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, 2004 and 2005. Results included have been prepared in accordance with Mexican GAAP, and are presented in Mexican Pesos in purchasing power as of December 31, 2005. The financial information set forth below should be read in conjunction with our audited consolidated financial statements as of and for the years ended December 31, 2004 and 2005 included in this Annual Report.

(In millions of Mexican Pesos in purchasing power as of December 31, 2005)*	Year ended December 31,			
		2004		2005
Net sales	Ps.	30,291.2	Ps.	**32,481.0**
Cost of sales		15,328.1		**14,752.4**
Selling expenses		2,274.4		**2,665.4**
Administrative expenses		1,701.5		**1,841.4**
Operating income before depreciation and amortization		10,987.2		**13,221.8**
Depreciation and amortization		2,144.2		**2,419.0**
Operating income		8,843.0		**10,802.8**
Integral cost of financing, net		1,566.7		**1,782.1**
Restructuring and non-recurring charges		408.4		**229.9**
Other expense, net		532.2		**464.2**
Income tax, asset tax and employees' profit sharing		1,215.5		**771.2**
Equity in earnings of affiliates, net		635.5		**160.2**
Cumulative loss effect of accounting changes, net		1,055.6		**506.1**
Minority interest		239.5		**1,084.0**
Net income		4,460.6		**6,125.5**

* 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, 2004 and 2005 included in this Annual Report due to differences in rounding.

Overview of Consolidated Results

Net sales.

Our net sales increased by Ps.2,189.8 million, or 7.2%, to Ps.32,481.0 million for the year ended December 31, 2005 from Ps.30,291.2 million for the year ended December 31, 2004. This increase reflects a revenue growth in our Sky Mexico segment (which we began to consolidate in our financial statements beginning April 2004) and higher revenues in our Television Broadcasting, Publishing, Pay Television Networks, Cable Television and Radio segments. These increases were partially offset by a decrease in our Publishing Distribution segment due to a change in the accounting treatment of sales and cost of goods sold, which beginning in October 2004, we recognized sales as the marginal revenue from the products we distribute; and lower sales in our Programming Exports and Other Businesses segments.

Cost of sales.

Cost of sales decreased by Ps.575.7 million, or 3.8%, to Ps.14,752.4 million for the year ended December 31, 2005 from Ps.15,328.1 million for the year ended December 31, 2004. This decrease was due to lower costs in the Publishing Distribution segment as a result of the accounting change described above, and decreases in Programming Exports and Other Businesses segments. These decreases were partially offset by higher cost of sales in our Sky Mexico, Television Broadcasting, Pay Television Networks, Publishing, Cable Television and Radio segments.

Selling expenses.

Selling expenses increased by Ps.391.0 million, or 17.2%, to Ps.2,665.4 million for the year ended December 31, 2005 from Ps.2,274.4 million for the year ended December 31, 2004. This increase was attributable to higher selling expenses in our Sky Mexico, Television Broadcasting, Pay Television Networks, Publishing, Cable Television and Radio segments, resulting from increases in promotional and advertising expenses and commissions paid. These increases were partially offset by lower selling expenses in our Programming Exports, Publishing Distribution and Other Businesses segments.

Administrative expenses.

Administrative expenses increased by Ps.139.9 million, or 8.2%, to Ps.1,841.4 million for the year ended December 31, 2005 from Ps.1,701.5 million for the year ended December 31, 2004. This increase reflects the administrative expense growth in our Television Broadcasting, Sky Mexico, Pay Television Networks, Programming Exports, Publishing and Cable Television segments and was partially offset by a decrease in the administrative expenses of our Publishing Distribution, Radio and Other Businesses segments.

Operating income before depreciation and amortization.

Operating income before depreciation and amortization increased by Ps.2,234.6 million, or 20.3%, to Ps.13,221.8 million for the year ended December 31, 2005 from Ps.10,987.2 million for the year ended December 31, 2004. This increase reflects the increase in our total net sales and a decrease in cost of sales, which was partially offset by the increases in operating expenses.

Overview of Segment Results

The following unaudited pro forma information for the year ended December 31, 2004 gives effect for entire year to the consolidation of Sky Mexico and the change in the treatment of sales and cost of goods sold in our Publishing Distribution segment, which does not affect Publishing Distribution operating result before depreciation and amortization.

The following tables set forth the net sales and operating income (loss) before depreciation and amortization (OIBDA), for each of the Company's business segments for the years ended December 31, 2004 and 2005.

(In millions of Mexican Pesos in purchasing power as of December 31, 2005)	Year ended December 31, 2004		2005		% Contribution to 2005 Segment Revenues
Net Sales					
Television Broadcasting	Ps.	17,671.9	**Ps.**	**18,570.8**	55.4%
Pay Television Networks		827.5		**1,111.2**	3.3
Programming Exports		1,981.2		**1,875.9**	5.6
Publishing		2,163.1		**2,505.5**	7.5
Publishing Distribution		381.1		**402.2**	1.2
Sky Mexico		4,928.0		**5,986.5**	17.9
Cable Television		1,165.5		**1,405.1**	4.2
Radio		305.6		**344.7**	1.0
Other Businesses		1,547.4		**1,324.3**	3.9
Segment Revenues		30,971.3		**33,526.2**	100.0
Intersegment Revenues[1]		(891.0)		**(1,045.2)**	(3.1)
Consolidated Net Sales	Ps.	30,080.3	**Ps.**	**32,481.0**	96.9%

[1] For segment reporting purposes, intersegment revenues are included in each of the segment revenues.

(In millions of Mexican Pesos in purchasing power as of December 31, 2005)	Year ended December 31, 2004		2005	
Operating Income (Loss) before Depreciation and Amortization				
Television Broadcasting	Ps.	8,018.8	**Ps.**	**8,852.6**
Pay Television Networks		308.5		**518.1**
Programming Exports		756.1		**668.7**
Publishing		438.9		**480.1**
Publishing Distribution		(26.2)		**6.6**
Sky Mexico		1,797.4		**2,516.8**
Cable Television		368.4		**489.6**
Radio		32.8		**52.2**
Other Businesses		(132.1)		**(180.4)**
Segment Operating Income before Depreciation and Amortization		11,562.6		**13,404.3**
Corporate Expenses		(161.2)		**(182.5)**
Consolidated Operating Income before Depreciation and Amortization	Ps.	11,401.4	**Ps.**	**13,221.8**

5 % increase in television broadcasting revenues in 2005

Television Broadcasting.

Television Broadcasting net sales, representing 57.0% and 55.4% of our total segment net sales for the years ended December 31, 2004 and 2005, respectively, increased by Ps.898.9 million, or 5.1%, to Ps.18,570.8 million for the year ended December 31, 2005 from Ps.17,671.9 million for the year ended December 31, 2004. This increase was attributable to higher advertising revenues, driven mainly by our telenovelas and reality television programs, as well as by higher local sales.

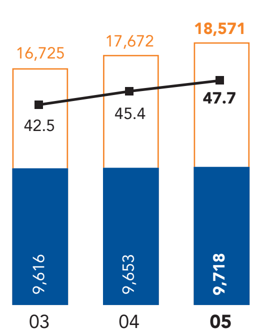
Television Broadcasting operating income before depreciation and amortization increased by Ps.833.8 million, or 10.4%, to Ps.8,852.6 million for the year ended December 31, 2005 from Ps.8,018.8 million for the year ended December 31, 2004. This increase was primarily due to the increase in net sales, partially offset by an increase in operating expenses driven by higher promotional and advertising expenses and personnel costs, and a marginal increase in cost of sales.

As of December 31, 2004 and December 31, 2005, we had received Ps.13,615.3 million (nominal) and Ps.14,232.7 million (nominal), respectively, of advertising deposits for television advertising time during 2005 and 2006, representing approximately U.S.$1,221.2 million and U.S.$1,339.4 million at the applicable year-end exchange rates. Approximately 60.9% and 57.5% of these deposits as of December 31, 2004 and 2005, 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, 2004 and 2005 was 3.5 months and 3.1 months, respectively.

Pay Television Networks.

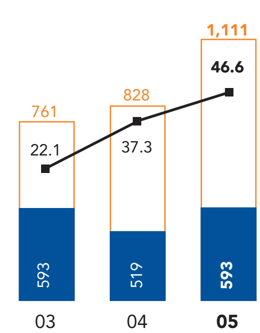
Pay Television Networks net sales, representing 2.7% and 3.3% of our total segment net sales for the years ended December 31, 2004 and 2005, respectively, increased by Ps.283.7 million, or 34.3%, to Ps.1,111.2 million for the year ended December 31, 2005 from Ps.827.5 million for the year ended December 31, 2004. This increase reflects the sales of TuTV, our pay-television joint venture with Univision, (which we began to consolidate beginning in January 2005); as well as higher revenues by signals sold in Mexico and Latin America, and an increase in advertising sales in Mexico.

Pay Television Networks operating income before depreciation and amortization increased by Ps.209.6



Television broadcasting
millions of pesos

sales costs and expenses
OIBDA margin (%)



Pay-television networks
millions of pesos

sales costs and expenses
OIBDA margin (%)

million, or 67.9%, to Ps.518.1 million for the year ended December 31, 2005, from Ps.308.5 million for the year ended December 31, 2004. This increase was primarily due to higher sales, which was partially offset by an increase in cost of sales primarily due to costs of programs produced by us and the consolidation of TuTV; and an increase in operating expenses primarily due to higher commissions and provision for doubtful trade accounts.

Programming Exports.

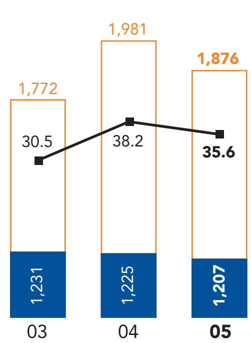
Programming Exports net sales, representing 6.4% and 5.6% of our total segment net sales for the years ended December 31, 2004 and 2005, respectively, decreased by Ps.105.3 million, or 5.3%, to Ps.1,875.9 million for the year ended December 31, 2005 from Ps.1,981.2 million for the year ended December 31, 2004. This decrease was primarily due to a negative translation effect on foreign-currency denominated sales and lower export sales to Europe. These decreases were partially offset by higher royalties paid to us under the Program License Agreement with Univision in the amount of U.S.$109.8 million in 2005 as compared to U.S.$105.0 million in 2004, as well as an increase in export sales to Asia and Africa.

Programming Exports operating income before depreciation and amortization decreased by Ps.87.4 million, or 11.6%, to Ps.668.7 million for the year ended December 31, 2005 from Ps.756.1 million for the year ended December 31, 2004. This decrease was primarily due to the decrease in net sales, as well as an increase in operating expenses due to higher personnel costs and promotional and advertising expenses. These decreases were partially offset by a decrease in cost of sales primarily due to lower programming costs.

Publishing.

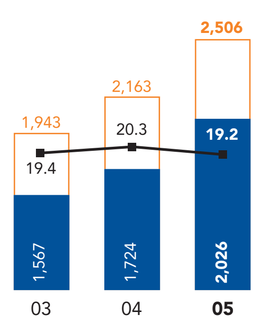
Publishing net sales, representing 7.0% and 7.5% of our total segment net sales for the years ended December 31, 2004 and 2005, respectively, increased by Ps.342.4 million, or 15.8%, to Ps.2,505.5 million for the year ended December 31, 2005 from Ps.2,163.1 million for the year ended December 31, 2004. This increase was primarily due to an increase in magazine circulation and advertising pages sold in Mexico and abroad, which was partially offset by the negative translation effect of foreign-currency denominated sales.

Publishing operating income before depreciation and amortization increased by Ps.41.2 million, or 9.4%, to Ps.480.1 million for the year ended December 31, 2005



Programming exports
millions of pesos

sales ■ costs and expenses
OIBDA margin (%)



Publishing
millions of pesos

sales ■ costs and expenses
OIBDA margin (%)

from Ps.438.9 million for the year ended December 31, 2004. This increase primarily reflects the increase in net sales and was partially offset by increases in cost of sales due to the increase in costs of supplies and operating expenses attributable to an increase in promotional and advertising expenses as well as higher personnel and distribution services costs resulting from an increase in subscriptions to our magazines.

Publishing Distribution.

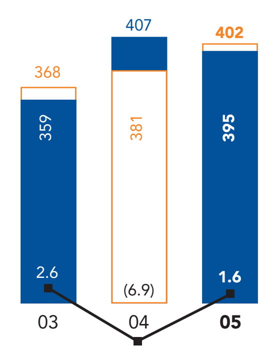
Publishing Distribution net sales, representing 1.2% of our total segment net sales for each of the years ended December 31, 2004 and 2005, increased by Ps.21.1 million, or 5.5%, to Ps.402.2 million for the year ended December 31, 2005 from Ps.381.1 million for the year ended December 31, 2004. This increase was primarily attributable to higher distribution sales in Mexico and abroad, of magazines published by the Company, and higher circulation in Mexico of magazines published by third parties. These increases were partially offset by the negative translation effect of foreign-currency denominated sales.

Publishing Distribution operating result before depreciation and amortization increased by Ps.32.8 million, to Ps.6.6 million of income for the year ended December 31, 2005 from a loss of Ps.26.2 million of income for the year ended December 31, 2004. This increase was attributable to an increase in net sales as well as a decrease in operating expenses, driven by lower provision for doubtful trade accounts. This increase was partially offset by higher cost of sales primarily freight charges related to the distribution of magazines.

Sky Mexico.

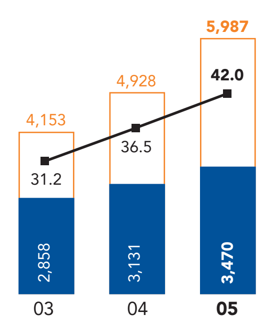
Sky Mexico net sales representing 15.9% and 17.9% of our total segments net sales for the years ended December 31, 2004 and 2005 respectively, increased by Ps.1,058.5 million or 21.5% to Ps.5,986.5 million for the year ended December 31, 2005 from Ps.4,928.0 million for the year ended December 31, 2004. This increase was primarily due to a 24.7% increase in its subscriber base which, as of December 31, 2005, reached 1,250,600 gross active subscribers (including 70,100 commercial subscribers) compared to 1,002,500 gross active subscribers as of December 31, 2004 (including 60,700 commercial subscribers) and higher revenues from pay-per-view events, primarily non-recurring sports events broadcasted on an exclusive basis.

Sky Mexico operating income before depreciation and amortization increased by Ps.719.4 million or 40.0% to



Publishing distribution
millions of pesos

sales ■ costs and expenses
OIBDA margin (%)



Sky Mexico
millions of pesos

sales ■ costs and expenses
OIBDA margin (%)

Ps.2,516.8 million for the year ended December 31, 2005 from Ps.1,797.4 million for the year ended December 31, 2004. This increase was due to the increase in net sales, which was partially offset by higher programming and activation costs, associated with our larger subscriber base, higher repair of equipment costs, an increase in operating expenses due to more free special events offered to the subscribers, and higher promotion expenses.

Cable Television.

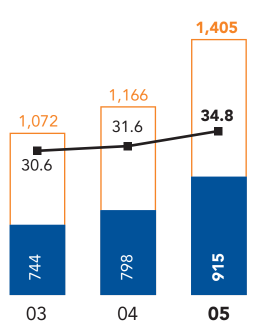
Cable Television net sales, representing 3.8% and 4.2% of our total segment net sales for the years ended December 31, 2004 and 2005, respectively, increased by Ps.239.6 million, or 20.6%, to Ps.1,405.1 million for the year ended December 31, 2005 from Ps.1,165.5 million for the year ended December 31, 2004. This increase was primarily due to an 18.9% increase in the subscriber base during 2005 to 422,088 (of which 283,207 were digital subscribers at December 31, 2005) from a subscriber base of 355,017 (of which 122,975 were digital subscribers, at December 31, 2004). The increase was also attributable in part to an 130.4% increase in our broadband subscriber base to 60,986 at December 31, 2005 compared with 26,466 at December 31, 2004 and a 6% rate increase for Cablevisión video service packages that became effective March 1, 2005.

Cable Television operating income before depreciation and amortization increased by Ps.121.2 million, or 32.9%, to Ps.489.6 million for the year ended December 31, 2005 from Ps.368.4 million for the year ended December 31, 2004. This increase primarily reflects the increase in net sales, which was partially offset by an increase in cost of sales due to higher signal costs associated with the subscriber base growth, and an increase in operating expenses primarily in personnel costs and advertising expenses.

Radio.

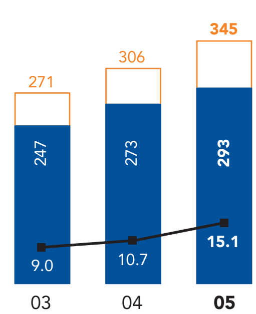
Radio net sales, representing 1.0% of our total segment net sales for each of the years ended December 31, 2004 and 2005, increased by Ps.39.1 million, or 12.8%, to Ps.344.7 million for the year ended December 31, 2005 from Ps.305.6 million for the year ended December 31, 2004. This increase primarily reflects an increase in advertising time sold particularly in newscasts and sporting events programs, as well as an increase in sales generated by our affiliation agreement with Radiorama.

Radio operating income before depreciation and amortization increased by Ps.19.4 million or 59.1% to Ps.52.2 million for the year ended December 31, 2005 from Ps.32.8



Cable television
millions of pesos

☐ sales ■ costs and expenses
OIBDA margin (%)



Radio
millions of pesos

☐ sales ■ costs and expenses
OIBDA margin (%)

million for the year ended December 31, 2004. This increase was primarily due to the increase in net sales, which was partially offset by an increase in cost of sales related to programming costs and promotional and advertising expenses and an increase in operating expenses due to higher commissions paid.

Other Businesses.

Other Businesses net sales, representing 5.0% and 3.9% of our total segment net sales for the years ended December 31, 2004 and 2005, respectively, decreased by Ps.223.1 million, or 14.4%, to Ps.1,324.3 million for the year ended December 31, 2005 from Ps.1,547.4 million for the year ended December 31, 2004. This decrease was primarily due to lower sales related to our soccer events, feature films distribution and nationwide paging business (which we sold in October 2004). These decreases were partially offset by an increase in our internet business which included an increase in sales related to our SMS messaging service.

Other Businesses operating loss before depreciation and amortization increased by Ps.48.3 million, or 36.6%, to Ps.180.4 million for the year ended December 31, 2005 from Ps.132.1 million for the year ended December 31, 2004. This increase reflects the decrease in net sales mentioned above. The decrease in net sales was partially offset by a decrease in cost of sales and operating expenses in our soccer events, feature films distribution and nationwide paging businesses.

Depreciation and Amortization.

Depreciation and amortization expense increased by Ps.274.8 million, or 12.8%, to Ps.2,419.0 million for the year ended December 31, 2005 from Ps.2,144.2 million for the year ended December 31, 2004. This change primarily reflects an increase in our Sky Mexico and Cable Television segments, partially offset by a decrease in the depreciation and amortization expenses related to our Television Broadcasting and Other Businesses segments.

Non-operating Results

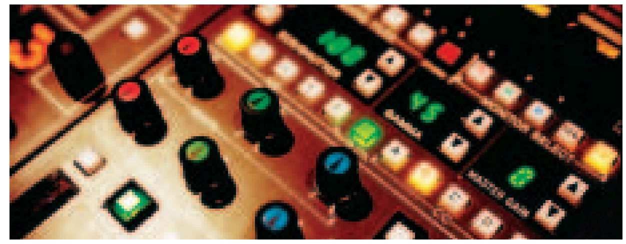
Integral cost of financing, net.

Integral cost of financing significantly impacts our financial statements in periods of high inflation or currency fluctuations. Under Mexican GAAP, integral cost of financing reflects:

- interest income;
- interest expense, including the restatement of our UDI-denominated notes;
- foreign exchange gain or loss attributable to monetary assets and liabilities denominated in foreign currencies (including gains or losses from derivative instruments); and
- gain or loss attributable to holding monetary assets and liabilities exposed to inflation.

Our foreign exchange position is affected by our assets or liabilities denominated in foreign currencies.

16 % increase in pro forma consolidated OIBDA in 2005



We record a foreign exchange gain or loss if the exchange rate of the Peso to the other currencies in which our monetary assets or liabilities are denominated rises or falls.

The expenses attributable to integral cost of financing increased by Ps.215.4 million, or 13.7%, to Ps.1,782.1 million for the year ended December 31, 2005, from Ps.1,566.7 million for the year ended December 31, 2004. This increase primarily reflected a Ps.632.4 million increase in net foreign-exchange loss resulting primarily from the difference between the spot rate and the foreign-exchange rate of the coupon swaps entered into by us. we entered into the coupon swap to reduce our exchange rate exposure for up to five years with respect to a portion of our outstanding U.S. Dollar denominated indebtedness. However, Peso appreciated 4.69% against the U.S. Dollar in 2005 compared with a 0.68% appreciation of the Peso against the U.S. Dollar in 2004.

This increase was partially offset by (i) a Ps.30.7 million decrease in interest expense, due primarily to a net decrease in the average amount of our total consolidated debt; (ii) a Ps.253.7 million increase in interest income in connection with a higher average amount of temporary investments and higher interest rates in 2005 as compared with the prior year; and (iii) a Ps.132.6 million increase in gain from monetary position resulting primarily from a higher net liability position in 2005 as compared with 2004, which was partially offset by lower annual inflation in 2005 (3.3%) compared with 2004 (5.2%).

Restructuring and non-recurring charges.

Restructuring and non-recurring charges decreased by Ps.178.5 million, or 43.7%, to Ps.229.9 million for the year ended December 31, 2005 compared with Ps.408.4 million for the year ended December 31, 2004. This decrease primarily reflects the recognition in 2004 of non recurring impairment adjustments to the carrying value of certain goodwill and trademarks, as well as a decrease in 2005 of restructuring charges in connection with work-force reductions. These favorable variances were partially offset by certain non-recurring expenses incurred in connection with the prepayment in March 2005 of a portion of our UDI-denominated Notes due 2007 and our Senior Notes due 2011.

Other expense, net.

Other expense, net, decreased by Ps.68.0 million, or 12.8%, to Ps.464.2 million for the year ended December 31, 2005, as compared with Ps.532.2 million for the year ended December 31, 2004. This decrease primarily reflects a decrease in donations and lower advisory and professional service expenses.

Income tax, asset tax and employees´ profit sharing.

Income tax decreased by Ps.444.3 million, or 36.6%, to Ps.771.2 million for the year ended December 31, 2005 from Ps.1,215.5 million for the year ended December 31, 2004. This decrease reflects an increase in consolidated deferred income tax, primarily in conjunction with the benefit from cumulative tax-loss carryforwards recognized by Sky Mexico at December 31, 2005, as a result of the expected taxable income position of Sky Mexico for the next few years.

19 % increase in operating income in 2005

We are authorized by the Mexican tax authorities to compute our 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 for periods ended on or before December 31, 2004. Effective January 1, 2005, such percentage increased to 100%.

We and our subsidiaries are also subject to an assets tax , at a tax rate of 1.8% on the adjusted book value of some of our assets. In some cases, income tax paid in excess of asset tax can be individually credited against any assets tax payable by us and our subsidiaries. The assets tax is computed on a fully consolidated basis.

The Mexican corporate income tax rate in 2003, 2004 and 2005 was 34%, 33% and 30%, respectively. In accordance with the current Mexican Income Tax Law, the corporate income tax rate in 2006 will be 29%, and in the subsequent years will be 28%. Consequently, the effect of this gradual decrease in the income tax rate reduced our deferred income tax liability in 2003, 2004 and 2005.

Equity in earnings of affiliates, net.

This line item reflects our equity participation in the operating results and net assets of unconsolidated businesses in which we maintain an interest, but over which we have no control. We recognized equity in losses of affiliates up to the amount of our initial investment and subsequent capital contributions, or beyond that amount when guaranteed commitments have been made by us in respect of obligations incurred by affiliates.

Equity in results of affiliates decreased by Ps.475.3 million, or 74.8%, to equity in income of affiliates of Ps.160.2 million for the year ended December 31, 2005 compared to Ps.635.5 million for the year ended December 31, 2004. This decrease primarily reflects the absence of the equity in income recognized in 2004 due to the reversal of previous equity losses recognized in excess of our investment in Sky Multi-Country Partners or MCOP in connection with the release of our guarantee of satellite transponder payments of MCOP.

The decrease was also the result of a reduction in equity in income of Univision and Ocesa Entretenimiento, our live-entertainment joint venture with Corporación Interamericana de Entretenimiento, in which we have a 40% equity participation.

Cumulative loss effect of accounting changes, net.

In 2005, cumulative effect of accounting change, net reflected (i) the cumulative loss effect of Ps.323.7 million in connection with the accrual for share-based compensation expense at December 31, 2005, for benefits granted to executives and employees under the terms of our Stock Purchase Plan and Long-Term Retention Plan, as a result of the adoption, as of that date, of the International Financial Reporting Standard 2, "Share-Based Payment," issued by the International Accounting Standards Board; and (ii) the cumulative loss effect of Ps.182.4 million, net of an income-tax benefit of Ps.78.2 million, at January 1,

2005, in connection with the adoption, as of that date, of the guidelines for recognition of severance payments in revised Bulletin D-3, "Labor Obligations," issued by the Mexican Institute of Public Accountants, or MIPA.

In 2004, cumulative effect of accounting change, net reflected the cumulative loss effect of Ps.1,055.6 million, net of an income-tax benefit of Ps.319.4 million, in connection with the consolidation of Sky Mexico in our financial statements beginning April 1, 2004, as a result of the adoption, as of that date, of FIN 46.

Minority interest.

Minority interest reflects that portion of operating results attributable to the interests held by third parties in the businesses which are not wholly-owned by us, including our Sky Mexico (since April 2004), Cable Television, Radio (since 2001) and nationwide paging (until the fourth quarter 2004) businesses.

Minority interest in consolidated net income increased by Ps.844.5 million to Ps.1,084.0 million for the year ended December 31, 2005 from Ps.239.5 million for the year ended December 31, 2004. This increase primarily reflects the portion of net income attributable to the interest held by minority shareholders in Sky Mexico, which we began consolidating in our financial statements in April 2004.

Net income.

We generated net income in the amount of Ps.6,125.5 million in 2005, as compared to net income of Ps.4,460.6 million in 2004. The net increase of Ps.1,664.9 million reflected:

- a Ps.1,959.8 million increase in operating income;
- a Ps.178.5 million decrease in restructuring and non-recurring charges;
- a Ps.68.0 million decrease in other expense, net;
- a Ps.444.3 million decrease in income taxes; and
- a Ps.549.5 million decrease in cumulative effect of accounting change, net.

These changes were partially offset by:

- a Ps.215.4 million increase in integral cost of financing, net;
- a Ps.475.3 million decrease in equity in earnings of affiliates, net; and
- a Ps.844.5 million increase in minority interest.

Capital Expenditures, Acquisitions and Investments.

During 2006, we expect to:

- make aggregate expenditures for property, plant and equipment of approximately U.S.$280.0 million, which amount includes capital expenditures in amount of U.S.$52.0 million, U.S.$90.0 million and U.S.$45.0 million for the expansion and improvements of our Cable Television, Sky Mexico and gaming segments, respectively.

During 2005, we:

- made aggregate capital expenditures for property, plant and equipment of approximately U.S.$248.3 million, which amount includes capital expenditures in the amount of U.S.$ 51.1 million and U.S.$109.2 million

37 % increase in net income in 2005

for the expansion and improvement of our Cable Television and Sky Mexico segments, respectively;
- invested a capital contribution of U.S.$25.0 million in Volaris, a new, low-cost-carrier airline with a concession to operate in Mexico; and
- contributed Ps.5.0 million (nominal) to fund our seniority premium obligations.

During 2004, we:

- made aggregate capital expenditures for property, plant and equipment of approximately U.S.$174.6 million, which amount includes capital expenditures in the amount of U.S.$ 35.1 million and U.S.$57.6 million for the expansion and improvement of our Cable Television and Sky Mexico segments, respectively;
- invested an aggregate of U.S.$12.5 million in our Latin America DTH joint ventures in the form of long-terms loans and/or capital contribution; and
- contributed Ps.69.9 million (nominal) to fund our seniority premium obligations.

Indebtedness.

As of December 31, 2005, we had consolidated long-term portion of debt for an equivalent amount of U.S.$1,706.8 million, and our consolidated current portion of debt was U.S.$32.0 million. Our long-term debt as of December 31, 2005 was denominated in U.S. Dollar (75.56%) and Mexican Pesos (24.44%). Additionally, as of December 31, 2005, Sky Mexico had long-term and current portions of a capital lease obligation in an aggregate amount of U.S.$111.7 million and U.S.$7.1 million, respectively.

The major components of long-term indebtedness as of December 31, 2005 were as follows:

- 11 7/8% Series "B" Senior Notes due in 2006 for an amount of U.S.$5.3 million;
- 8% Senior Notes due in 2011 for an amount of U.S.$75.5 million;
- 8 1/2% Senior Notes due in 2032 for an amount of U.S.$300.0 million;
- Innova's 9 3/8% Senior Notes due in 2013 for an amount of U.S.$300.0 million;
- UDI-denominated Notes due 2007 with an annual interest rate of 8.15% for an equivalent amount of U.S.$88.6 million;
- 6 5/8 % Senior Notes due in 2025 for an amount of U.S.$600.0 million;
- Long-term loan facility due from 2006 to 2008 for an amount of Ps.720.0 million (U.S.$67.8 million) with an average annual interest rate 8.9%;
- Long-term loan facility due from 2009 for an amount of Ps.1,162.5 million (U.S.$109.4 million) with an average annual interest rate 9.70%;
- Long-term loan facility due from 2010 to 2012 for an amount of Ps.2,000.0 million (U.S.$188.2 million) with an average annual interest rate 10.35%; and
- Other long-term indebtedness for an equivalent amount of U.S.$4.1 million.

For a further description of this indebtedness, see Note 8 to the Consolidated Financial Statements.