GRUPO Televisa

02

Management's Discussion and Analysis of Financial Condition and Results of Operations

Set forth below are our consolidated results for the years ended December 31, 2001 and 2002. Results included have been prepared in accordance with Mexican GAAP, are presented in Mexican Pesos in purchasing power as of December 31, 2002 and present the Company's Music Recording operations as discontinued operations. See -"Discontinued Operations". The financial information set forth below should be read in conjunction with our audited consolidated financial statements for the years ended December 31, 2001 and 2002 included in this Annual Report. Financial highlights follow:

	Year ended December 31,	
	2001	**2002**
	(In millions of Mexican Pesos in purchasing power as of December 31, 2002)*	
Net sales	Ps. 20,785.6	Ps. 21,559.3
Cost of sales	12,094.5	12,418.1
Gross profit	8,691.1	9,141.2
Selling expenses	1,574.1	1,685.6
Administrative expenses	1,423.4	1,355.6
EBITDA**	5,693.6	6,100.0
Depreciation and amortization	1,354.0	1,449.7
Operating income	4,339.6	4,650.3
Integral cost of financing - net	436.9	613.0
Restructuring and non-recurring charges	574.3	841.8
Other expense - net	694.5	2,134.1
Income tax, assets tax and employees' profit sharing	571.4	299.3
Equity in losses of affiliates	551.9	1,155.8
Income from discontinued operations***	14.1	1,062.7
Cumulative loss effect of accounting change	73.5	–
Minority interest (loss) gain	(28.8)	68.8
Net income	1,422.4	737.8

* Certain data set forth in the table above could differ from data set forth in the consolidated statements of income for the years ended December 31, 2001 and 2002 included in this Annual Report due to differences in rounding.

** EBITDA is defined as operating income before depreciation and amortization.

*** Reflects the results of our music recording operations, which we agreed to sell to Univision in December 2001.

Overview of Consolidated Results

Net sales.

Our net sales increased by Ps.773.7 million, or 3.7%, to Ps.21,559.3 million for the year ended December 31, 2002 from Ps.20,785.6 million for the year ended December 31, 2001. This increase reflects higher revenues in our Television Broadcasting, Publishing Distribution and Programming for Pay Television segments, and was partially offset by lower net sales in our Programming Licensing, Publishing, Cable Television, Radio and Other Businesses segments.

Cost of sales.

Cost of sales increased by Ps.323.6 million, or 2.7%, to Ps.12,418.1 million for the year ended December 31, 2002 from Ps.12,094.5 million for the year ended December 31, 2001. This increase reflects higher costs in the Publishing Distribution, Television Broadcasting and Cable Television segments. These increases were partially offset by lower costs in the Other Businesses, Programming for Pay Television, Programming Licensing and Radio segments.

Selling expenses.

Selling expenses increased by Ps.111.5 million, or 7.1%, to Ps.1,685.6 million for the year ended December 31, 2002 from Ps.1,574.1 million for the year ended December 31, 2001. This increase reflects an increase in our Television Broadcasting, Programming for Pay Television, Programming Licensing, Publishing and Publishing Distribution segments as a result of increased promotional and advertising expenses, distribution costs and higher provision for doubtful trade accounts. This increase was partially offset by a decrease in the selling expenses of our Cable Television, Radio and Other Businesses segments.

Administrative expenses.

Administrative expenses decreased by Ps.67.8 million, or 4.8%, to Ps.1,355.6 million for the year ended December 31, 2002 from Ps.1,423.4 million for the year ended December 31, 2001. This decrease was primarily due to a decrease in personnel costs as a result of workforce reductions and layoffs, as well as reductions in other office facilities expenses, in connection with our continued cost-cutting efforts, and decreases in the administrative expenses of our Television Broadcasting, Programming Licensing, Publishing, Radio and Other Businesses segments. This decrease was partially offset by an increase in the administrative expenses of our Publishing Distribution and Cable Television segments.

EBITDA.

EBITDA increased by Ps.406.4 million, or 7.1%, to Ps.6,100.0 million for the year ended December 31, 2002 from Ps.5,693.6 million for the year ended December 31, 2001. This increase primarily reflects the increase in our total net sales and the decrease in administrative expenses, partially offset by the increase in cost of sales and selling expenses.

Depreciation and amortization.

Depreciation and amortization expense increased by Ps.95.7 million, or 7.1%, to Ps.1,449.7 million for the year ended December 31, 2002 from Ps.1,354.0 million for the year ended December 31, 2001. This change primarily reflects increases in the depreciation and amortization expenses related to our Television Broadcasting and Cable Television segments, as well as amortization of deferred costs related to EsMas.com for the year ended December 31, 2002.

Operating income.

For the foregoing reasons, our operating income increased by Ps.310.7 million, or 7.2%, to Ps.4,650.3 million for the year ended December 31, 2002 from Ps.4,339.6 million for the year ended December 31, 2001.

Overview of Segment Results

		Year ended December 31, 2001		2002	% Contribution to 2002 Segment Revenues
	(In millions of Mexican Pesos in purchasing power as of December 31, 2002)				
Net Sales					
Television Broadcasting	Ps.	13,445.4	Ps.	14,038.2	64.0%
Programming for Pay TV		543.6		608.0	2.8
Programming Licensing		1,485.0		1,405.2	6.4
Publishing		1,695.7		1,683.1	7.7
Publishing Distribution		948.2		1,343.8	6.1
Cable Television		1,143.9		1,108.2	5.1
Radio (1)		249.2		187.1	0.8
Other Businesses		1,824.2		1,548.9	7.1
Segment Revenues		21,335.2		21,922.5	100.0
Intersegment Revenues (2)		(549.6)		(363.2)	(1.7)
Consolidated Net Sales (3)	Ps.	20,785.6	Ps.	21,559.3	98.3%

(1) As described under "- Radio" in October 2001, we entered into agreements with Grupo Prisa, a leading Spanish-language communications group, to form a radio joint venture in Mexico. Under these arrangements, Grupo Prisa acquired a 50% equity stake, with limited voting rights, in our radio subsidiary, Sistema Radiópolis, for U.S.$50.0 million, and made a U.S.$10.0 million capital contribution. Since we hold a controlling 50% full voting stake in this subsidiary, we will continue to consolidate 100% of the results of operations of this subsidiary in accordance with Mexican GAAP.

(2) For segment reporting purposes, intersegment revenues are included in each of the segment revenues.

(3) Consolidated net sales in the above table do not reflect the results attributable to our music recording operations, which we agreed to sell to Univision in 2001. Upon the completion of this sale, we will no longer be engaged in the music recording business. Under Mexican GAAP, the results of our Music Recording segment for all periods presented are classified as discontinued operations.

		Year ended December 31, 2001		2002
	(In millions of Mexican Pesos in purchasing power as of December 31, 2002)			
Operating Income (Loss)				
Television Broadcasting (1)	Ps.	4,251.9	Ps.	4,564.3
Programming for Pay TV (2)		2.8		60.3
Programming Licensing		307.3		218.0
Publishing		247.8		243.6
Publishing Distribution		8.5		(1.9)
Cable Television		250.6		201.4
Radio (3)		(15.9)		(45.7)
Other Businesses		(570.5)		(446.2)
Segment Operating Income		4,482.5		4,793.8
Corporate Expenses		(142.9)		(143.5)
Consolidated Operating Income (4)	Ps.	4,339.6	Ps.	4,650.3

(1) Reflects fixed costs related to the production of ECO in the amount of Ps.107.6 million for the year ended December 31, 2001. We ceased production of ECO in April 2001.

(2) Through April 2001, includes production and programming costs and other direct operating costs and expenses related to ECO.

(3) See footnote (1) to the table regarding net sales.

(4) See footnote (3) to the table above regarding net sales.

Television Broadcasting.

Television Broadcasting net sales, representing 63.0% and 64.0% of our total segment net sales for the years ended December 31, 2001 and 2002, respectively, increased by Ps.592.8 million, or 4.4%, to Ps.14,038.2 million for the year ended December 31, 2002 from Ps.13,445.4 million for the year ended December 31, 2001. This increase primarily reflects Ps.363.6 million related to the transmission of the World Cup in the second quarter of 2002 and a record increase of 19.5% in our local sales driven by Channel 4. Excluding the non-recurring revenues related to the World Cup, Television Broadcasting net sales would have increased by Ps.229.2 million, or 1.7% to Ps.13,674.6 million for the year ended December 31, 2002 from Ps.13,445.4 million for the year ended December 31, 2001.

Television Broadcasting operating income increased by Ps.312.4 million, or 7.3%, to Ps.4,564.3 million for the year ended December 31, 2002 from Ps.4,251.9 million for the year ended December 31, 2001. This increase was primarily due to the increase in net sales, partially offset by an increase in cost of sales, due to the transmission rights of the World Cup, an increase in selling expenses due to higher provision for doubtful trade accounts, as well as higher depreciation expense related to technical and transportation equipment. Excluding the results of the transmission of the World Cup, Television Broadcasting operating income would have increased by Ps.123.9 million or 2.9% to Ps.4,375.8 million for the year ended December 31, 2002, from Ps. 4,251.9 million for the year ended December 31, 2001.

As of December 31, 2001 and December 31, 2002, we had received Ps.10,480.0 million (nominal) and Ps.11,304.7 million (nominal) of advertising deposits for television advertising time during 2002 and 2003, representing approximately U.S.$1,142.0 million and U.S.$1,080.3 million at the applicable year-end exchange rates. Approximately 60.6% and 62.6% of these deposits as of December 31, 2001 and 2002, respectively, were in the form of short-term, non-interest bearing notes, with the remainder in each of these years consisting of cash deposits. The weighted average maturity of these notes at December 31, 2001 and 2002 was 4.0 months and 3.5 months, respectively.

Programming for Pay Television.

Programming for Pay Television net sales, representing 2.5% and 2.8% of our total segment net sales for the years ended December 31, 2001 and 2002, respectively, increased by Ps.64.4 million, or 11.9%, to Ps.608.0 million for the year ended December 31, 2002 from Ps.543.6 million for the year ended December 31, 2001. This increase was primarily due to higher revenues from signals sold to pay television systems in Mexico, partially offset by lower revenues from signals sold to pay television systems in Latin America and Spain, as well as lower advertising sales.

Programming for Pay Television operating income increased by Ps.57.5 million to Ps.60.3 million for the year ended December 31, 2002, from Ps.2.8 million for the year ended December 31, 2001, primarily due to higher sales and lower programming costs because we ceased production of ECO in April 2001. This increase was partially offset by higher signal costs and operating expenses due to an increase in the provision for doubtful trade accounts related to Latin America. Since May 2001, fixed costs of ECO related to production studios and technical equipment are now reflected in the results of our Television Broadcasting segment, while programming costs related to ECO (through the date we ceased production) continue to be reflected in the results of our Programming for Pay Television segment.

Programming Licensing.

Programming Licensing net sales, representing 7.0% and 6.4% of our total segment net sales for the years ended December 31, 2001 and 2002, respectively, decreased by Ps.79.8 million, or 5.4%, to Ps.1,405.2 million for the year ended December 31, 2002 from Ps.1,485.0 million for the year ended December 31, 2001. This decrease was primarily due to lower export sales to Latin America due to the difficult economic conditions in that region as well as in Europe. These decreases were partially offset by higher export sales to Asia and Africa. In 2002, the Company received U.S.$77.7 million in royalties from Univision, related to Univision and Galavision networks. Beginning in 2003, we will receive from Univision an additional 12% in royalties from the net time sales of Telefutura network, subject to certain adjustments.

Programming Licensing operating income decreased by Ps.89.3 million, or 29.0%, to Ps.218.0 million for the year ended December 31, 2002 from Ps.307.3 million for the year ended December 31, 2001. This decrease was primarily due to the decrease in net sales, as well as an increase in selling expenses due to higher provision for doubtful trade accounts. This decrease was partially offset by decreases in cost of sales, primarily production costs, and administrative expenses.

Publishing.

Publishing net sales, representing 7.9% and 7.7% of our total segment net sales for the years ended December 31, 2001 and 2002, decreased by Ps.12.6 million, or 0.7%, to Ps.1,683.1 million for the year ended December 31, 2002 from Ps.1,695.7 million for the year ended December 31, 2001. This decrease was primarily due to a decrease in the number of magazines sold in Mexico and abroad as a result of the recent economic slowdown in Mexico and abroad as well as a reduction in the number of advertising pages sold in the international market. This decrease was partially offset by an increase in the number of advertising pages sold in the domestic market due to the launch of new magazines, and by the translation effect on foreign-currency denominated sales.

Publishing operating income decreased by Ps.4.2 million, or 1.7%, to Ps.243.6 million for the year ended December 31, 2002 from Ps.247.8 million for the year ended December 31, 2001. This decrease primarily reflects the decrease in net sales and marginal increases in cost of sales and selling expenses due to an increase in marketing and paper costs. This decrease was partially offset by a decrease in administrative expenses and amortization of new magazine design expenses.

Publishing Distribution.

Publishing Distribution net sales, representing 4.4% and 6.1% of our total segment net sales for the years ended December 31, 2001 and 2002, increased by Ps.395.6 million, or 41.7%, to Ps.1,343.8 million for the year ended December 31, 2002 from Ps.948.2 million for the year ended December 31, 2001. This increase was primarily due to the integration of revenue from the acquisition of the operations in Chile on May 2002 and by the translation effect on foreign-currency denominated sales. Excluding the sales from the company acquired in Chile, Publishing Distribution net sales would have decreased 9.7%.

Publishing Distribution operating result decreased by Ps.10.4 million, to a loss of Ps.1.9 million for the year ended December 31, 2002 from an income of Ps.8.5 million for the year ended December 31, 2001. This change primarily reflects higher cost of sales and operating expenses associated to the distribution company acquired in Chile, partially offset by the increase in net sales. Excluding the operations in Chile, Publishing Distribution operating result would have decreased by Ps.20.0 million to a loss of Ps.11.5 million for the year ended December 31, 2002, from an income of Ps.8.5 million for the year ended December 31, 2001.

Cable Television.

Cable Television net sales, representing 5.4% and 5.1% of our total segment net sales for the years ended December 31, 2001 and 2002, respectively, decreased by Ps.35.7 million, or 3.1%, to Ps.1,108.2 million for the year ended December 31, 2002 from Ps.1,143.9 million for the year ended December 31, 2001. This decrease is attributable to the negative impact of the new 10% tax on telecommunications services, effective since January 1, 2002; the loss of subscribers during 2002 as compared to last year; and a decrease in advertising sales. This decrease in Cable Television sales was partially offset by a 23.1% and 10.3% increase in the basic and digital packages rates, respectively, as well as higher revenues from our cable modem service.

Cable Television operating income decreased by Ps.49.2 million, or 19.6%, to Ps.201.4 million for the year ended December 31, 2002 from Ps.250.6 million for the year ended December 31, 2001. This decrease primarily reflects the decrease in net sales and higher signal and depreciation costs, due to the upgrading process in the network, and the acquisition of digital boxes. This decrease was partially offset by a decrease in selling expenses related to marketing costs.

Radio.

Radio net sales, representing 1.2% and 0.8% of our total segment net sales for the years ended December 31, 2001 and 2002, respectively, decreased by Ps.62.1 million, or 24.9%, to Ps.187.1 million for the year ended December 31, 2002 from Ps.249.2 million for the year ended December 31, 2001. This decrease primarily reflects a decrease in advertising revenues as a result of the slowdown in the growth of the Mexican economy and the radio industry during the year ended December 31, 2002.

Radio operating loss increased Ps.29.8 or 187.1% to Ps.45.7 million for the year ended December 31, 2002 from Ps.15.9 million for the year ended December 31, 2001. This change was primarily due to the decrease in net sales, which was partially offset by a decrease in cost of sales and operating expenses in connection with our continued cost-cutting efforts.

In October 2001, we entered into definitive agreements with Grupo Prisa, a leading Spanish language communications group, to form a radio joint venture in Mexico. In accordance with the definitive agreements, Grupo Prisa acquired a 50% limited voting stake in our radio subsidiary, Sistema Radiópolis, for U.S.$50.0 million and a U.S.$10.0 million capital contribution. A portion of the purchase price was paid in October 2001, with the remainder by July 31, 2002. Since we will maintain a controlling 50% full voting stake in this subsidiary, we will continue to consolidate 100% of the results of operations of this subsidiary in accordance with Mexican GAAP.

Other Businesses.

Other Businesses net sales, representing 8.6% and 7.1% of our total segment net sales for the years ended December 31, 2001 and 2002, respectively, decrease by Ps.275.3 million, or 15.1%, to Ps.1,548.9 million for the year ended December 31, 2002 from Ps.1,824.2 million for the year ended December 31, 2001. This decrease was primarily due to lower sales attributable to our nationwide paging business and a decrease in revenues of En Vivo and EsMas.com. This decreased was partially offset by higher sales related to sport events and feature film distribution business.

Other Businesses operating loss decreased by Ps.124.3 million, or 21.8%, to Ps.446.2 million for the year ended December 31, 2002 from Ps.570.5 million for the year ended December 31, 2001. This decrease reflects the reduction in personnel costs and promotion expenses, primarily in our internet and paging businesses. This decrease was partially offset by the decrease in net sales.

Integral cost of financing - net

The expenses attributable to integral cost of financing increased by Ps.176.1 million, or 40.3%, to Ps.613.0 million for the year ended December 31, 2002 from Ps.436.9 million for the year ended December 31, 2001. This increase reflects: (a) a Ps.728.0 million increase in net foreign exchange loss, primarily due to the 14.01% depreciation of the Mexican peso as compared to the U.S. dollar during the year ended December 31, 2002, versus a 4.5% appreciation of the Mexican peso as compared to the U.S. dollar during the year ended December 31, 2001, as well as a result of a higher net liability foreign currency monetary position of the Company during the year ended December 31, 2002 as compared to the year ended December 31, 2001; (b) a Ps.388.8 million decrease in interest income, primarily as a result of a reduction in interest rates during the year ended December 31, 2002 as compared to the year ended December 31, 2001, which was partially offset by a higher average amount of temporary investments during the year ended December 31, 2002 as compared to the year ended December 31, 2001; (c) a Ps.96.9 million increase in interest expense, primarily as a result of a higher level of debt outstanding during the year ended December 31, 2002 as compared to the year ended December 31, 2001, which was partially offset by a reduction in interest rates attributable to certain Company's debt during the year ended December 31, 2002 as compared to the year ended December 31, 2001; and (d) a Ps.18.6 million increase in the restatement of the Company's UDI denominated debt, primarily due to a higher inflation during the year ended December 31, 2002 as compared to the year ended December 31, 2001.

These increases in the integral cost of financing were partially offset by: (a) a Ps.795.2 million decrease in the foreign exchange loss incurred in connection with the Company's U.S.$600 million long-term debt securities maturing in 2011 and 2032, which principal amount is being hedged by the Company's net investment in Univision since March 1, 2002; (b) a Ps.106.2 million decrease in loss attributable to foreign exchange contracts which were settled down in the fourth quarter of 2001; (c) a Ps.137.1 million decrease in loss from monetary position primarily as a result of a lower net asset monetary position during the year ended December 31, 2002 as compared to the year ended December 31, 2001, which was partially offset by higher inflation in Mexico during the year ended December 31, 2002 (5.7%) as compared to the year ended December 31, 2001 (4.4%); and (d) a Ps.17.7 million gain attributable to interest swap contracts outstanding during the fourth quarter of 2002.

Restructuring and non-recurring charges

Restructuring and non-recurring charges increased by Ps.267.5 million, or 46.6%, to Ps.841.8 million for the year ended December 31, 2002 from Ps.574.3 million for the year ended December 31, 2001. This increase primarily reflects a Ps.325.4 million non-recurring charge taken in connection with the write-off of exclusive rights letters for soccer players, as well as a Ps.163.4 million 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. This increase was partially offset by a reduction in restructuring charges due to fewer work force reductions in the year ended December 31, 2002 as compared to the year ended December 31, 2001.

Other expense - net

Other expense-net increased by Ps.1,439.6 million to Ps.2,134.1 million for the year ended December 31, 2002, as compared to Ps.694.5 million for the year ended December 31, 2001. This increase primarily reflects a Ps.235.2 million increase in the amortization of goodwill, primarily in connection with the acquisition of shares of Univision in December 2001 and April 2002; a Ps.844.0 million increase in the write-off of unamortized goodwill, resulting from the evaluation of the recoverability of certain long-lived assets; and a Ps.330.8 million increase in the loss on disposition of investments for the year ended December 31, 2002, as compared to the gain for the year ended December 31, 2001, which primarily included the gain on sale of a 50% limited voting stake in the Company's radio subsidiary in October 2001.

Other expense-net for the year ended December 31, 2002 primarily reflects non-cash charges in connection with the amortization of goodwill in the amount of Ps.437.8 million and the write-off of unamortized goodwill in the amount of Ps.1,067.0 million, as well as fees and expenses for professional services, donations and a net loss in disposition of certain investments and non-current assets for an aggregate amount of Ps.388.5 million.

Income tax, assets tax and employees' profit sharing

Income tax, assets tax and employees' profit sharing decreased by Ps.272.1 million to Ps.299.3 million for the year ended December 31, 2002 from a tax provision of Ps.571.4 million for the year ended December 31, 2001. This decrease primarily reflects a tax benefit resulting from an annual decrease in the corporate income tax rate starting in 2003 and continuing through 2005 when the corporate rate will be 32%, and applicable to Mexican companies in accordance with the Mexican Income Tax Law. The provision for income taxes primarily reflected the effect of recognizing assets tax (alternative minimum tax) rather than income tax for consolidation tax purposes in Mexico for the years ended December 31, 2002 and 2001, as well as income taxes attributable to foreign subsidiaries of the Company for the year ended December 31, 2002.

Equity in losses of affiliates

Equity in results of affiliates increased by Ps.603.9 million to a loss of Ps.1,155.8 million for the year ended December 31, 2002 from a loss of Ps.551.9 million for the year ended December 31, 2001. This increase primarily reflects the recognition of additional equity losses of the Company's DTH joint venture in Mexico ("Innova") and the Company's multi-country DTH joint venture ("Sky Multi-Country Partners") with current operations in Colombia and Chile, as described below. This increase was slightly offset by the increase of the equity in income relating to the Company's investment in Univision.

During the years ended December 31, 2001 and 2002, the Company's investment in Innova has been represented by a net liability position on the Company's consolidated balance sheet. This net liability position currently represents equity losses recognized in excess of the Company's capital contributions and long-term loans to Innova, but not in excess of the outstanding total debt incurred by this joint venture in connection with a transponder capital lease being guaranteed by the Company. During the year ended December 31, 2002, the Company recognized additional equity in losses of Innova, which primarily reflected the additional funding to Innova provided by the Company in the first quarter of 2002, as well as the increase in the outstanding debt of Innova being guaranteed by the Company, as a result of the depreciation of the Mexican peso as compared to the U.S. Dollar for the year ended December 31, 2002. As of December 31, 2002, the Company's investment in Innova was represented by a liability position of Ps.853.0 million.

During the years ended December 31, 2001 and 2002, the Company's investment in Sky Multi-Country Partners has been represented by a net liability position on the Company's consolidated balance sheet. This net liability position has represented equity losses recognized in excess of the Company's capital contributions to Sky Multi-Country Partners, but not in excess of the outstanding total debt incurred by this joint venture in connection with a transponder capital lease being guaranteed by the Company. In the fourth quarter of 2002, as a result of the economic difficulties of this joint venture in South America, the Company recognized an additional equity loss of Ps.465.0 million to cover the outstanding total debt incurred by this joint venture being guaranteed by the Company. As of December 31, 2002, the Company's investment in Sky Multi-Country Partners was represented by a liability position of Ps.792.2 million.

Discontinued Operations

In December 2001, the Company entered into an agreement to sell its music recording operations to Univision, and consummated this sale in April 2002. The Company no longer engages in the music recording business, and the results of the Company's music recording segment for the year ended December 31, 2001 and for the subsequent period were classified as discontinued operations. As consideration for the sale of this business, the Company received 6,000,000 shares and 100,000 warrants (expiring in 2017) to purchase shares of Univision common stock, which were recognized at their fair value on the agreement date. As a result of this transaction, the Company recognized a gain on disposition of the music recording business of Ps.1,062.7 million, net of related costs, expenses and taxes, which were also reflected as discontinued operations. In conjunction with this disposal, the Company 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 Company'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.

Minority interest

The minority interest reflects the portion of the operating results attributable to the interest held by third parties in the businesses which are not wholly-owned by the Company, including the Company's Cable Television, Radio (since October 2001), and nationwide paging businesses.

Minority interest decreased by Ps.97.6 million to a gain of Ps.68.8 million for the year ended December 31, 2002 from a loss of Ps.28.8 million for the year ended December 31, 2001. This decrease primarily reflects a decrease in the net income of the Company's Cable Television and nationwide paging businesses for the year ended December 31, 2002, as compared to the year ended December 31, 2001.

Net income

We generated net income in the amount of Ps.737.8 million in 2002, as compared to a net income of Ps.1,422.4 million in 2001. The net decrease of Ps.684.6 million reflected a Ps.176.1 million increase in integral cost of financing; a Ps.267.5 million increase in restructuring and non-recurring charges; a Ps.1,439.6 million increase in other expense-net; and a Ps.603.9 million increase in equity in losses from affiliates. This change was partially offset by a Ps.310.7 million increase in operating income; a Ps.272.1 million decrease in income taxes; a Ps.1,048.6 million increase in income from discontinued operations; a Ps.73.5 million decrease in cumulative loss effect from change in accounting principle; and a decrease of Ps.97.6 million in minority interest.

During the year ended December 31, 2002, we recognized certain significant non-recurring charges that unfavorably affected net income for the year, as follows:

- a non-cash charge of Ps.325.4 million in connection with the write-off of exclusive rights letters for soccer players;
- a charge of Ps.163.4 million related to the drawdown by DirecTV under a letter of credit posted by us in connection with certain broadcast arrangements and related expenses;
- a non-cash charge of Ps.1,066.7 million in connection with the write-down and write-off of unamortized goodwill related to certain businesses acquired by us in prior years, which long-lived assets were evaluated for recoverability; and
- a non-cash charge of Ps.465.0 million for the recognition of additional equity losses to cover the total outstanding capital lease debt balance of the Multi-Country DTH joint venture in South America being guaranteed by us.

Had these significant non-recurring charges not been recognized by us in the year ended December 31, 2002, the net income for the year, after the related income tax effect, would have increased to Ps.2,590.8 million.

Capital expenditures, acquisitions and investments

During 2003, we expect to:

- make aggregate capital expenditures for property, plant and equipment of approximately U.S.$110.0 million, which amount includes capital expenditures in the amount of U.S.$30.0 million for the expansion and improvement of our cable business;
- invest an aggregate of U.S.$35.0 million in our DTH joint ventures in the form of capital contributions and/or long-term loans and
- invest an amount of U.S.$9.0 million in our associate engaged in live entertainment in Mexico in the form of a capital contribution.

During 2002, we:

- made aggregate capital expenditures for property, plant and equipment of approximately U.S.$135.2 million, which amount included capital expenditures in the amount of U.S.$18.8 million for the expansion and improvement of our cable business, which was primarily funded by cash on hand and cash from operations at Cablevisión, in which we own a 51% stake;
- invested an aggregate of U.S.$32.5 million in our DTH joint ventures in the form of long-term loans and/or capital contributions;
- sold our music recording operations to Univision in exchange for 6,000,000 shares of Univision common stock and warrants to purchase 100,000 shares of Univision common stock, for an aggregate fair value amount of U.S.$235.1 million;
- acquired a 40% stake of the capital stock of OCESA Entretenimiento, S.A. de C.V. for an amount of U.S.$107.2 million, of which U.S.$40.2 million will be paid in 2003; and
- contributed Ps.103.0 million (nominal) to fund our pension and seniority premium obligations.

During 2001, we:

- made an equity investment in Univision in the aggregate amount of U.S.$375.0 million;
- made aggregate capital expenditures for property, plant and equipment of approximately U.S.$141.8 million, which amount included capital expenditures in the amount of U.S.$40.2 million for the expansion and improvement of our Cable Television business;
- invested an aggregate of U.S.$115.9 million in our DTH joint ventures in the form of long-term loans and/or capital contributions and U.S.$15.0 million in our minority investment in a programming production company; and
- invested approximately U.S.$11.4 million in connection with our Internet-related business, including the digitalization of our content and the costs associated with the establishment and operation of EsMas.com.

Indebtedness

As of December 31, 2002, we have long-term indebtedness for an equivalent amount of U.S.$1,393.8 million, of which U.S.$118.5 million are related to the current portion of long-term indebtedness as of that date. Our long-term indebtedness as of December 31, 2002 is denominated in U.S. Dollars (70.6%), Mexican Pesos (27.6%) and other currencies (1.8%).

The major components of our long-term indebtedness as of December 31, 2002, are presented as follows:

- 11 3/8% Series "A" Senior Notes due in 2003 for an amount of U.S.$68.8 million;
- 11 7/8% Series "B" Senior Notes due in 2006 for an amount of U.S.$5.3 million;
- 8 5/8% Senior Notes due in 2005 for an amount of U.S.$200.0 million;
- 8% Senior Notes due in 2011 for an amount of U.S.$300.0 million;
- 8 1/2% Senior Notes due in 2032 for an amount of U.S.$300.0 million;
- 0.875% and 1.125% over LIBOR long-term loan facility due in 2005 and 2006 for an amount of U.S.$100.0 million;
- UDI-denominated Notes due 2007 with an annual interest rate of 8.15% for an equivalent amount of U.S.$334.8 million; and
- other long-term indebtedness for an equivalent amount of U.S.$84.9 million.

For a further description of this indebtedness, see Note 9 to the Consolidated Financial Statements.