of U.S.$4.0 million in cash, subject to working capital adjustments (as defined) and additional payments to be made by the Group under certain circumstances (see Note 13). As a result, beginning the second quarter of 2002, the Group accounts for its interest in Cardenas-Fernandez & Associates by applying the equity method to the results of operations and net assets of this joint venture. Also, the Group recognized related goodwill as a result of this acquisition in the amount of Ps.25,163 resulting from the excess of the purchase price over the carrying value of the related net assets.

In April 2002, the Group acquired an additional 50% interest in the capital stock of certain publishing distribution companies in Chile and Argentina, which were 50% owned by the Group before this acquisition, for an aggregate amount of U.S.$3.6 million (U.S.$2.7 million in cash and U.S.$0.9 million through an account payable due in April 2003), of which U.S.$3.1 million is related to the acquisition in Chile. Accordingly, beginning May 2002, these businesses became wholly-owned subsidiaries of the Company. The Group recognized related goodwill as a result of this acquisition in the amount of Ps.26,942 resulting from the excess of the purchase price over the carrying value of the related net assets of such companies.

In August 2002, the Group sold all of its 21.99% minority interest in the capital stock of Red Televisiva Megavisión, S.A. (“Megavisión”), broadcasting television company in Chile, for an aggregate amount of U.S.$4.2 million, of which U.S.$2.1 million were paid in cash and U.S.$2.1 million in the form of a receivable due in August 2003 and collateralized with the shares of Megavisión previously owned by the Group. The Group recognized a pre-tax gain on this sale of approximately Ps.4,996, which represented the excess of the proceeds over the carrying value of the net investment in Megavisión at the transaction date.

On October 18, 2002, the Group and Corporación Interamericana de Entretenimiento, S.A. de C.V. (“CIE”), the leading live entertainment company in Latin America, Spain and the Latin U.S. market, announced an agreement to form a strategic alliance under which the Group acquired a 40% interest in Ocesa Entretenimiento, S.A. de C.V. (“OCEN”), a newly formed subsidiary of CIE, which owns all the assets related to CIE’s live entertainment business unit in Mexico, for a gross amount of approximately U.S.$107.2 million, of which approximately U.S.$67.0 million (Ps.676,823) was paid in cash in the fourth quarter of 2002, and the remaining balance of U.S.$40.2 million (Ps.420,653) will be paid in the first quarter of 2003. The Group recognized preliminary goodwill as a result of this minority interest acquisition in the amount of Ps.716,565 resulting from the excess of the purchase price over the estimated carrying value of the related net assets of OCEN. Under this agreement, the purchase price of this acquisition is subject to be adjusted based on a formula of EBITDA generated by OCEN (as defined) in a three-year period which will end on December 31, 2005. This acquisition was approved by the Mexican Antitrust Commission in December 2002. In the first quarter of 2003, the Group made an additional capital contribution to OCEN related to its 40% interest in this company for the amount of Ps.93,882 (see Notes 5 and 18).

During 2002, the Group sold certain non-strategic businesses of the television broadcasting and publishing segments for an aggregate amount of Ps.8,715, which included a sale transaction with a Company’s director for an amount of Ps.1,755, and recognized in other expense a pre-tax loss in disposition of these businesses of Ps.30,645 (see Note 21).

3. Trade notes and accounts receivable

Trade notes and accounts receivable as of December 31, 2001 and 2002, consisted of:

		2001		2002
Non-interest bearing notes received as customer deposits and advances	Ps.	7,070,940	Ps.	7,158,371
Accounts receivable, including value-added tax receivables related to advertising services		2,726,892		3,090,017
Allowance for doubtful accounts		(529,073)		(684,752)
	Ps.	9,268,759	Ps.	9,563,636

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

At December 31, 2001 and 2002, transmission rights, programs, literary works, production talent advances and films consisted of:

		2001		2002
Transmission rights	Ps.	3,361,180	Ps.	3,819,337
Transmission rights in perpetuity		590,116		548,066
Programs		2,729,383		2,464,227
Literary works		991,809		1,163,737
Production talent advances		188,926		199,632
Films		54,567		62,543
		7,915,981		8,257,542
Non-current portion of :				
Transmission rights		2,224,427		1,881,270
Transmission rights in perpetuity		590,116		548,066
Programs		1,382,700		1,197,189
Literary works		991,809		1,163,737
Films		26,376		47,178
		5,215,428		4,837,440
Current portion of transmission rights, programs, films and production talent advances	Ps.	2,700,553	Ps.	3,420,102

5. Investments

At December 31, 2001 and 2002, the Group had the following investments:

		2001		2002	Ownership % as of December 31, 2002
Accounted for by the equity method:					
DTH TechCo Partners (1)	Ps.	158,568	Ps.	175,413	30%
OCEN (see Note 2)		–		401,161	40%
Megavisión (see Note 2)		32,837		–	–
Univision (2)		529,270		2,112,723	13.23%
Other		148,022		165,267	
		868,697		2,854,564	
Other investments:					
Deposits in escrow (3)		835,439		156,960	
Univision (2)		3,637,957		20,928	
Other		706		640	
		4,474,102		178,528	
	Ps.	5,342,799	Ps.	3,033,092	

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

(2) The Group accounts for this investment under the equity method due to the Group's continued ability to exercise significant influence over Univision's operations. As of December 31, 2001 and 2002, the Group owned the following shares, share equivalents and warrants to acquire shares of Univision (see Note 2):

	2001	2002
Class "T" common stock	13,593,034	13,593,034
Class "A" common stock	–	16,594,500
	13,593,034	30,187,534
Preferred shares convertible into Class "A" common stock	10,594,500	–
Warrants to acquire Class "T" common stock (a)	2,727,136	2,727,136
Warrants to acquire Class "A" common stock (a)	6,274,864	6,374,864
	9,002,000	9,102,000
	33,189,534	39,289,534

(a) Substantially all of these warrants to acquire common stock of Univision at an exercise price of U.S.$38.261 per share, expire in December 2017. In 2002, the Group recognized the acquisition cost of 100,000 warrants for an amount of Ps.20,928 as other investments since the shares that may be purchased through these instruments are intended to be held by the Group as an equity investment in Univision (see Notes 2 and 10).

Assuming the exercise of warrants at a price of U.S.$38.261 per share, the Group's ownership stake in Univision as of December 31, 2002, would have been approximately of 15.0% on a fully diluted basis. The quoted market price of Univision's common stock at December 31, 2002, was U.S.$24.50 per share.

(3) 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, 2001 and 2002, of short-term securities of U.S.$86.1 million (Ps.835,439) and U.S.$15.0 million (Ps.156,960), respectively. In December 2001, the Group applied approximately U.S.$14.0 million (Ps.136,137) of this investment to make certain tax payments (see Note 13). In August 2002, approximately U.S.$71.1 million of collateral was released to the Group and the amount required to be held in escrow was reduced to a minimum of U.S.$15.0 million, in cash or cash equivalents. After the expiration of applicable tax statutes of limitations, the collateral will be reduced to diminimus. The collateral agreement will terminate in approximately five years.

In 2000, 2001 and 2002, the Group recognized in the consolidated statements of income equity in losses of affiliates of Ps.1,938,734, Ps.551,871 and Ps.1,155,818, respectively, and in the consolidated other comprehensive income or loss (see Note 16): equity in the loss from holding non-monetary assets of affiliates of Ps.16,655, Ps.1,368 and Ps.15, respectively, equity in the translation (gain) loss effect of affiliates of (Ps.131,322), Ps.190,646 and Ps.106,969, respectively, and in 2002, equity in the gain on issuance of shares of associates of Ps.489,951.

6. Property, plant and equipment

Property, plant and equipment as of December 31, 2001 and 2002, consists of:

		2001		2002
Buildings	Ps.	6,500,145	Ps.	6,519,940
Buildings improvements		1,528,861		1,701,388
Technical equipment		9,155,196		9,737,672
Furniture and fixtures		528,668		518,847
Transportation equipment		460,405		949,051
Computer equipment		675,679		788,565
		18,848,954		20,215,463
Accumulated depreciation		(8,034,916)		(9,296,469)
		10,814,038		10,918,994
Land		3,471,500		3,457,256
Construction in progress		450,959		966,972
	Ps.	14,736,497	Ps.	15,343,222

At December 31, 2001 and 2002, the Group's Mexican subsidiaries had technical equipment, transportation equipment and computer equipment of non-Mexican origin totaling Ps.2,600,321 and Ps.3,197,969, 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, 2001 and 2002 would have been Ps.15,874,578 and Ps.16,154,041 respectively.

Depreciation charged to income in 2000, 2001 and 2002 was Ps.1,028,951, Ps.974,821 and Ps.1,006,216 respectively.

Included in property, plant and equipment are assets held under capital leases, net of accumulated depreciation, of Ps.95,914 and Ps.83,759 as of December 31, 2001 and 2002, respectively.

7. Goodwill and trademarks

The balances of goodwill and trademarks as of December 31, 2001 and 2002, were as follows:

	Goodwill				Trademarks			
		2001		2002		2001		2002
Cost (1)	Ps.	3,824,899	Ps.	8,982,080	Ps.	454,283	Ps.	547,278
Accumulated amortization		(1,120,493)		(1,421,394)		(105,194)		(141,765)
	Ps.	2,704,406	Ps.	7,560,686	Ps.	349,089	Ps.	405,513

(1) As of December 31, 2002, includes goodwill recognized in connection with acquisitions of minority stakes in Univision and OCEN (see Note 2).

Amortization of goodwill in 2000, 2001 and 2002 was Ps.229,426, Ps.202,615 and Ps.437,805, respectively, which was recorded in other expense, net (see Note 21).

In 2001 and 2002, a write-off of unamortized goodwill for the amount of Ps.222,711 and Ps.1,066,700, respectively, was recognized in connection with the recoverability evaluation of certain long-lived assets of the Group (see Note 21), primarily related to the operations of a television broadcasting subsidiary in San Diego and the Group's investment in Argos (see Note 2).

Amortization of trademarks in 2000, 2001 and 2002 was Ps.12,319, Ps.11,078 and Ps.14,740, respectively.

8. Deferred costs

The balance of deferred costs as of December 31, 2001 and 2002, consisted of:

		2001		2002
Television network concession	Ps.	1,116,045	Ps.	1,116,045
Licenses and software		697,000		723,352
Internet		438,314		449,481
Deferred financing costs		266,088		317,915
Other		277,485		218,060
		2,794,932		2,824,853
Accumulated amortization		(1,068,451)		(1,467,137)
	Ps.	1,726,481	Ps.	1,357,716

Amortization of deferred costs charged to income in 2000, 2001 and 2002, was Ps.669,657, Ps.503,267 and Ps.514,632, respectively, of which Ps.69,528, Ps.60,332 and Ps.46,771, respectively, were recorded as other costs and expense, net (see Note 21), Ps.42,792, Ps.42,630 and Ps.32,340, respectively, were recorded as interest expense (see Note 19), and Ps.286,951, Ps.32,165 and Ps.6,790, respectively, were recorded as non-recurring charges in connection with the extinguishment of long-term debt (see Note 20).

9. Debt

As of December 31, 2001 and 2002, debt outstanding was as follows:

		2001		2002
U.S. dollars:				
11.375% Series "A" Senior Notes due 2003 (1) (5)	Ps.	667,900	Ps.	720,415
11.875% Series "B" Senior Notes due 2006 (1) (5)		51,833		55,909
8.625% Senior Notes due 2005 (2) (5) (6)		1,940,244		2,092,800
8% Senior Notes due 2011 (3) (5) (6)		2,910,366		3,139,200
8.50% Senior Notes due 2032 (4) (5) (6)		–		3,139,200
U.S.$100 million syndicated loan (7)		970,122		1,046.400
U.S.$276 million bridge loan facility (4)		2,677,537		–
Other, including capital leases (8)		198,829		109,449
		9,416,831		10,303,373
Mexican pesos:				
UDI-denominated Notes due 2007 (9)		3,507,205		3,503,220
Bank loans (10)		778,012		515,363
		4,285,217		4,018,583
Other currency debt (11)		202,378		263,139
Total debt		13,904,426		14,585,095
Less: long-term maturities		13,550,537		13,345,215
Current portion of long-term debt	Ps.	353,889	Ps.	1,239,880

(1) 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. Interest on the Series "A" and Series "B" Senior Notes, including additional amounts payable in respect of certain Mexican withholding taxes, is 11.96% and 12.49% per annum, respectively, and is payable semi-annually. In the second quarter of 2000, as a result of consummated tender offers and consent solicitations for securities representing Series "A" Senior Notes, Series "B" Senior Notes and Senior Discount Debentures for an amount of approximately U.S.$924.1 million (Ps.10,235,924), which included premiums, consent fees, and accrued liabilities payable as of that date of approximately U.S.$126.1 million (Ps.1,397,245), the Company (a) extinguished approximately 89% of these securities outstanding; (b) eliminated substantially all of the restrictive covenants in connection with this debt; and (c) recognized a pre-tax loss of approximately Ps.1,546,945 which was classified as a non-recurring charge in the consolidated income statement for the year ended December 31, 2000. In the second quarter of 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, and the premiums for redeeming this debt together with related costs, were accounted for as a non-recurring charge of Ps.60,712 in the consolidated income statement for the year ended December 31, 2001 (see Note 20).

(2) In the third quarter of 2000, the Company issued these Senior Notes. Interest on these Senior Notes, including additional amounts payable in respect of certain Mexican withholding taxes, is 9.07% per annum, and is payable semi-annually. In the fourth quarter of 2000, substantially all of these Senior Notes were exchanged for Senior Notes registered under the U.S. Securities Act.

(3) In the third quarter of 2001, the Company issued these Senior Notes, which were priced at 98.793% for a yield to maturity of 8.179%. Interest on these Senior Notes, including additional amounts payable in respect of certain Mexican withholding taxes, is 8.41% per annum, and is payable semi-annually.

(4) In the first quarter of 2002, the Company issued these Senior Notes, which 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 repay all of the amounts then outstanding under a U.S.$276 million (Ps.2,677,537) bridge loan facility with an original maturity in December 2002; consequently, the outstanding balance of this bridge loan facility as of December 31, 2001 was classified as "long-term" in the consolidated balance sheet as of that date. Interest on these Senior Notes, including additional amounts payable in respect of certain Mexican withholding taxes, is 8.94% per annum, and is payable semi-annually.

(5) These 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.

(6) These 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 agreement of these Senior Notes contains certain covenants that limit the ability of the Company and its restricted 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. Substantially all of these Senior Notes are registered with the U.S. Securities and Exchange Commission.

(7) In the third quarter of 2001, the Company refinanced all of the amounts outstanding under a syndicated term loan agreement for the amount of U.S.$400 million, which was entered into by the Company in the second quarter of 2000 to fund, together with the net proceeds of the UDI-denominated Notes described below and cash on hand, the tender offers and related fees and expenses described above. This refinancing was made 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 syndicated term loan with international commercial banks. Amounts outstanding under this U.S.$100 million term loan 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 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.

(8) Includes notes payable to third parties other than banks of Ps.156,743 and Ps.109,448 as of December 31, 2001 and 2002, respectively, bearing annual interest rates which vary between one and eight points above LIBOR. The maturities of this debt at December 31, 2002 are various from 2003 to 2010. At December 31, 2001, also included U.S.$4.3 million (Ps.42,086) of long-term indebtedness which amount was fully paid at maturity in 2002.

(9) In the second quarter of 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 (nominal), 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, 2001 and 2002 includes restatement of Ps.336,181 and Ps.503,220, respectively. The UDI value as of December 31, 2002, was of Ps.3.225778 per one UDI.

(10) Includes a long-term loan payable to a Mexican bank of Ps.443,646 and Ps.267,094 at December 31, 2001 and 2002, respectively, which was originally due in August 2000, and was refinanced by the Group in July 2000. Under such refinancing, the Company agreed to 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 term loan facility described above. Before this refinancing, this loan bore annual interest at the Mexican interbank rate plus 150 basis points for the first six months of 2000. The 2001 and 2002 balance also includes a long-term loan of Ps.304,418 and Ps.224,000, respectively, granted by a commercial Mexican bank in 2001 to refinance the redemption of the Senior Discount Debentures as described in Notes (2) and (3) above, with principal and interest thereof payable on a quarterly basis through May 2006, and annual interest rate equal to the Mexican interbank rate plus 30 basis points. The terms of this loan include certain financial ratios and covenants. The maturities of these loans at December 31, 2002 are various from 2003 to 2006.

(11) Includes at December 31, 2001 and 2002, a long-term loan for approximately 23.6 million Euros (Ps.201,737 and Ps.259,381, 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 minority interest in a DTH venture in Spain.

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, 2002, no debt had been incurred by the Company under this program.

Maturities of debt

Debt maturities for the years subsequent to December 31, 2002, excluding capital lease obligations, are as follows:

2003	Ps.	1,222,574
2004		193,919
2005		2,587,298
2006		725,990
2007		3,512,392
Thereafter		6,308,185
	Ps.	14,550,358

Future minimum payments under capital leases for the years subsequent to December 31, 2002, are as follows:

2003	Ps.	17,306
2004		6,546
2005		5,991
2006		4,894
Present value of net minimum payments (1)	Ps.	34,737

(1) Net of amount representing interest of Ps.5,539.

10. Financial instruments

The Group's financial instruments recorded on the balance sheet include cash, temporary investments, accounts and notes receivable, accounts payable, debt and derivative instruments. 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 included preferred shares of Univision, and the carrying value of such shares approximated 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 fair value of currency option, interest rate swap and share put option agreements is based on quotes obtained from financial institutions.

In 1999, the Company entered into forward exchange contracts for a notional amount of U.S.$145 million and Ps.1,839,175 (nominal) for purposes of hedging both its U.S. dollar semi-annual interest payments on certain long-term debt for up to U.S.$100 million and its anticipated investment in DTH joint ventures for up to U.S.$45 million (see Note 11). As of December 31, 2001, none of these contracts were outstanding (see Note 19).

In 1999, the Company entered into a total return bond swap agreement in respect of U.S.$41 million (Ps.429,024) of its Series "A" Senior Notes (see Note 9), 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 amortized through the 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 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 9.825% and due in 2007.

In connection with the Senior Notes due 2005, in the third quarter of 2002, the Company entered into currency option agreements with a financial institution on a notional amount of U.S.$100 million. Under such agreements, and subject to the exercise of the options by the Company and the financial institution, as well as the payment of related premiums by the Company for an amount of approximately U.S.$5.9 million in April 2004, the parties will exchange related U.S. dollars and Mexican pesos at fixed exchange rates in October 2005. The Company has recorded the change in fair value of these agreements from inception to December 31, 2002, in the integral cost of financing (foreign exchange gain or loss). Also, in October 2002, the Company entered into option agreements to exchange interest rates with a financial institution on a notional amount of U.S.$200 million, and received premiums in cash for an amount of approximately U.S.$1.7 million which are being amortized through the maturity of these Senior Notes. The Company has recorded the change in fair value of these agreements together with the amortization of related premiums, from inception to December 31, 2002, in the integral cost of financing (interest expense). In February 2003, the financial institution declined to exercise these options and the Company recognized the benefit of unamortized premiums.

In connection with the Senior Notes due 2011, in the fourth quarter of 2002, the Company entered into interest rate swap agreements with a financial institution on a notional amount of U.S.$100 million. These agreements involve the exchange of amounts based on a fixed interest rate for amounts based on variable interest rates over the life of the agreement, without an exchange of the notional amount upon which the payments are based. The Company has recorded the change in fair value of these agreements from inception to December 31, 2002, in the integral cost of financing (interest expense).

In the third quarter of 2002, the Company entered into agreements to sell share put options to a financial institution, and received premiums in cash for an amount of approximately U.S.$1.4 million. Under these agreements and depending on market conditions the financial institution has a remaining potential obligation to purchase the equivalent of 30,006,360 shares of the Company's common stock for an aggregate amount of approximately U.S.$12.9 million. These put options are exercisable only in April 2003. The financial institution may settle the put options by physical settlement of the options or by cash at the option of the Company. The Company has recorded the change in fair value of these agreements together with related premiums, from inception to December 31, 2002, in other income or expense.

The estimated fair values of the Group's financial instruments at December 31, 2001 and 2002 were as follows:

				2001				2002
		Carrying Value		**Fair Value**		**Carrying Value**		**Fair Value**
Assets:								
Univision preferred shares (see Note 5)	Ps.	3,637,957	Ps.	3,637,957	Ps.	–	Ps.	–
Univision warrants (see Note 5)		–		2,457,804		20,928		1,181,710
Liabilities:								
Senior Notes due 2005, 2011 and 2032		4,850,610		5,004,568		8,371,200		8,430,636
Other long-term debt securities		719,734		750,603		776,324		804,875
UDI-denominated long-term securities		3,507,205		3,742,539		3,503,220		3,764,908
Long-term notes payable to Mexican banks		748,065		748,065		491,094		491,094
U.S.$100 million term loan		970,122		970,122		1,046,400		1,046,400
Derivative financial instruments:								
Assets:								
Interest rate swaps		–		–		1,104		1,104
Liabilities:								
Foreign currency options		–		–		3,123		3,123
Share put options		–		–		10,268		10,268

11. DTH joint venture liabilities

DTH joint venture liabilities as of December 31, 2001 and 2002 included the liability positions resulting from the Group's investments in Innova, S. de R.L. de C.V. ("Innova") and Sky Multi-Country Partners ("SMCP"), and the equity in losses of these joint ventures recognized by the Group in excess of such investments and up to the amount of the guarantees made by the Group in connection with certain capital lease obligations of Innova and SMCP (see Notes 1 (f) and 13), as follows:

		2001		2002
Innova (1)	Ps.	1,028,285	Ps.	852,993
SMCP (2)		80,961		792,249
	Ps.	1,109,246	Ps.	1,645,242

(1) Joint venture engaged in providing DTH broadcast satellite pay television services in Mexico, in which the Group has a 60% non-consolidated interest. The concession granted by the Mexican Federal Government for operating this joint venture expires in 2026. The Group's liability position in Innova as of December 31, 2001 and 2002, was net of long-term notes and interest receivable due from Innova of approximately U.S.$199.4 million (Ps.1,829,793) and U.S.$222.9 million (Ps.2,332,093), respectively, with principal and interest maturities between 2008 and 2012, bearing annual interest rate of 9.0%. Long-term loans provided to Innova by the Group in 2001 and 2002 amounted to approximately U.S.$79.7 million (Ps.833,772) and U.S.$17.7 million (Ps.185,213), respectively.

(2) General partnership engaged in providing DTH broadcast satellite pay television services in Latin America outside of Mexico and Brazil, in which the Group has a 30% interest. The concessions for operating the current SMCP operations in Colombia and Chile do not have expiration dates. In the fourth quarter of 2002, as a result of economic difficulties of this joint venture, which included the closing of the DTH operations in Argentina, the Group recognized the outstanding debt incurred by SMCP being guarantees by the Group. Capital contributions made to SMCP by the Group in 2001 and 2002 amounted to U.S.$36.2 million (Ps.360,266) and U.S.$14.5 million (Ps.145,427), respectively. Also, in 2001, News Corp. made equity contributions in this partnership on behalf of the Group of U.S.$15.0 million (Ps.145,518) (see Note 18).

12. 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, 2001 and 2002. 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. In the fourth quarter of 2002, the Group made a cash contribution of approximately Ps.103,046 to its pension and seniority premium plans. Plan assets were invested in a portfolio that primarily consisted of equity and debt securities (including shares of the Company) as of December 31, 2001 and 2002. Pension and seniority premium benefits are paid when they become due.

The pension and seniority premium plan liability as of December 31, 2001 and 2002, was as follows:

		2001		**2002**
Actuarial present value of benefit obligations:				
Vested benefit obligations	Ps.	280,203	Ps.	318,110
Nonvested benefit obligations		504,042		448,488
Accumulated benefit obligation		784,245		766,598
Benefit attributable to projected salaries		169,384		160,119
Projected benefit obligation		953,629		926,717
Plan assets		(744,768)		(695,760)
Projected benefit obligation in excess of plan assets		208,861		230,957
Items to be amortized over a 18-year period:				
Transition obligation		332,162		296,710
Unrecognized prior service cost		38,882		26,551
Unrecognized net loss from experience differences		104,304		155,873
		475,348		479,134
Net projected asset		(266,487)		(248,177)
Adjustment needed to recognize minimum liability (with the recognition of an intangible asset included in other assets)		305,964		319,015
Balance sheet liability	Ps.	39,477	Ps.	70,838

The net pension and seniority premium cost for 2000, 2001 and 2002 was Ps.89,247, Ps.106,031 and Ps.118,830, respectively.

13. Commitments and contingencies

At December 31, 2002, the Group's commitments for capital expenditures were approximately Ps.328,922, of which Ps.243,510 were related to purchase commitments to acquire television technical equipment.

At December 31, 2002, the Group had commitments for making capital contributions in 2003 to Innova of up to U.S.$15 million and to its DTH ventures in Latin America, excluding Mexico, for up to U.S.$20 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. As of December 31, 2002, the Group has commitments to acquire from Endemol programming formats through this venture for up to U.S.$54.8 million through 2006.

The Company has guaranteed the obligations of certain consolidated subsidiaries for direct loans and capital leases in an aggregate amount of Ps.276,573, which are reflected in the December 31, 2002 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.$15.0 million of short-term securities as of December 31, 2002.

Furthermore, the Company has guaranteed the obligations of certain related parties for direct loans in an aggregate amount of approximately Ps.233,258, approximately 98% 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, 2002, 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
2003	U.S.$	18,543
2004		17,735
2005		17,667
2006		15,642
2007 and thereafter		43,240
	U.S.$	112,827

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.$156.1 million (undiscounted) as of December 31, 2002.

The Group has also guaranteed its 30% proportionate share of SMCP's minimum commitments for use of transponders over a period ending in 2014, which is estimated to be an aggregate of approximately U.S.$120.4 million (undiscounted) as of December 31, 2002.

In connection with the Group's acquisition of its 50% interest in Cardenas-Fernandez & Associates (see Note 2), the Group is required, under certain circumstances, to make additional payments to the sellers of such interest of up to U.S.$3.5 million (Ps.36,624) during a three-year period which will end in April 2005.

In conjunction with the Group's disposal of its former music recording business (see Note 2), the Group may have to pay certain adjustments to Univision in connection with an audit of the music recording business by Univision, which is expected to be resolved by the parties in 2003. While the Group's management believes that the outcome of this audit will not have a material adverse effect on its financial position or future operating results, no assurance can be given in this regard.

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 Mexico in a series of related transactions. In December 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 former 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. 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.136,137) related to taxes attributable to Univisa and Fonovisa (see Note 5). As of December 31, 2002, the Group has accrued Ps.74,209, respectively, representing the Group's estimate of state and other tax liabilities in connection with these matters. 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.

14. Capital stock and stock option plan

Capital stock

At December 31, 2002, shares of capital stock consisted of:

	Series "A" Shares	Series "L" Shares	Series "D" Shares (dividend premium shares)	Total shares
Authorized	5,021,050,671	2,271,150,000	2,271,150,000	9,563,350,671
Unissued	430,307,554	–	–	430,307,554
Issued	4,590,743,117	2,271,150,000	2,271,150,000	9,133,043,117
Repurchased by the Company	(804)	(804)	(804)	(2,412)
Acquired by a subsidiary of the Company	(110,942,789)	(86,851,771)	(86,851,771)	(284,646,331)
Outstanding	4,479,799,524	2,184,297,425	2,184,297,425	8,848,394,374

At December 31, 2001, there were 8,856,259,557 shares of capital stock outstanding, consisting of 4,482,392,507 Series "A" Shares, 2,186,933,525 Series "L" Shares and 2,186,933,525 Series "D" Shares.

Series "L" Shares and Series "D" Shares have limited voting rights. The shares of capital stock issued include 2,271,150,000 Series "A" Shares, 2,271,150,000 Series "L" Shares and 2,271,150,000 Series "D" Shares that 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. Non-Mexican holders of CPOs do not have voting rights with respect to the Series "A" and "D" Shares.

Under the Company's bylaws, the Company's Board of Directors consists of a minimum of five and a maximum of 20 members, of which the holders of Series "L" Shares and Series "D" Shares, each voting as a class, are entitled to elect two members and two members, respectively.

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. Until at least December 10, 2003, 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 dividend 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.

In September 2002, in connection with the approval of the Company's shareholders to issue additional Series "A" Shares in an aggregate amount of up to 4.5% of the Company's outstanding capital stock (430,350,671 Series "A" Shares) on April 30, 2002, and in conjunction with preemptive rights exercised by certain existing holders of Series "A" Shares, the Company increased its capital stock in the amount of Ps.409 by issuing additional 43,117 Series "A" Shares (not in the form of CPO's), of which Ps.402 were recognized as additional paid-in-capital. Following this capital stock increase, the remaining 430,307,554 unissued authorized Series "A" Shares may be used by the Company for one or two special purpose trusts.

At December 31, 2002, the restated tax value of the Company's common stock was of Ps.15,163,104.

Stock option plan

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, 2002 the Company had assigned approximately 83 million CPOs at market prices, subject to certain conditions, including vesting periods within five years from the time the awards are granted. The shares sold pursuant to the Plan, which have been registered pursuant to a registration statement on Form S-8 under the Securities Act, can only be transferred to the plan participants when the conditions set forth in the Plan are satisfied. As of December 31, 2002, no shares of capital stock had been transferred to the plan participants.

15. 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 and 2002, the Company's stockholders approved increases to the legal reserve amounting to Ps.63,972 and Ps.71,119, respectively. 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 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. In this case, dividends will be subject to a 34% 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 1.5152.

At December 31, 2002 cumulative earnings that have been subject to income tax and can be distributed by the Company free of Mexican withholding tax were approximately Ps.5,215,876. 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, 2002 the Company's stockholders had approved appropriating from retained earnings a reserve amounting to Ps.6,363,359 for the repurchase of shares, at the discretion of management. As of December 31, 2001 and 2002, this reserve has been used for an amount of Ps.261,639 and Ps.584,865, respectively, in connection with repurchases of shares made by the Company in prior years.

In September 2002, the Company announced a share repurchase program of up to U.S.$400 million (Ps.4,185,600) over the next three years. Under the terms of the program, the Company may, at the discretion of management, acquire stock subject to legal, market and other conditions at the time of purchase. The Company started repurchasing shares in 2003, and as of February 26, 2003, 20,680,200 shares in the form of 6,893,400 CPOs had been repurchased by the Company under this program for an aggregate amount of Ps.91,440.

In February 2003, the Board of Directors proposed a payment of dividends for an amount of approximately Ps.550,000, which is subject to the approval of the Company's stockholders in April 2003.

16. Comprehensive (loss) income

Comprehensive (loss) income related to the majority interest for the years ended December 31, 2000, 2001 and 2002, was as follows:

		2000		2001		2002
Net (loss) income	Ps.	(872,255)	Ps.	1,422,375	Ps.	737,836
Other comprehensive loss, net:						
Foreign currency translation adjustments, net (1)		(32,040)		(526,663)		(136,991)
Result from holding non-monetary assets, net (2)		(407,111)		(292,158)		365,731
Cumulative effect of deferred taxes		(2,642,542)		–		–
Gain on issuance of shares of associates		–		–		489,951
Total other comprehensive (loss) gain, net		(3,081,693)		(818,821)		718,691
Comprehensive (loss) income	Ps.	(3,953,948)	Ps.	603,554	Ps.	1,456,527

(1) In 2002 include the foreign exchange loss of Ps.795,225 which was hedged by the Group's net investment in Univision (see Note 1(c)).

(2) 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 (provision) of Ps.219,216, Ps.171,167 and (Ps.190,839) for the years ended December 31, 2000, 2001 and 2002, respectively.

The changes in components of accumulated other comprehensive loss for the years ended December 31, 2000, 2001 and 2002, were as follows:

		Gain on issuance of shares of associates		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) income
Balance at December 31, 1999	Ps.	215,039	Ps.	(28,837)	Ps.	(1,457,496)	Ps.	(582,835)	Ps.	–	Ps.	(1,854,129)
Current year change		–		–		(407,111)		(32,040)		(2,642,542)		(3,081,693)
Balance at December 31, 2000		215,039		(28,837)		(1,864,607)		(614,875)		(2,642,542)		(4,935,822)
Current year change		–		–		(292,158)		(526,663)		–		(818,821)
Balance at December 31, 2001		215,039		(28,837)		(2,156,765)		(1,141,538)		(2,642,542)		(5,754,643)
Current year change		489,951		–		365,731		(136,991)		–		718,691
Balance at December 31, 2002	Ps.	704,990	Ps.	(28,837)	Ps.	(1,791,034)	Ps.	(1,278,529)	Ps.	(2,642,542)	Ps.	(5,035,952)

Cumulative result from holding non-monetary assets as of December 31, 2000, 2001 and 2002 is net of a deferred income tax benefit of Ps.219,216, Ps.390,383 and Ps.199,544, respectively.

17. Minority interest

Minority interest at December 31, 2001 and 2002, consisted of:

		2001		2002
Capital stock	Ps.	971,237	Ps.	1,026,175
Retained earnings		376,077		461,607
Cumulative result from holding non-monetary assets		(272,886)		(212,144)
Accumulated monetary result		(6,926)		(4,388)
Cumulative effect of deferred income tax		(64,914)		(62,841)
Net income (loss) for the year		28,841		(68,833)
	Ps.	1,031,429	Ps.	1,139,576

18. 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		2002
Revenues:						
Royalties (Univision) (a)	Ps.	830,581	Ps.	754,146	Ps.	778,906
Soccer transmission rights (Univision)		50,624		98,938		47,278
Programming production and transmission rights (Innova)		266,066		285,200		289,455
Administrative services (b)		97,062		68,265		115,594
Interest income		58,984		122,039		170,878
Advertising (c)		221,337		240,797		214,724
	Ps.	1,524,654	Ps.	1,569,385	Ps.	1,616,835
Customer deposits and advances (d)	Ps.	485,176	Ps.	283,996	Ps.	270,359
Costs:						
Donations	Ps.	3,240	Ps.	63,645	Ps.	55,389
Advertising and transmission rights (Club de Fútbol Atlante, S.A. de C.V. in 2000 (e), and Editorial Clío, Libros y Videos, S.A. de C.V. in 2000 and 2001)		48,323		54,071		–
Administrative services (b)		8,924		24,314		41,460
Other		11,904		1,890		51,517
	Ps.	72,391	Ps.	143,920	Ps.	148,366

(a) The Group receives royalties from Univision for programming provided pursuant to program license agreements, as amended, through December 2001, that expire in December 2017. Royalties are determined based upon a percentage of combined net sales of Univision, which was 9% as of December 31, 2000, 2001 and 2002.

(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 Pegaso in 2000 through the consummation of the sale of Pegaso and Ovaciones (see Note 2), to Innova in 2000, 2001 and 2002, and to Univision in 2002.

(d) Deposits and advances from Univision, Innova and Editorial Clío, Libros y Videos, S.A. de C.V. as of December 31, 2000, 2001 and 2002.

(e) 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, 2001 and 2002, a professional services firm in which a current director and two alternate directors maintain interest provided legal advisory services to the Group in connection with various corporate matters. Total fees for such services amounted to Ps.9,874, Ps.13,221 and Ps.9,406, 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, 2001 and 2002, were as follows:

		2001		2002
CIE (see Note 2)	Ps.	–	Ps.	(420,653)
Coyoacán Films, S.A. de C.V.		14,626		10,411
Editorial Clío, Libros y Videos, S.A. de C.V.		39,767		30,903
Grupo Televicentro, S.A. de C.V.		5,003		4,746
Grupo Triple C, S.A. de C.V.		31,040		29,418
Innova (see Note 11)		282,593		377,682
News Corp. (see Note 11)		(145,518)		(156,960)
Telemercado Alameda, S. de R.L. de C.V.		36,062		14
Univision (see Note 5)		67,844		11,795
Other		103,830		53,932
	Ps.	435,247	Ps.	(58,712)

All significant account balances included in amounts due from affiliates bear interest. In 2000, 2001 and 2002, average interest rates of 17.92%, 19.55% and 14.56% were charged, respectively. Advances and receivables are short-term in nature; however, these accounts do not have specific due dates.

19. Integral cost of financing

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

		2000		2001		2002
Interest expense (1)	Ps.	1,545,175	Ps.	1,273,308	Ps.	1,371,153
Interest income		(970,802)		(978,417)		(589,627)
Foreign exchange loss (gain), net (2)		180,824		(37,340)		(210,829)
Loss from monetary position (3)		299,655		179,367		42,275
	Ps.	1,054,852	Ps.	436,918	Ps.	612,972

(1) Interest expense in 2000, 2001 and 2002 includes Ps.180,363, Ps.171,040 and Ps.189,649, respectively, derived from the restatement of the Ps.3.0 billion (nominal) UDI-denominated debt securities issued in April 2000 (see Note 9).

(2) Net foreign exchange loss or gain in 2000 and 2001, includes losses of Ps.209,097 and Ps.106,268, respectively, derived from forward exchange contracts (see Note 10). Net foreign exchange gain in 2002 includes a net gain from foreign currency option contracts of Ps.2,898, and the gain of Ps.795,225 from foreign exchange loss attributable to certain long-term debt securities which are hedged by the Group's net investment in Univision (see Note 1(c)).

(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. Includes monetary loss in 2000, 2001 and 2002 of Ps.463,186, Ps.197,398 and Ps.179,741, respectively, arising from temporary differences of non-monetary items in calculating deferred income tax.

20. Restructuring and non-recurring charges

The restructuring charges in 2000, 2001 and 2002 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 early 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.1,546,945 and Ps.60,712, respectively, as non-recurring charges in the consolidated income statements.

In 2002 the Company recognized a non-recurring charge of Ps.325,383 taken in connection with the write-off of exclusive rights letters for soccer players, as well as a Ps.163,431 non-recurring charge related to the drawdown by DirecTV under a letter of credit posted by the Company in connection with certain arrangements between DirecTV and the Company to broadcast the 2002 World Cup, which amount is in dispute by the parties.

21. Other expense - net

Other (income) expense is analyzed as follows:

		2000		2001		2002
(Gain) loss on disposition of investments, net (see Note 2)	Ps.	(98,906)	Ps.	(294,619)	Ps.	36,172
Amortization of goodwill (see Note 7)		229,426		202,615		437,805
Costs incurred in DTH investments (1)		103,769		28,930		28,930
Provision for doubtful non-trade accounts and write-off of other receivables		–		184,334		66,453
Write-off of goodwill (see Notes 2 and 7)		–		222,711		1,066,700
Donations (see Note 18)		59,140		125,593		113,466
Financial advisory and professional services (2)		153,945		105,489		106,040
Loss on disposition of fixed assets		39,395		96,567		132,807
Penalties and surcharges		–		–		69,771
Uncredited foreign income tax		–		–		46,250
Miscellaneous other expense - net		40,887		22,866		29,683
	Ps.	527,656	Ps.	694,486	Ps.	2,134,077

(1) In 2000, this costs include lease payments of Ps.70,744, 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.4,100, resulting from the Group's equity investment in DTH ventures in Spain and Latin America; and the amortization of DTH development costs of Ps.28,930 for each year.

(2) In 2000, 2001 and 2002, 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, 13 and 18).

22. Income tax, asset 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, 2001 and 2002 was 35%. 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 reduced the Group's deferred income tax liability in 2002.

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 the year is distributed to shareholders.

The income tax provision for the years ended December 31, 2000, 2001 and 2002, is comprised as follows:

		2000		2001		2002
Income tax and assets tax - current	Ps.	978,971	Ps.	727,283	Ps.	898,608
Income tax and assets tax - deferred		(668,547)		(178,572)		(603,357)
	Ps.	310,424	Ps.	548,711	Ps.	295,251

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	% 2002
Tax at the statutory rate on income before provisions	35	35	35
Differences in restatement (a)	4	(5)	7
Hedge	–	–	(26)
Non-deductible items	4	2	7
Special tax consolidation items	(18)	9	2
Unconsolidated income tax	(11)	(30)	38
Minority interest	(8)	9	(2)
Excess in tax provision of prior years	–	(4)	(17)
Changes in valuation allowances:			
Goodwill	5	2	42
Assets tax	18	1	(7)
Tax loss carryforwards	(30)	–	26
Effect of change in income tax rates	–	–	(25)
Foreign operations	23	3	(51)
Discontinued operations	(3)	(3)	(1)
Cumulative effect of accounting change	–	2	–
Provision for income tax and the assets tax	19	21	28

(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, 2002, as follows:

		Amount	Expiration
Operating tax loss carryforwards:			
Consolidated (1)	Ps.	–	–
Unconsolidated:			
Mexican subsidiaries (2)		473,351	From 2003 to 2011
Non-Mexican subsidiaries (3)		1,191,481	From 2003 to 2022
		1,664,832	
Capital tax loss carryforwards:			
Unconsolidated Mexican subsidiary (4)		343,143	From 2004 to 2007
	Ps.	2,007,975	

(1) During 2000, the Group used all of its consolidated operating tax loss carryforwards of Ps.1,009,706.

(2) During 2000, 2001 and 2002, certain Mexican subsidiaries utilized unconsolidated operating tax loss carryforwards of Ps.1,954,924, Ps.535,897 and Ps.1,048,295, respectively.

(3) Approximately the equivalent of U.S.$113.9 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 assets tax paid in excess of the income tax in the previous ten years can be credited in future years if the amount of the income tax in subsequent years is in excess of the assets tax. As of December 31, 2002, the Company had Ps.1,314,102 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, 2001 and 2002, were principally derived from the following temporary differences:

		2001		2002
Assets:				
Accrued liabilities	Ps.	535,897	Ps.	610,400
Goodwill		392,172		837,976
Tax loss carryforwards		573,982		285,773
Allowance for doubtful accounts		189,839		281,584
Customer advances		843,831		1,188,965
Other items		14,343		–
Liabilities:				
Inventories		(2,004,062)		(1,788,335)
Property, plant and equipment - net		(1,034,562)		(1,121,653)
Other items		(372,171)		(507,246)
Innova		(1,037,293)		(1,317,797)
Deferred-income taxes of Mexican companies		(1,898,024)		(1,530,333)
Deferred tax of foreign subsidiaries		99,480		(356,272)
Assets tax		1,314,102		1,545,106
Valuation allowances		(1,318,286)		(1,963,339)
Deferred income tax liability		(1,802,728)		(2,304,838)
Deferred tax asset of discontinued operations		(28,086)		–
Effect on change of income tax rates		–		268,978
Deferred tax liability of continuing operations	Ps.	(1,830,814)	Ps.	(2,035,860)

The change in the deferred income tax liability for the years ended December 31, 2000, 2001 and 2002, of charge (credit) of Ps.652,843, Ps.241,716 and Ps.(205,046) respectively, was recorded against the following accounts:

		2000		2001		2002
Credits to the gain from monetary position	Ps.	220,955	Ps.	85,800	Ps.	98,742
Credits (charges) to the result from holding non-monetary assets		219,216		171,167		(190,839)
Credits (charges) to the provision for deferred income tax		205,361		(18,826)		423,616
Credits (charges) to the discontinued operations		7,311		3,575		(536,565)
	Ps.	652,843	Ps.	241,716	Ps.	(205,046)

Additionally, the provision for deferred income tax for the years ended December 31, 2000, 2001 and 2002 was credited by Ps.463,186, Ps.197,398 and Ps.179,741, 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, 2000, 2001 and 2002, was a benefit of Ps.668,547, Ps.178,572 and Ps.603,357, respectively.

The provision for employees' profit sharing for the years ended December 31, 2000, 2001 and 2002, is comprised as follows:

		2000		2001		2002
Employees' profit sharing - current	Ps.	19,858	Ps.	22,722	Ps.	4,096
Employees' profit sharing - deferred		36,671		–		–
	Ps.	56,529	Ps.	22,722	Ps.	4,096

The deferred employees' profit sharing asset as of December 31, 1999, of Ps.36,671, 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.

23. Discontinued operations

In December 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, which sale was consummated in April 2002 (see Note 2). Accordingly, the results of operations of the music recording business are reported as discontinued operations for all periods presented in these consolidated financial statements.

Discontinued operations of the music recording segment are presented as follows:

		2000		2001		2002
Income from music recording operations	Ps.	25,121	Ps.	14,063	Ps.	1,693
Gain on disposal of music recording operations, net of income taxes of Ps.536,565 (1)		–		–		1,061,057
	Ps.	25,121	Ps.	14,063	Ps.	1,062,750

(1) The costs and expenses related to the disposal of the Group's music recording operations, amounted to approximately Ps.861,418, which included fees of Ps.86,151 for financial advisory services provided to the Group by a professional services firm in which a current director of the Company maintains an interest, and advertising time for an aggregate amount of Ps.156,960 rendered and to be provided to Univision by the Group in a three-year period following this disposal (see Note 18).

Summarized information on results of the discontinued music recording operations for the years ended December 31, 2000 and 2001, and for the period from January 1, 2002 through the closing date in March 2002, is as follows:

		2000		2001		2002
Net sales	Ps.	1,372,251	Ps.	1,044,488	Ps.	207,338
Cost of sales		1,025,817		773,635		151,394
Operating expenses		208,204		177,369		36,050
Depreciation and amortization		4,666		4,226		769
Operating income		133,564		89,258		19,125
Income before income tax		84,828		75,150		11,844
Income taxes		59,707		61,087		10,151
Net income from discontinued operations		25,121		14,063		1,693

The results of the music recording segment reflected revenues, costs and expenses related to the production and distribution (in Mexico and abroad) of cassettes, compact disc recordings and records of Mexican and Latin American artists, principally under three record labels which were wholly-owned by the Group. Music recording segment revenues were 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 as of December 31, 2001 include:

		2001
Accounts receivable	Ps.	498,576
Inventories		48,306
Other current assets		182,768
Current assets of discontinued operations		729,650
Property and equipment - net		8,396
Deferred costs - net		31,873
Other assets		568
Non-current assets of discontinued operations		40,837
Trade accounts payable		23,995
Other current liabilities		155,806
Long-term liabilities		23
Liabilities of discontinued operations		179,824
Net assets of discontinued operations	Ps.	590,663

24. Earnings per CPO/Share

During the years ended December 31, 2000, 2001 and 2002, the weighted average of outstanding shares, CPOs and Series "A" Shares (not in the form of CPO units) was as follows:

	2000	2001	2002
Shares	8,825,436,712	8,877,087,751	8,853,846,396
CPOs	2,166,316,311	2,193,876,256	2,186,138,824
Series "A" Shares (not in the form of CPO units)	2,326,487,781	2,295,458,982	2,295,458,982

(Loss) earnings per CPO and per Series "A" Share (not in the form of a CPO unit) for the years ended December 31, 2000, 2001 and 2002, are presented as follows:

		2000				2001				2002		
		Per CPO		Per Series "A" Share		Per CPO		Per Series "A" Share		Per CPO		Per Series "A" Share
Continuing operations	Ps.	(0.30)	Ps.	(0.10)	Ps.	0.51	Ps.	0.17	Ps.	(0.12)	Ps.	(0.04)
Discontinued operations		–		–		–		–		0.36		0.12
Cumulative loss effect of accounting change		–		–		(0.03)		(0.01)		–		–
Net (loss) income	Ps.	(0.30)	Ps.	(0.10)	Ps.	0.48	Ps.	0.16	Ps.	0.24	Ps.	0.08

25. Foreign currency position

The foreign currency position of monetary items of the Group at December 31, 2002, was as follows:

	Foreign currency amounts		Year-end exchange rate		Mexican pesos
	(thousands)				
Assets:					
U.S. dollars	637,477	Ps.	10.4640	Ps.	6,670,559
Swedish crown	161,050		7.6200		1,227,201
Euros	16,342		11.0050		179,844
Chilean pesos	8,780,069		0.0145		127,311
Colombian pesos	31,895,278		0.0036		114,823
Other currencies	–		–		66,896
Liabilities:					
U.S. dollars	1,290,434	Ps.	10.4640	Ps.	13,503,101
Euros	25,074		11.0050		275,939
Chilean pesos	7,901,793		0.0145		114,576
Colombian pesos	20,594,722		0.0036		74,141
Other currencies	–		–		48,656

The foreign currency position of non-monetary items as of December 31, 2002, was as follows:

	Foreign currency amounts		Year-end exchange rate		Mexican pesos
	(thousands)				
Property, plant and equipment:					
U.S. dollars	227,930	Ps.	10.4640	Ps.	2,385,060
Japanese yen	9,188,226		0.0899		826,022
Spanish pesetas	4,255,538		0.0560		238,310
French francs	37,997		1.4100		53,576
Colombian pesos	7,723,881		0.0036		27,806
Pounds sterling	19,964		17.0000		339,388
Other currencies	–		–		70,164
Transmission rights, programs, literary works, production talent advances and films:					
U.S. dollars	323,913	Ps.	10.4640	Ps.	3,389,426
Colombian pesos	6,288,289		0.0036		22,638
Chilean pesos	3,094,158		0.0145		44,865
Peruvian nuevo sol	4,601		2.9769		13,697
Other currencies	–		–		11,121

Transactions incurred during 2002 in foreign currencies were as follows:

		U.S.dollar		U.S. dollar equivalent of other foreign currency transactions		Total U.S. Dollar		Mexican pesos (1)
		(thousands)		(thousands)		(thousands)		
Income:								
Revenues	$	348,950	$	85,117	$	434,067	Ps.	4,542,077
Other income		22,148		796		22,944		240,086
Interest income		25,580		749		26,329		275,507
	$	396,678	$	86,662	$	483,340	Ps.	5,057,670
Purchases, costs and expenses:								
Purchases of inventories	$	228,731	$	8,114	$	236,845	Ps.	2,478,346
Purchases of property and equipment		56,203		13,814		70,017		732,658
Other investments		147,523		–		147,523		1,543,681
Other costs and expenses		215,727		85,757		301,484		3,154,728
Interest expense		82,300		1,166		83,466		873,388
	$	730,484	$	108,851	$	839,335	Ps.	8,782,801

(1) Income statement amounts translated at the year-end exchange rate of Ps.10.4640 for reference purposes only; does not indicate the actual amounts accounted for in the financial statements (see Note 1(c)).

As of December 31, 2002, the exchange rate was Ps.10.4640 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 26, 2003, the exchange rate was Ps.11.0290 per U.S. dollar, which represents the interbank free market exchange rate on that date as reported by Banco Nacional de México, S.A.

26. 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, 2001 and 2002.

	Total revenues	Intersegment revenues	Consolidated revenues	Operating income (loss) before depreciation and amortization	Depreciation and amortization expense	Operating income (loss)
2000:						
Television broadcasting	Ps. 14,060,732	Ps. 112,072	Ps. 13,948,660	Ps. 5,749,187	Ps. 883,184	Ps. 4,866,003
Programming for pay television	529,485	67,693	461,792	(60,594)	35,210	(95,804)
Programming licensing	1,614,281	–	1,614,281	397,098	13,440	383,658
Publishing	1,831,432	–	1,831,432	384,273	42,347	341,926
Publishing distribution	954,984	14,750	940,234	57,055	13,380	43,675
Cable television	981,207	623	980,584	240,836	84,151	156,685
Radio	361,947	2,649	359,298	70,239	24,261	45,978
Other businesses	1,652,386	206,831	1,445,555	(171,289)	215,682	(386,971)
Eliminations and corporate expenses	(404,618)	(404,618)	–	(144,555)	–	(144,555)
Consolidated total	Ps. 21,581,836	Ps. –	Ps. 21,581,836	Ps. 6,522,250	Ps. 1,311,655	Ps. 5,210,595
2001:						
Television broadcasting	Ps. 13,445,481	Ps. 148,820	Ps. 13,296,661	Ps. 5,102,620	Ps. 850,627	Ps. 4,251,993
Programming for pay television	543,553	73,974	469,579	42,404	39,684	2,720
Programming licensing	1,484,983	–	1,484,983	321,997	14,844	307,153
Publishing	1,695,725	18,954	1,676,771	295,214	47,383	247,831
Publishing distribution	948,231	16,173	932,058	21,584	13,040	8,544
Cable television	1,143,932	566	1,143,366	350,146	99,532	250,614
Radio	249,151	14,625	234,526	6,729	22,658	(15,929)
Other businesses	1,824,197	276,559	1,547,638	(304,177)	266,272	(570,449)
Eliminations and corporate expenses	(549,671)	(549,671)	–	(142,877)	–	(142,877)
Consolidated total	Ps. 20,785,582	Ps. –	Ps. 20,785,582	Ps. 5,693,640	Ps. 1,354,040	Ps. 4,339,600
2002:						
Television broadcasting	Ps. 14,038,272	Ps. 100,658	Ps. 13,937,614	Ps. 5,482,451	Ps. 918,083	Ps. 4,564,368
Programming for pay television	608,031	57,011	551,020	103,335	43,075	60,260
Programming licensing	1,405,174	–	1,405,174	229,457	11,468	217,989
Publishing	1,683,111	14,658	1,668,453	271,160	27,565	243,595
Publishing distribution	1,343,765	11,269	1,332,496	14,902	16,756	(1,854)
Cable television	1,108,200	480	1,107,720	324,350	122,886	201,464
Radio	187,062	41,978	145,084	(29,269)	16,469	(45,738)
Other businesses	1,548,807	137,099	1,411,708	(152,854)	293,385	(446,239)
Eliminations and corporate expenses	(363,153)	(363,153)	–	(143,515)	–	(143,515)
Consolidated total	Ps. 21,559,269	Ps. –	Ps. 21,559,269	Ps. 6,100,017	Ps. 1,449,687	Ps. 4,650,330

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 ceased production of ECO, an international news program that was produced and licensed by the Group's pay television segment. Following the discontinuation of ECO, fixed costs of ECO related to production studios and technical equipment in the amount of approximately Ps.300,693 and Ps.107,625 for the years ended December 31, 2000 and 2001, respectively, were reallocated, together with subsequent operations related to those fixed costs, to the segment where those assets are subsequently being utilized, the television broadcasting segment. 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, 2001 and 2002.

		Segment assets at year-end		Segment liabilities at year-end		Additions to property, plant and equipment
2000:						
Continuing operations:						
Television operations (1)	Ps.	36,405,449	Ps.	17,223,602	Ps.	1,160,056
Publishing		1,378,416		281,432		3,379
Publishing distribution		807,305		294,701		6,185
Cable television		2,038,536		146,155		318,199
Radio		975,092		22,606		4,284
Other businesses		4,008,474		2,320,565		132,582
		45,613,272		20,289,061		1,624,685
Discontinued operations:						
Music recording (see Note 23)		820,097		229,170		640
Total	Ps.	46,433,369	Ps.	20,518,231	Ps.	1,625,325
2001:						
Continuing operations:						
Television operations (1)	Ps.	34,174,074	Ps.	16,142,545	Ps.	956,484
Publishing		1,437,974		304,299		11,016
Publishing distribution		909,318		235,610		7,526
Cable television		1,813,860		273,694		403,444
Radio		1,062,715		33,769		2,392
Other businesses		3,782,758		1,565,612		34,206
		43,180,699		18,555,529		1,415,068
Discontinued operations:						
Music recording (see Note 23)		770,487		179,824		617
Total	Ps.	43,951,186	Ps.	18,735,353	Ps.	1,415,685
2002:						
Continuing operations:						
Television operations (1)	Ps.	37,070,853	Ps.	16,692,334	Ps.	1,103,693
Publishing		1,512,407		133,069		3,504
Publishing distribution		927,755		358,132		14,839
Cable television		2,106,196		576,244		183,196
Radio		396,579		46,072		10,806
Other businesses		3,860,188		2,895,514		37,885
Total	Ps.	45,873,978	Ps.	20,701,365	Ps.	1,353,923

(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		2002
Segment assets	Ps.	46,433,369	Ps.	43,951,186	Ps.	45,873,978
Non trade long-term receivables		35,731		6,839		5,715
Investments attributable to:						
Television operations (1)		1,588,866		1,406,568		7,565,604
Other segments		200,336		3,729,799		453,652
DTH ventures (2)		448,647		267,684		362,175
Goodwill - net attributable to:						
Television operations		2,387,651		2,208,008		1,215,761
Cable television		–		107,659		–
Publishing distribution		310,861		262,525		263,895
Other segments		117,221		64,962		732,691
Total assets	Ps.	51,522,682	Ps.	52,005,230	Ps.	56,473,471

(1) Includes goodwill attributable to equity investments of Ps.2,428, Ps.2,207 and Ps.5,266,965 in 2000, 2001 and 2002, respectively.

(2) Includes goodwill attributable to investments in DTH ventures of Ps.71,564, Ps.59,044 and Ps.81,374 in 2000, 2001 and 2002, respectively.

Equity method income (loss) for the years ended December 31, 2000, 2001 and 2002 attributable to television operations, equity investments approximated Ps.96,719, Ps.37,893 and Ps.54,935, respectively.

Segment liabilities reconcile to total liabilities as follows:

		2000		2001		2002
Segment liabilities	Ps.	20,518,231	Ps.	18,735,353	Ps.	20,701,365
Notes payable and long-term debt not attributable to segments		11,597,086		13,473,378		14,447,619
Total liabilities	Ps.	32,115,317	Ps.	32,208,731	Ps.	35,148,984

Geographical segment information

		Total net sales		Segment assets at year-end		Additions to Property, plant and equipment
2000:						
Mexico	Ps.	18,433,326	Ps.	43,940,068	Ps.	1,606,448
Other countries		3,148,510		2,493,301		18,877
	Ps.	21,581,836	Ps.	46,433,369	Ps.	1,625,325
2001:						
Mexico	Ps.	17,927,532	Ps.	41,690,608	Ps.	1,383,568
Other countries		2,858,050		2,260,578		32,117
	Ps.	20,785,582	Ps.	43,951,186	Ps.	1,415,685
2002:						
Mexico	Ps.	18,224,236	Ps.	41,384,834	Ps.	1,328,714
Other countries		3,335,033		4,489,144		25,209
	Ps.	21,559,269	Ps.	45,873,978	Ps.	1,353,923

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

board of 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 Chairwoman 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

Julio Barba Hurtado
Alternate Secretary 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 Presidence

Alternate Directors

In alphabetical order:

Herbert Allen III
Executive Vice President and Managing Director of Allen & Company Inc.

Juan Pablo Andrade Frich
Asset Manager of Tresalia Capital, S.A. de C.V.

Maximiliano Arteaga Carlebach
Vice President of Technical Operations and Services to Television Production

Lucrecia Aramburuzabala Larregui
Private Investor

Felix José Araujo Ramírez
Vice President of Telesistema Mexicano

Joaquín Balcárcel Santa Cruz
Legal Director of Grupo Televisa

Juan Fernando Calvillo Armendáriz
Vice President of Internal Auditing

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

José Luis Fernández Fernández
Partner of Chevez, Ruiz, Zamarripa y Cia., S.C.

Salvi Folch Viadero
Vice President Financial Planning

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
Chairman of the Board, President and Chief Executive Officer and President of the Executive Committee

In alphabetical order:

Alfonso de Angoitia Noriega
Executive Vice President and Chief Financial Officer

Maximiliano Arteaga Carlebach
Vice President of Technical Operations and Services to Television Production

Félix José Araujo Ramírez
Vice President of Telesistema Mexicano

José Antonio Bastón Patiño
Corporate Vice President of Television

Jean Paul Broc Haro
Chief Executive Officer of Cablevisión

Jaime Dávila Urcullu
Executive Vice President

Claudio X. González Laporte
Chairman of the Board and Chief Executive Officer of Kimberly-Clark de México, S.A. de C.V.

Roberto Hernández Ramírez
Chairman of the Board of Banco Nacional de México

Enrique Krauze Kleinbort
Chief Executive Officer of Editorial Clío

Germán Larrea Mota Velasco
Chairman of the Board and Chief Executive Officer of Grupo México

Gilberto Perezalonso Cifuentes
Private Advisor

Alejandro Quintero Iñiguez
Corporate Vice President of Sales and Marketing

Fernando Senderos Mestre
Chairman of the Board and 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

Juan G. Mijares Dávalos
Attorney at law – Private Practice

Juan Sebastián Mijares Ortega
Secretary of the Board, Secretary of the Executive Committee, General Counsel and Vice President – Legal of Grupo Televisa

Alberto Montiel Castellanos
Director of Montiel Font y Asociados, S.C.

Raúl Morales Medrano
Associate of Chevez, Ruiz, Zamarripa y Cia, S.C.

Alexandre Moreira Penna da Silva
Vice President of Corporate Finance

Guillermo Nava Gómez Tagle
Vice President of Administration – San Angel

Pablo Vázquez Oria
Chief Executive Officer of Innova

Xavier von Bertrab Mestre
Private Investor

Bernardo Gómez Martínez
Deputy to the Presidence

Eduardo Michelsen Delgado
Chief Executive Officer of Editorial Televisa

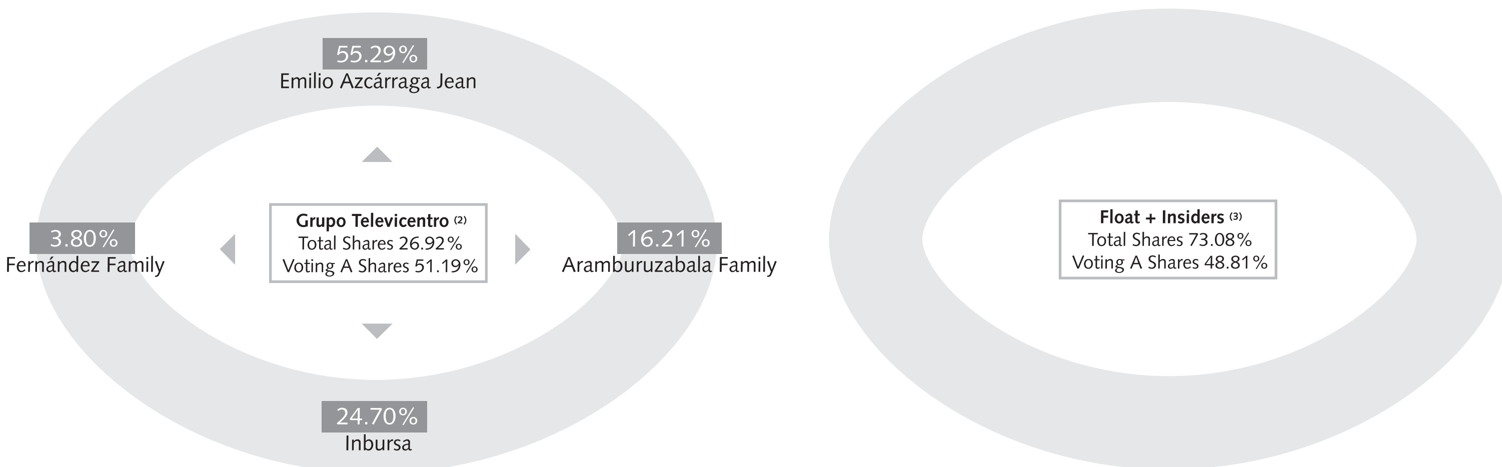
Jorge Eduardo Murguía Orozco
Vice President of Production

Alejandro Quintero Iñiguez
Corporate Vice President of Sales and Marketing

Raúl Rodríguez González
Chief Executive Officer of Radio

Pablo Vázquez Oria
Chief Executive Officer of Innova

shareholders' structure[1]



Televisa

(1) As of December 31, 2002.

(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 27.79% and 52.45%, respectively.

(3) Excluding Grupo Televicentro.