Report of Independent Auditors

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México, D. F., April 15, 2009

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

We have audited the accompanying consolidated balance sheets of Grupo Televisa, S.A.B. (the "Company") and its subsidiaries as of December 31, 2007 and 2008, and the related consolidated statements of income and of changes in stockholders' equity for the years ended December 31, 2006, 2007 and 2008. We also audited the related consolidated statements of changes in financial position for the years ended December 31, 2006 and 2007, and cash flows for the year ended December 31, 2008. 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 generally accepted auditing standards in Mexico. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and that they were presented in accordance with Mexican Financial Reporting Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the standards of financial information 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(a) to the consolidated financial statements, effective January 1, 2008, the Company discontinued the recognition of the effects of inflation in its financial information, in accordance with Mexican Financial Reporting Standards. As a retroactive application to the prior years' financials is not required by such standards, the accompanying consolidated financial statements as of December 31, 2007 and for the years ended December 31, 2006 and 2007 are restated in Mexican pesos in purchasing power as of December 31, 2007.

As discussed in Note 1(a) to the consolidated financial statements, effective January 1, 2008, the Company is required by Mexican Financial Reporting Standards to present a statement of cash flows in place of a statement of changes in financial position. As a restatement of prior years' financials is not required by such standards, the Company presents consolidated statements of changes in financial position for the years ended December 31, 2006 and 2007, and cash flows for the year ended December 31, 2008.

In our opinion, the aforementioned consolidated financial statements present fairly, in all material respects, the financial position of Grupo Televisa, S.A.B. and its subsidiaries at December 31, 2007 and 2008, and the results of their operations and changes in their stockholders' equity for the three years ended December 31, 2006, 2007 and 2008, as well as the changes in their financial position for the years ended December 31, 2006 and 2007, and their cash flows for the year ended December 31, 2008, in conformity with Mexican Financial Reporting Standards.

PricewaterhouseCoopers

C. P. C. José Miguel Arrieta Méndez
Audit Partner

Consolidated Balance Sheets

As of December 31, 2007 and 2008
(In thousands of Mexican pesos)
(Notes 1 and 2)

	Notes	2007	2008
ASSETS			
Current:			
Cash and cash equivalents		Ps. 25,479,541	Ps. 35,106,060
Temporary investments		1,825,355	6,798,271
		27,304,896	41,904,331
Trade notes and accounts receivable, net	3	17,294,674	18,199,880
Other accounts and notes receivable, net		2,536,803	2,231,562
Due from affiliated companies	16	195,023	161,821
Transmission rights and programming	4	3,154,681	3,343,448
Inventories		833,996	1,612,024
Other current assets		653,260	1,105,871
Total current assets		51,973,333	68,558,937
Derivative financial instruments	9	53,527	2,316,560
Transmission rights and programming	4	5,252,748	6,324,761
Investments	5	8,115,584	3,348,610
Property, plant and equipment, net	6	25,853,925	30,798,398
Intangible assets and deferred charges, net	7	7,416,073	11,433,783
Other assets		38,286	70,756
Total assets		Ps. 98,703,476	Ps. 122,851,805

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

Consolidated Balance Sheets

As of December 31, 2007 and 2008
(In thousands of Mexican pesos)
(Notes 1 and 2)

	Notes	2007	2008
LIABILITIES			
Current:			
Current portion of long-term debt	8	Ps. 488,650	Ps. 2,283,175
Current portion of satellite transponder lease obligation	8	97,696	138,806
Trade accounts payable		4,457,519	6,337,436
Customer deposits and advances		17,145,053	18,098,643
Taxes payable		684,497	830,073
Accrued interest		307,814	439,777
Employee benefits		255,574	199,993
Due to affiliated companies	16	127,191	88,622
Other accrued liabilities		1,833,939	2,293,806
Total current liabilities		25,397,933	30,710,331
Long-term debt, net of current portion	8	25,307,163	36,679,889
Derivative financial instruments	9	84,413	604,650
Satellite transponder lease obligation, net of current portion	8	1,035,134	1,172,857
Customer deposits and advances		2,665,185	589,369
Other long-term liabilities		1,975,593	3,225,482
Deferred income taxes	19	1,272,834	2,265,161
Retirement and termination benefits	10	314,921	352,390
Total liabilities		58,053,176	75,600,129
Commitments and contingencies	11		
STOCKHOLDERS' EQUITY			
Capital stock issued, no par value	12	10,267,570	10,060,950
Additional paid-in capital		4,547,944	4,547,944
		14,815,514	14,608,894
Retained earnings:	13		
Legal reserve		2,135,423	2,135,423
Reserve for repurchase of shares		1,240,869	–
Unappropriated earnings		21,713,378	19,595,259
Net income for the year		8,082,463	7,803,652
		33,172,133	29,534,334
Accumulated other comprehensive (loss) income, net	14	(3,009,468)	3,184,043
Shares repurchased	12	(7,939,066)	(5,308,429)
		22,223,599	27,409,948
Total majority interest		37,039,113	42,018,842
Minority interest	15	3,611,187	5,232,834
Total stockholders' equity		40,650,300	47,251,676
Total liabilities and stockholders' equity		Ps. 98,703,476	Ps. 122,851,805

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

Consolidated Statements of Income

For the Years Ended December 31, 2006, 2007 and 2008
(In thousands of Mexican pesos, except per CPO amounts)
(Notes 1 and 2)

	Notes	2006	2007	2008
Net sales	22	Ps. 39,357,699	Ps. 41,561,526	Ps. 47,972,278
Cost of sales				
(excluding depreciation and amortization)		16,791,197	18,128,007	21,556,025
Selling expenses				
(excluding depreciation and amortization)		3,130,230	3,277,526	3,919,163
Administrative expenses				
(excluding depreciation and amortization)		2,390,785	2,452,027	3,058,168
Depreciation and amortization	6 and 7	2,779,772	3,223,070	4,311,115
Operating income	22	14,265,715	14,480,896	15,127,807
Other expense, net	17	888,070	953,352	952,139
Integral cost of financing, net	18	1,141,028	410,214	830,882
Equity in losses of affiliates, net	5	624,843	749,299	1,049,934
Income before income taxes		11,611,774	12,368,031	12,294,852
Income taxes	19	2,092,478	3,349,641	3,564,195
Consolidated net income		9,519,296	9,018,390	8,730,657
Minority interest net income	15	610,353	935,927	927,005
Majority interest net income	13	Ps. 8,908,943	Ps. 8,082,463	Ps. 7,803,652
Majority interest net income per CPO	20	Ps. 3.07	Ps. 2.84	Ps. 2.77

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, 2006, 2007 and 2008
(In thousands of Mexican pesos)
(Notes 1 and 2)

	Capital Stock Issued (Note 12)	Additional Paid-In Capital	Retained Earnings (Note 13)	Accumulated Other Comprehensive (Loss) Income (Note 14)	Shares Repurchased (Note 12)	Total Majority Interest	Minority Interest (Note 15)	Total Stockholders' Equity
Balance at January 1, 2006	Ps. 10,677,114	Ps. 4,547,944	Ps. 27,533,836	Ps. (3,828,825)	Ps. (7,606,260)	Ps. 31,323,809	Ps. 918,641	Ps. 32,242,450
Dividends	–	–	(1,161,839)	–	–	(1,161,839)	–	(1,161,839)
Share cancellation	(170,258)	–	(1,575,231)	–	1,745,489	–	–	–
Repurchase of capital stock	–	–	–	–	(3,224,515)	(3,224,515)	–	(3,224,515)
Sale of repurchase shares	–	–	(609,049)	–	1,196,312	587,263	–	587,263
Increase in minority interest	–	–	–	–	–	–	723,960	723,960
Benefit from capital contribution of minority interest in Sky	–	–	385,596	–	–	385,596	–	385,596
Loss on minority interest acquisition of Sky	–	–	(711,311)	–	–	(711,311)	–	(711,311)
Stock-based compensation	–	–	243,882	–	–	243,882	–	243,882
Comprehensive income	–	–	8,908,943	20,448	–	8,929,391	–	8,929,391
Balance at December 31, 2006	10,506,856	4,547,944	33,014,827	(3,808,377)	(7,888,974)	36,372,276	1,642,601	38,014,877
Dividends	–	–	(4,506,492)	–	–	(4,506,492)	–	(4,506,492)
Share cancellation	(239,286)	–	(3,386,013)	–	3,625,299	–	–	–
Repurchase of capital stock	–	–	–	–	(3,948,331)	(3,948,331)	–	(3,948,331)
Sale of repurchase shares	–	–	(173,169)	–	272,940	99,771	–	99,771
Increase in minority interest	–	–	–	–	–	–	1,968,586	1,968,586
Stock-based compensation	–	–	140,517	–	–	140,517	–	140,517
Comprehensive income	–	–	8,082,463	798,909	–	8,881,372	–	8,881,372
Balance at December 31, 2007	10,267,570	4,547,944	33,172,133	(3,009,468)	(7,939,066)	37,039,113	3,611,187	40,650,300
Reclassification of cumulative balances to retained earnings (see Note 14)	–	–	(5,896,939)	5,896,939	–	–	–	–
Dividends	–	–	(2,229,973)	–	–	(2,229,973)	–	(2,229,973)
Share cancellation	(206,620)	–	(3,275,032)	–	3,481,652	–	–	–
Repurchase of capital stock	–	–	–	–	(1,251,148)	(1,251,148)	–	(1,251,148)
Sale of repurchase shares	–	–	(261,553)	–	400,133	138,580	–	138,580
Increase in minority interest	–	–	–	–	–	–	1,621,647	1,621,647
Stock-based compensation	–	–	222,046	–	–	222,046	–	222,046
Comprehensive income	–	–	7,803,652	296,572	–	8,100,224	–	8,100,224
Balance at December 31, 2008	Ps. 10,060,950	Ps. 4,547,944	Ps. 29,534,334	Ps. 3,184,043	Ps. (5,308,429)	Ps. 42,018,842	Ps. 5,232,834	Ps. 47,251,676

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, 2006 and 2007
(In thousands of Mexican pesos)
(Notes 1 and 2)

	2006	2007
Operating activities:		
Consolidated net income	Ps. 9,519,296	Ps. 9,018,390
Adjustments to reconcile net income to resources provided by operating activities:		
Equity in losses of affiliates	624,843	749,299
Depreciation and amortization	2,779,772	3,223,070
Impairment of long-lived assets and other amortization	176,884	541,996
Deferred income taxes	1,292,645	(358,122)
Loss on disposition of available-for sale investment in Univision	–	565,862
Gain on disposition of affiliates	(19,556)	(41,527)
Stock-based compensation	243,882	140,517
	14,617,766	13,839,485
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Trade notes and accounts receivable, net	894,378	(3,090,936)
Transmission rights and programming	778,059	(1,878,256)
Inventories	(112,827)	(32,053)
Other accounts and notes receivable and other current assets	(1,104,190)	(443,962)
(Decrease) increase in:		
Customer deposits and advances	(1,676,832)	1,840,116
Trade accounts payable	390,413	840,911
Other liabilities, taxes payable and deferred taxes	560,690	519,488
Retirement and termination benefits	90,360	17,097
	(179,949)	(2,227,595)
Resources provided by operating activities	14,437,817	11,611,890
Financing activities:		
Issuance of Senior Notes due 2037	–	4,500,000
Empresas Cablevisión's long-term loan due 2012	–	2,457,495
Prepayments of Senior Notes and UDIs denominated Notes	–	(1,017,093)
Prepayments of Senior Notes due 2013	(3,315,749)	–
Other increase in debt	3,631,565	50,051
Other decrease in debt	(888,623)	(675,234)
Repurchase and sale of capital stock	(2,637,252)	(3,848,560)
Dividends paid	(1,161,839)	(4,506,492)
Gain on valuation of available-for-sale investments	(565,862)	–
Loss on minority interest acquisition of Sky	(711,311)	–
Benefit from capital contribution of minority interest in Sky	385,596	–
Minority interest	113,607	1,032,659
Translation effect	17,202	32,877
Resources used for financing activities	(5,132,666)	(1,974,297)
Investing activities:		
Due from affiliated companies, net	(644,409)	32,636
Investments	(4,938,453)	(3,385,342)
Disposition of investments	7,194,364	700,689
Investments in property, plant and equipment	(3,428,532)	(3,915,439)
Disposition of property, plant and equipment	532,676	704,310
Investments in goodwill and other intangible assets	(1,224,707)	(3,310,968)
Disposition of goodwill and other intangible assets	5,924,375	–
Available-for-sale investment in shares of Univision	(12,266,318)	12,266,318
Acquisition of Telecom net assets	–	(1,975,666)
Other assets	(4,026)	7,430
Resources (used for) provided by investing activities	(8,855,030)	1,123,968
Net increase in cash, cash equivalents and temporary investments	450,121	10,761,561
Net increase in cash, cash equivalents and temporary investments upon Telecom acquisition	–	138,261
Cash, cash equivalents and temporary investments at beginning of year	15,954,953	16,405,074
Cash, cash equivalents and temporary investments at end of year	Ps. 16,405,074	Ps. 27,304,896

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

Consolidated Statement of Cash Flows

For the Year Ended December 31, 2008
(In thousands of Mexican pesos)
(Notes 1 and 2)

	2008
Operating activities:	
Income before income taxes	Ps. 12,294,852
Adjustments to reconcile income before income taxes to net cash provided by operating activities:	
Equity in losses of affiliates	1,049,934
Depreciation and amortization	4,311,115
Impairment of long-lived assets and other amortization	669,222
Provision for doubtful accounts and write-off of receivables	337,478
Retirement and termination benefits	5,467
Write-down of held-to-maturity debt security	405,111
Stock-based compensation	222,046
Derivative financial instruments	(895,734)
Interest expense	2,529,221
Unrealized foreign exchange loss, net	4,981,960
	25,910,672
Increase in trade notes and accounts receivable, net	(1,094,389)
Increase in transmission rights and programming	(1,186,991)
Increase in inventories	(375,153)
Increase in other accounts and notes receivable and other current assets	(391,399)
Increase in trade accounts payable	1,577,231
Decrease in customer deposits and advances	(1,187,734)
Increase in other liabilities, taxes payable and deferred taxes	1,744,395
Decrease in retirement and termination benefits	(81,314)
Income taxes paid	(2,657,525)
	(3,652,879)
Net cash provided by operating activities	22,257,793
Investing activities:	
Temporary investments	(3,685,272)
Due from affiliated companies, net	(89,826)
Investments	(1,982,100)
Disposition of investments	109,529
Disposition of held-to-maturity investments	874,999
Investments in property, plant and equipment	(5,191,446)
Disposition of property, plant and equipment	91,815
Investments in goodwill and other intangible assets	(1,489,174)
Net cash used for investing activities	(11,361,475)
Financing activities:	
Issuance of Senior Notes due 2018	5,241,650
Prepayment of Senior Notes due 2013 (Sky)	(122,886)
Repayment of Mexican peso debt	(480,000)
Satellite transponder lease payments	(97,696)
Other increase in debt	1,231
Interest paid	(2,407,185)
Repurchase and sale of capital stock	(1,112,568)
Dividends paid	(2,229,973)
Minority interest	(332,029)
Derivative financial instruments	(346,065)
Net cash provided by financing activities	(1,885,521)
Effect of exchange rate changes on cash and cash equivalents	131,854
Net increase in cash and cash equivalents	9,142,651
Cash and cash equivalents of Cablemás upon consolidation	483,868
Cash and cash equivalents at beginning of year	25,479,541
Cash and cash equivalents at end of year	Ps. 35,106,060

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

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2006, 2007 and 2008
(In thousands of Mexican pesos, except per CPO, per share and exchange rate amounts)

1. Accounting Policies

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

(a) Basis of Presentation

The financial statements of the Group are presented on a consolidated basis in accordance with Mexican Financial Reporting Standards ("Mexican FRS") issued by the Mexican Financial Reporting Standards Board ("Consejo Mexicano para la Investigación y Desarrollo de Normas de Información Financiera" or "CINIF").

Effective January 1, 2008, the Group discontinued recognizing the effects of inflation in its financial statements in accordance with Mexican FRS. Mexican FRS requires to discontinue, or to start, recognizing the effects of inflation in financial statements when general inflation applicable to a specific entity is up to, or above 26%, in a cumulative three-year period. The cumulative inflation in Mexico measured by the National Price Consumer Index ("NCPI") for the three years ended December 31, 2007 and 2008 was 11.6% and 15%, respectively. Accordingly, the consolidated financial statements of the Group as of December 31, 2007, and for the years ended December 31, 2006 and 2007, include the effects of inflation through December 31, 2007, and are stated in thousands of Mexican pesos in purchasing power as of that date.

The consolidated financial statements include the assets, liabilities and results of operations of all companies in which the Company has a controlling interest (subsidiaries). The consolidated financial statements also include the accounts of variable interest entities, in which the Group is deemed the primary beneficiary. The primary beneficiary of a variable interest entity is the party that absorbs a majority of the entity's expected losses, receives a majority of the entity's expected residual returns, or both, as a result of ownership, contractual or other financial interest in the entity. See Note 1(b) for further discussion of all variable interest entities. All significant intercompany balances and transactions have been eliminated from the financial statements.

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

Effective January 1, 2008, Mexican FRS requires a statement of cash flows as part of a full set of financial statements in place of a statement of changes in financial position. The statement of cash flows classifies cash receipts and payments according to whether they stem from operating, investing, or financing activities. Restatement of financial statements for years provided before 2008 is not required by Mexican FRS; therefore, the Group presents consolidated statements of changes in financial position for the years ended December 31, 2006 and 2007.

These consolidated financial statements were authorized for issuance on April 3, 2009, by the Group's Chief Financial Officer.

(b) Members of the Group

At December 31, 2008, the Group consisted of the Company and various consolidated entities, including the following:

Consolidated Entities	Company's Ownership [(1)]	Business Segments [(2)]
Telesistema Mexicano, S.A. de C.V. and subsidiaries, including Televisa, S.A. de C.V.	100%	Television Broadcasting Pay Television Networks Programming Exports
Televisión Independiente de México, S.A. de C.V. and subsidiaries	100%	Television Broadcasting
TuTv, LLC ("TuTv") [(3)]	50%	Pay Television Networks
Editorial Televisa, S.A. de C.V. and subsidiaries	100%	Publishing
Innova, S. de R. L. de C.V. and subsidiaries ("Sky") [(3)]	58.7%	Sky
Empresas Cablevisión, S.A.B. de C.V. and subsidiaries ("Empresas Cablevisión")	51%	Cable and Telecom
Cablemás, S.A. de C.V. and subsidiaries ("Cablemás")	54.5%	Cable and Telecom
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
Grupo Distribuidoras Intermex, S.A. de C.V. and subsidiaries	100%	Other Businesses
Sistema Radiópolis, S.A. de C.V. and subsidiaries	50%	Other Businesses
Televisa Juegos, S.A. de C.V. and subsidiaries	100%	Other Businesses

(1) Percentage of equity interest directly or indirectly held by the Company in the holding entity.

(2) See Note 22 for a description of each of the Group's business segments.

(3) At December 31, 2008, the Group has identified Sky and TuTv as variable interest entities and the Group as the primary beneficiary of the investment in each of these entities. The Group has 58.7% interest in Sky, a satellite television provider. TuTv is a 50% joint venture with Univision Communications Inc. ("Univision"), engaged in the distribution of the Group's Spanish-speaking programming packages in the United States.

The Group's Television Broadcasting, Sky, Cable and Telecom, and Radio businesses require concessions (licenses) granted by the Mexican Federal Government for a fixed term, subject to renewal in accordance with Mexican law. Also, the Group's Gaming business, which is reported in the Other Businesses segment, requires a permit granted by the Mexican Federal Government for a fixed term. Additionally, the Group's Sky business in certain Central American and Caribbean countries requires concessions granted by local regulatory authorities for a fixed term and subject to renewal. At December 31, 2008, the expiration dates of the Group's concessions and permit were as follows:

Businesses	Expiration Dates
Television Broadcasting	In 2021
Sky	Various from 2016 to 2033
Cable and Telecom	Various from 2018 to 2030
Radio [1]	Various from 2008 to 2016
Gaming	In 2030

(1) Concessions for three Group's Radio stations in Guadalajara and Mexicali expired in 2008 and 2009, and renewal is still pending by the Mexican regulatory authorities as certain related regulations of the applicable law are being reviewed by the Mexican Federal Government. The Group's management expects that concessions for these three stations will be renewed or granted by the Mexican Federal Government. The concessions for the remaining Group's Radio stations will expire between 2015 and 2016.

(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.

Through December 31, 2007, assets, liabilities and results of operations of non-Mexican subsidiaries and affiliates were first converted to Mexican FRS, 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 were recognized in consolidated stockholders' equity as part of the accumulated other comprehensive income or loss. Assets and liabilities of non-Mexican operations that were integral to Mexican operations were converted to Mexican FRS 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.

Beginning on January 1, 2008, for non-Mexican subsidiaries and affiliates operating in a local currency environment, assets and liabilities are translated into Mexican pesos at year-end exchange rates, and results of operations and cash flows are translated at average exchange rates prevailing during the year. Resulting translation adjustments are accumulated as a separate component of accumulated other comprehensive income or loss in consolidated stockholders' equity. Assets and liabilities of non-Mexican subsidiaries that use the Mexican peso as a functional currency are translated into Mexican pesos by utilizing the exchange rate of the balance sheet date for monetary assets and liabilities, and historical exchange rates for nonmonetary items, with the related adjustment included in the consolidated statement of income as integral result of financing.

In connection with its former investment in shares of Univision, the Group designated as an effective hedge of foreign exchange exposure a portion of the outstanding principal amount of its U.S.-dollar-denominated Senior Notes due 2011, 2025 and 2032, which amounted to U.S.$971.9 million as of December 31, 2006. The investment in shares of Univision was disposed by the Group in March 2007, and through that date any foreign exchange gain or loss attributable to this long-term debt was credited or charged directly to equity (other comprehensive income or loss) (see Notes 2 and 9).

(d) Cash, Cash Equivalents and Temporary Investments

Cash and cash equivalents consist of cash on hand and all highly liquid investments with an original maturity of three months or less at the date of acquisition.

The Group considers all investments with an original maturity over three months an up to one year at the date of acquisition, to be temporary investments. Temporary investments are valued at fair value.

As of December 31, 2007 and 2008, highly liquid and temporary investments primarily consisted of fixed short-term deposits, structured notes and corporate fixed income securities denominated in U.S. dollars and Mexican pesos, with an average yield of approximately 5.34% for U.S. dollar deposits and 7.18% for Mexican peso deposits in 2007, and approximately 2.45% for U.S. dollar deposits and 7.40% for Mexican peso deposits in 2008. As of December 31, 2008, temporary investments also included a trading equity security investment.

(e) Transmission Rights and Programming

Programming is comprised of programs, literary works, production talent advances and films.

Transmission rights and literary works are valued at the lesser of acquisition cost or net realizable value. Programs and films are valued at the lesser of production cost, which consists of direct production costs and production overhead, or net realizable value. Payments for production talent advances are initially capitalized and subsequently included as direct or indirect costs of program production.

The Group's policy is to capitalize the production costs of programs which benefit more than one annual period and amortize them over the expected period of future program revenues based on the Company's historical revenue patterns for similar productions.

Transmission rights, programs, literary works, production talent advances and films are recorded at acquisition or production cost, and through December 31, 2007, were restated by using the NCPI factors, and specific costs for some of these assets, which were determined by the Group on the basis of last purchase price or production cost, or replacement cost whichever was more representative. Cost of sales is calculated for the month in which such transmission rights, programs, literary works, production talent advances and films are matched with related revenues, and through December 31, 2007, was determined based on restated costs.

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 exceeding 25 years.

(f) Inventories
Inventories of paper, magazines, materials and supplies are valued at the lesser of acquisition cost or net realizable value. Inventories were restated through December 31, 2007 by using the NCPI factors and specific costs for some of these assets, which were determined by the Group on the basis of last purchase price.

(g) 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.

Investments in debt securities that the Group has the ability and intent to hold to maturity are classified as investments "held-to-maturity," and reported at amortized cost. Investments in debt securities not classified as held-to-maturity are classified as "available-for-sale," and are recorded at fair value with unrealized gains and losses included in consolidated stockholders' equity as accumulated other comprehensive result (see Notes 5 and 14).

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective and other-than-temporary evidence impairment as a result of one or more events that occurred after the initial recognition of the asset.

For financial assets classified as held-to-maturity, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

Other investments are accounted for at cost.

(h) Property, Plant and Equipment
Property, plant and equipment are recorded at acquisition cost and were restated through December 31, 2007 to constant Mexican pesos using the NCPI, except for equipment of non-Mexican origin, which was restated through that date by using an index which reflected 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, from 5 to 20 years for buildings improvements, from 3 to 20 years for technical equipment and from 3 to 10 years for other property and equipment.

(i) Intangible Assets and Deferred Financing Costs
Intangible assets and deferred financing costs are recognized at cost and were restated through December 31, 2007 by using the NCPI.

Intangible assets are composed of goodwill, publishing trademarks, television network concession, licenses and software, subscriber list and other items. Goodwill, publishing trademarks and television network concession are intangible assets with indefinite lives and are not amortized. Indefinite-lived intangibles are assessed annually for impairment or more frequently, if circumstances indicate a possible impairment exists. Licenses and software, subscriber list and other items are intangible assets with finite lives and are amortized, on a straight-line basis, over their estimated useful lives, which range principally from 3 to 20 years.

Deferred financing costs consist of fees and expenses incurred in connection with the issuance of long-term debt. These financing costs are amortized over the period of the related debt (see Note 7).

(j) Impairment of Long-lived Assets
The Group reviews for impairment the carrying amounts of its long-lived assets, tangible and intangible, including goodwill (see Note 7), at least once a year, or whenever events or changes in business circumstances indicate that these carrying amounts may not be recoverable. To determine whether an impairment exists, the carrying value of the reporting unit is compared with its fair value. Fair values estimates are based on quoted market values in active markets, if available. If quoted market prices are not available, the estimate of fair value is based on various valuation techniques, including discounted value of estimated future cash flows, market multiples or third-party appraisal valuations.

(k) Customer Deposits and Advances

Customer deposit and advance agreements for television advertising services provide that customers receive preferential prices 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, rating and type of programming.

Customer deposits and advances for television advertising services 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 were restated to recognize the effects of inflation through December 31, 2007 by using the NCPI.

(l) Stockholders' Equity

The capital stock and other stockholders' equity accounts (other than the result from holding non-monetary assets account and the foreign currency translation adjustments account) include the effect of restatement through December 31, 2007, determined by applying the change in the NCPI between the dates capital was contributed or net results were generated. The restatement represented the amount required to maintain the contributions, share repurchases and accumulated results in Mexican pesos in purchasing power as of December 31, 2007.

(m) Revenue Recognition

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

- Advertising revenues, including deposits and advances 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 initially deferred and recognized proportionately as products are delivered to subscribers. Revenues from the sales of magazines are recognized on the date of circulation of delivered merchandise, net of a provision for estimated returns.
- The revenue from publishing distribution is recognized upon distribution of the products.
- Sky program service revenues, including advances from customers for future direct-to-home ("DTH") program services and installation fees, are recognized at the time the DTH service is provided.
- Cable television, internet and telephone subscription, and pay-per-view and installation fees are recognized in the period in which the services are rendered.
- Revenues from telecommunications and data services are recognized in the period in which these services are provided.
- 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.
- Motion picture production and distribution revenues are recognized as the films are exhibited.
- Gaming revenues consist of the net win from gaming activities, which is the difference between amounts wagered and amounts paid to winning patrons.

(n) Retirement and Termination Benefits

Plans exist for pension and other retirement payments for substantially all of the Group's employees (retirement benefits), funded through irrevocable trusts. Payments to the trusts are determined in accordance with actuarial computations of funding requirements. Pension and other retirement payments are made by the trust administrators. Increases or decreases in the liability for retirement benefits are based upon actuarial calculations.

Seniority premiums and severance indemnities to dismissed personnel (termination benefits), other than those arising from restructurings, are recognized based upon actuarial calculations.

Beginning January 1, 2008, Mexican FRS requires (i) the recognition of any termination benefit costs directly in income as a provision, with no deferral of any unrecognized prior service cost or related actuarial gain or loss; (ii) shorter amortization periods for items subject to be amortized; and (iii) the recognition of any employees' profit sharing required to be paid under certain circumstances in Mexico, as a direct benefit to employees. Also, effective January 1, 2008, Mexican FRS does not longer require the recognition of (i) a transition asset or liability other than benefits granted in a plan amendment (prior service cost or benefit); (ii) an additional liability determined on the actuarial computation of benefits without consideration of salary increases; and (iii) a related intangible asset derived from the recognition of such additional liability.

(o) Income Taxes

The income taxes and the asset tax are recognized in income as they are incurred.

The recognition of deferred income taxes 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.

A valuation allowance is provided for those deferred income tax assets for which it is more likely than not that the related benefits will not be realized.

Effective January 1, 2008, the Group classified in retained earnings the outstanding balance of cumulative loss effect of deferred income taxes in the amount of Ps.3,224,437, as required by Mexican FRS (see Note 14).

(p) Derivative Financial Instruments

The Group recognizes derivative financial instruments as either assets or liabilities in the consolidated balance sheets and measures those instruments at fair value. The accounting for changes in the fair value of a derivative depends on the intended use of the derivative and the resulting designation. For a derivative financial instrument designated as a cash flow hedge, the effective portion of the derivative's gain or loss is initially reported as a component of accumulated other comprehensive income and subsequently reclassified into income when the hedged exposure affects income. The ineffective portion of the gain or loss is reported in income immediately. For a derivative instrument designated as a fair value hedge, the gain or loss is recognized in income in the period of change together with the offsetting loss or gain on the hedged item attributed to the risk being hedged. For derivative instruments that are not designated as accounting hedges, changes in fair value are recognized in income in the period of change. During the years ended December 31, 2006 and 2007, none of the Group's derivatives qualified for hedge accounting. During the year ended December 31, 2008, certain derivatives qualified for hedge accounting (see Note 9).

(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 14).

(r) Stock-based Compensation

In accordance with Mexican FRS, the Group follows adopted the guidelines of the IFRS 2, Share-based payment, issued by the International Accounting Standards Board. IFRS 2 requires accruing in stockholders' equity for share-based compensation expense as measured at fair value at the date of grant, and applies to those equity benefits granted to officers and employees (see Note 12). The Group recognized a stock-based compensation expense of Ps.243,882, Ps.140,517 and Ps.222,046 for the years ended December 31, 2006, 2007 and 2008, respectively, which was accounted for in consolidated income as administrative expense.

(s) Prior Years' Financial Statements

The Group's financial statements for 2006 have been restated to Mexican pesos in purchasing power as of December 31, 2007, by using a restatement factor derived from the change in the NCPI, which was 1.0375. Had the alternative weighted average factor allowed under Mexican FRS been applied to restate the Group's financial statements for 2006, which included the results of Mexican and non-Mexican subsidiaries, the restatement factor would have been 1.0400.

The NCPI at December 31 was:	
2005	116.301
2006	121.015
2007	125.564

Certain reclassifications have been made to prior years' financial information to conform to the December 31, 2008 presentation.

(t) Recently Issued Mexican FRS

In December 2008, the CINIF issued five new standards ("NIF") that became effective as of January 1, 2009, as follows:

NIF B-7, *Business Acquisitions*, replaces the previous Mexican FRS Bulletin B-7, Business Acquisitions, and confirms the use of the purchase method for recognition of business acquisitions. The purchase method, under the provisions of NIF B-7, is based on (i) identifying that a business is being acquired; (ii) identifying the acquiring entity; (iii) determining the acquisition date; (iv) recognizing identifiable assets, assumed liabilities and non-controlling interests in the acquired business; (v) a valuation at fair value of the consideration paid for the acquired business; and (vi) recognizing a related goodwill or, in certain instances, an excess of acquired net assets over purchase price. The provisions of NIF B-7 are not expected to have a significant effect on the Group's consolidated financial statements.

NIF B-8, *Consolidated or Combined Financial Statements*, replaces the previous Mexican FRS Bulletin B-8, Consolidated and Combined Financial Statements and Valuation of Permanent Investments in Shares. NIF B-8 defines a special purpose entity ("SPE") and establishes that an SPE should be considered a subsidiary of an entity if such entity exercises control over the SPE. NIF B-8 requires that existing voting rights, which can be exercised or converted by an entity, be considered when analyzing if control is exercised by such entity. NIF B-8 introduces new terminology for majority and minority interests: controlling and noncontrolling interests, respectively. NIF B-8 also requires that a valuation of a noncontrolling interest in financial statements be determined based on the fair value of net assets of the subsidiary and related goodwill at the time of acquisition. The provisions of NIF B-8 are not expected to have a significant effect on the Group's consolidated financial statements.

NIF C-7, *Investments in Associates and Other Permanent Investments*, replaces the applicable provisions in previous Mexican FRS Bulletin B-8, Consolidated and Combined Financial Statements and Valuation of Permanent Investments in Shares. NIF C-7 establishes that an associate is an entity or SPE, on which other entity exercises a significant influence, as defined, and is accounted for by applying the equity method. NIF C-7 requires that existing voting rights, which can be exercised or converted by an entity, be considered when analyzing if significant influence is exercised by such entity. NIF C-7 also establishes an specific procedure and a limit for recognizing losses incurred by an associate. The provisions of NIF C-7 are not expected to have a significant effect on the Group's consolidated financial statements.

NIF C-8, *Intangible Assets*, replaces the previous Mexican FRS Bulletin C-8, Intangible Assets, and includes certain new provisions, including principally: (i) intangible assets are defined as those identifiable non-monetary assets, without physical substance, which are able to generate future economic benefits controlled by an entity; (ii) intangible assets are to be first measured at acquisition cost, as they may be individually acquired, acquired as a part of a business acquisition or internally generated; (iii) subsequent payments in connection with in-progress research and development projects are to be expensed if they are related to the research phase or capitalized if certain criteria is met: (iv) a guidance on the accounting treatment for exchange of intangible assets; (v) a consideration that intangible assets may have a useful life over 20 years; and (vi) a new concept of peoperating costs is introduced. The provisions of NIF C-8 are not expected to have a significant effect on the Group's consolidated financial statements.

NIF D-8, *Share-based Payments*, requires the recognition of an incurred cost or expense, either in income or as a capitalized item, and its related effect in liabilities or stockholders' equity, for share-based payments, including those share options granted to employees. NIF D-8 substitutes the guidelines provided by IFRS 2, Share-based payment, which were applied by the Group on a supplementary basis through December 31, 2008, as required by Mexican FRS. The provisions of NIF D-8 are not expected to have a significant effect on the Group's consolidated financial statements.

2. Acquisitions, Investments and Dispositions

In February 2006, affiliates of The DIRECTV Group, Inc. ("DIRECTV") completed the acquisition of equity interests in Sky, which were formerly held by News Corporation ("News Corp.") and Liberty Media Corp. ("Liberty Media"). This acquisition included the capitalization of the purchase price of the list of subscribers sold by DIRECTV Mexico to Sky in the aggregate amount of Ps.665,653. As a result of these transactions, the Group's equity stake in Sky was reduced from 60% to 52.7%, and DIRECTV became the owner of the remaining 47.3% stake. In April 2006, the Group exercised its right to acquire two-thirds of the equity interest in Sky that DIRECTV acquired from Liberty Media. This minority interest acquisition amounted to approximately U.S.$58.7 million (Ps.699,891), and was financed with cash on hand. After this transaction, the Group (i) increased its equity stake in Sky from 52.7% to 58.7%, and DIRECTV became the owner of the remaining 41.3%; and (ii) recognized the excess of the purchase price over the carrying value of this minority interest as a capital distribution made to DIRECTV in the amount of Ps.711,311.

In March 2006, the Group acquired a 50% interest in Televisión Internacional, S.A. de C.V. ("TVI"), a cable television company with a license to operate in the city of Monterrey and surrounding areas, which expires in 2026, in the amount of Ps.798,304, which was substantially paid in cash. In conjunction with this transaction, the Group (i) provided TVI with a short-term financing at the acquisition date in the principal nominal amount of Ps.240,589, with an annual interest rate equal to the Mexican inter-bank rate plus 150 basis points, and maturity in March 2007; and (ii) paid a first purchase price adjustment in the second quarter of 2006, in the amount of Ps.19,287. Also, during the first half of 2007, the Group (i) paid a second purchase price adjustment in the amount of Ps.19,155; (ii) recognized a final third purchase price adjustment paid in 2008, subject to certain conditions, in the amount of Ps.19,447; and (iii) capitalized all of the amounts receivable from TVI in the aggregate amount of Ps.269,028, in connection with the short-term financing provided at the acquisition date. In the third quarter of 2007, the Group completed a final valuation of this acquisition and recognized a related goodwill in the amount of Ps.405,264. This transaction was approved by the Mexican regulatory authorities in 2007 (see Notes 5 and 7).

Beginning in the third quarter of 2006, the Group announced its intention to have its investment in shares and warrants of Univision common stock cashed out in connection with the merger contemplated by a related agreement entered into by Univision and an acquiring investor group. Accordingly, the Group (i) classified its investment in shares of Univision common stock as a current available-for-sale financial asset; (ii) discontinued the recognition of any equity method result related to this investment; (iii) recorded this financial asset at fair value, with unrealized gains and losses included in the Group's consolidated stockholders' equity as accumulated other comprehensive income or loss; and (iv) this financial asset was hedged by the Group's outstanding Senior Notes due 2011, 2025 and 2032, in the aggregate amount of approximately U.S.$971.9 million. As of December 31, 2006, the Group owned 16,594,500 shares Class "A" and 13,593,034 shares Class "T" of common stock of Univision, as well as warrants to acquire 6,374,864 shares Class "A" and 2,727,136 shares Class "T" of common stock of Univision, most of which had an exercise price of U.S.$38.261 per share and expired in December 2017. Most of the warrants to acquire shares of Univision common stock did not have a carrying value at December 31, 2006, since the exercise price was greater than the tender offer price. The proposed merger was concluded by Univision on March 29, 2007, and the 30,187,534 shares of Univision common stock owned by the Group were converted, like all shares of Univision common stock, into cash at U.S.$36.25 per share. Also, under the terms of the merger agreement, all of the Group's warrants to acquire shares of Univision common stock were cancelled. The aggregate cash amount received by the Group in connection with the closing of this merger was of approximately U.S.$1,094.4 million (Ps.12,385,515). As a result of this disposition, the Group recognized in consolidated income for the year ended December 31, 2007, a non-cash loss of Ps.669,473 (see Notes 1 (c), 11, 16 and 17).

In November 2006, the Group invested U.S.$258 million (Ps.2,943,986) in convertible debentures of Alvafig, S.A. de C.V. ("Alvafig"), which holds 49% of the voting equity of Cablemás, the second largest cable operator in Mexico operating in 48 cities. These debentures matured in 2011, and were secured by substantially all of the outstanding shares of common stock of Alvafig. Annual interest on these debentures was 8% in the first year and 10% in the remaining four years, and was payable on an annual basis. The conversion of these debentures into equity of Alvafig was subject to approval by the Mexican regulatory authorities and the compliance with certain regulatory requirements. In February 2008, the Group made an additional investment of U.S.$100 million (Ps.1,082,560) in convertible debentures of Alvafig, which proceeds were used by this entity to increase its interest in the outstanding equity of Cablemás to approximately 54.6%, and retained a 49% of the voting equity of Cablemás. In May 2008, the Mexican regulatory authorities announced that the Group complied with all of the required regulatory conditions and authorized the conversion of debentures into 99.99% of the capital stock of Alvafig. Following this conversion, Alvafig ceased to be a variable interest entity where the Group was the primary beneficiary of the investment in this entity, and became an indirect subsidiary of the Company. Beginning in June 2008, Alvafig has a controlling interest in Cablemás and the Group began consolidating the assets, liabilities and results of operations of Cablemás in its consolidated financial statements. Through May 31, 2008, the Group's investment in Cablemás was accounted for by using the equity method. In Februay 2009, the Group made an additional capital contribution in Cablemás for an amount of Ps.557,200, and increased its interest in this subsidiary from 54.5% to 58.3% (see Notes 1 (b) and 5).

In August 2007, the Group acquired substantially all of the outstanding shares of capital stock of Editorial Atlántida, S.A. ("Atlántida"), a leading magazine publishing company in Argentina, in the aggregate amount of approximately U.S.$78.8 million (Ps.885,377), which was paid in cash. The Group completed a purchase price allocation of this transaction and recognized a related goodwill in the amount of Ps.665,960 (see Note 7).

In August 2007, the Group announced an agreement signed by Cablestar, S.A. de C.V. ("Cablestar"), an indirect subsidiary of the Company and Empresas Cablevisión, to acquire the majority of the assets of Bestel, S.A. de C.V. ("Bestel"), a Mexican facilities-based telecommunications company engaged in providing data and long-distance services solutions to carriers and other telecommunications service providers through a fiber-optic network of approximately 8,000 kilometers that covers the most important cities and economic regions of Mexico and crosses directly into the United States in the cities of San Antonio, Texas and San Diego, California. In December 2007, after obtaining the approval from the Mexican regulatory authorities, Cablestar completed this transaction by acquiring, at an aggregate purchase price of U.S.$256 million (Ps.2,772,352), all of the outstanding equity of Letseb, S.A. de C.V. ("Letseb") and Bestel USA, Inc. ("Bestel USA"), the companies that owned the majority of assets of Bestel. In connection with this acquisition: (i) Cablestar made an additional capital contribution to Letseb in the amount of U.S.$69 million (Ps.747,236), which was used by Letseb to pay certain pre-acquisition liabilities; (ii) the Company granted a guarantee to a third-party creditor for any amounts payable in connection with a Letseb's long-term liability in the amount of U.S.$80 million; (iii) Empresas Cablevisión issued long-term debt to finance this acquisition in the amount of U.S.$225 million (Ps.2,457,495); (iv) Cablemás and TVI made capital contributions for an aggregate amount of U.S.$100 million related to their aggregate 30.8% minority interest in Cablestar; and (v) Cablestar recognized an excess purchase price that was preliminary allocated to goodwill in the amount of Ps.1,552,054 as of December 31, 2007. In April 2008, the parties agreed a purchase price adjustment in accordance with the terms of the related acquisition agreement, and accordingly, the Group made an additional payment in the aggregate amount of U.S$18.7 million (Ps.199,216). In December 2008, the Group completed a final valuation and purchase price allocation of these transactions and recognized Ps.728,884 of concessions, Ps.11,199 of trademarks, Ps.281,000 of a subscriber list, a write-down of Ps.221,999 relating to technical equipment, and a related goodwill in the amount of Ps.818,317, net of an impairment adjustment of Ps.132,500 as of December 31, 2008 (see Notes 7, 8 and 17).

3. Trade Notes and Accounts Receivable, Net

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

	2007	2008
Non-interest bearing notes received from customers as deposits and advances	Ps. 14,753,180	Ps. 14,383,384
Accounts receivable, including value-added tax receivables related to advertising services	3,507,639	4,838,999
Allowance for doubtful accounts	(966,145)	(1,022,503)
	Ps. 17,294,674	Ps. 18,199,880

4. Transmission Rights and Programming

At December 31, transmission rights and programming consisted of:

	2007	2008
Transmission rights	Ps. 5,439,918	Ps. 5,764,887
Programming	2,967,511	3,903,322
	8,407,429	9,668,209
Non-current portion of:		
Transmission rights	3,626,320	4,069,777
Programming	1,626,428	2,254,984
	5,252,748	6,324,761
Current portion of transmission rights and programming	Ps. 3,154,681	Ps. 3,343,448

5. Investments

At December 31, the Group had the following investments:

	2007	2008	Ownership% as of December 31, 2008
Accounted for by the equity method:			
Cablemás, including goodwill of Ps.1,870,393 (see Note 2)	Ps. 3,208,265	Ps. –	–
Gestora de Inversiones Audiovisuales La Sexta, S.A. ("La Sexta") [a]	1,238,576	1,296,950	40%
Ocesa Entretenimiento, S.A. de C.V. ("OCEN") [b]	448,158	457,598	40%
Concesionaria Vuela Compañía de Aviación, S.A. de C.V. ("Volaris") [c]	202,949	80,381	25%
TVI (see Note 2)	324,508	367,856	50%
Other	132,758	96,192	
	5,555,214	2,298,977	
Other investments:			
Held-to-maturity debt securities (see Note 1 (g)) [d]	2,525,204	809,115	
Other	35,166	240,518	
	2,560,370	1,049,633	
	Ps. 8,115,584	Ps. 3,348,610	

[a] La Sexta is a free-to-air television channel in Spain, which started operations in March 2006. During 2006, 2007 and 2008, the Group made additional capital contributions related to its 40% interest in La Sexta in the amount of approximately €104.6 million euros (Ps.1,535,176), €65.9 million euros (Ps.1,004,697) and €44.4 million euros (Ps.740,495), respectively. During 2007, a third party acquired a 20% stake in Imagina Media Audiovisual, S.A. ("Imagina"), the parent company of the companies that hold a majority equity interest in La Sexta. As a result of this acquisition, Imagina paid the Company €29 million euros (Ps.462,083) as a termination fee for the cancellation of a call option to subscribe at a price of €80 million euros, a certain percentage of the capital stock of Imagina (see Notes 11 and 17).

[b] OCEN is a majority-owned subsidiary of Corporación Interamericana de Entretenimiento, S.A. de C.V. ("CIE"), and is engaged in the live entertainment business in Mexico. In 2006, 2007 and in the third quarter of 2008, OCEN paid dividends to the Group in the aggregate amount of Ps.106,429, Ps.94,382 and Ps.56,000, respectively (see Note 16).

[c] Volaris is a low-cost carrier airline with a concession to operate in Mexico. In 2006, 2008 and January 2009, the Group made additional capital contributions related to its 25% interest in Volaris in the amount of U.S.$7.5 million (Ps.87,408), U.S.$12 million (Ps.125,856), and U.S.$5 million (Ps.69,000), respectively.

[d] Held-to-maturity securities represent structured notes and corporate fixed income securities with long-term maturities. These investments are stated at amortized cost. During the year ended December 31, 2008, the Group recognized a write-down of Ps.405,111 on a held-to-maturity debt security reducing the carrying amount of this security to zero. As of December 31, 2008, the aggregate carrying value of held-to-maturity securities, exceeded the fair value of such securities by Ps.53,118. This variance was due to overall increases in market interest rates subsequent to purchase; therefore, the Group has not recognized any impairment losses for these securities (see Note 9).

The Group recognized equity in comprehensive income (loss) of affiliates for the years ended December 31, 2006, 2007 and 2008, as follows:

	2006	2007	2008
Equity in losses of affiliates, net	Ps. (624,843)	Ps. (749,299)	Ps. (1,049,934)
Equity in other comprehensive income (loss) of affiliates:			
Foreign currency translation adjustments, net	578,481	171,297	244,122
Result from holding non-monetary assets, net	(7,161)	2,151	–
Gain (loss) on equity accounts, net	57,930	5,382	(58,109)
	Ps. 4,407	Ps. (570,469)	Ps. (863,921)

6. Property, Plant and Equipment, Net

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

	2007	2008
Buildings	Ps. 9,178,003	Ps. 9,364,648
Buildings improvements	1,715,965	1,813,972
Technical equipment [1]	26,330,386	34,293,372
Satellite transponders	1,789,890	1,789,890
Furniture and fixtures	672,426	849,074
Transportation equipment	1,411,444	1,657,389
Computer equipment	2,162,639	2,480,803
Leasehold improvements	821,257	1,168,194
	44,082,010	53,417,342
Accumulated depreciation	(22,888,858)	(28,551,534)
	21,193,152	24,865,808
Land	4,232,721	4,867,621
Construction in progress	428,052	1,064,969
	Ps. 25,853,925	Ps. 30,798,398

[1] In 2008 includes technical equipment in connection with the consolidation of Cablemás beginning on June 1, 2008 (see Note 2).

Depreciation charged to income in 2006, 2007 and 2008 was Ps.2,438,234, Ps.2,793,310 and Ps.3,867,182, respectively.

Satellite transponders are recorded as an asset equal to the net present value of committed payments under a 15-year service agreement entered into with Intelsat Corporation ("Intelsat", formerly PanAmSat Corporation) for 12 KU-band transponders on Intelsat's satellite IS-9 (see Note 8). As of December 31, 2007 and 2008, satellite transponders, net of accumulated depreciation, amounted to Ps.914,832 and Ps.795,506, respectively.

7. Intangible Assets and Deferred Charges, Net

The balances of intangible assets and deferred charges as of December 31, were as follows (see Note 1(i)):

	2007			2008		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Intangible assets with indefinite lives:						
Goodwill			Ps. 3,978,277			Ps. 6,288,658
Publishing and TVI trademarks			806,278			785,468
Television network concession			650,603			650,603
TVI concession			262,925			262,925
Telecom concession [1]			29,113			783,290
Sky concession			–			96,042
Intangible assets with finite lives and deferred charges:						
Licenses and software	Ps. 1,026,841	Ps. (632,998)	393,843	Ps. 1,456,410	Ps. (822,708)	633,702
Subscriber lists [1]	802,440	(474,520)	327,920	1,206,278	(687,103)	519,175
Other intangible assets	294,035	(157,214)	136,821	622,680	(97,752)	524,928
Deferred financing costs (see Note 8)	1,107,744	(277,451)	830,293	1,213,559	(324,567)	888,992
	Ps. 3,231,060	Ps. (1,542,183)	Ps. 7,416,073	Ps. 4,498,927	Ps. (1,932,130)	Ps. 11,433,783

(1) See Note 2.

Amortization of intangible assets with finite lives (other than goodwill) and deferred financing costs charged to income in 2006, 2007 and 2008, was Ps.424,958, Ps.478,063 and Ps.503,560, respectively, of which Ps.49,849, Ps.48,303 and Ps.58,724 in 2006, 2007 and 2008, respectively, were recorded as interest expense (see Note 18) and Ps.33,571 and Ps.903 in 2006 and 2008, respectively, were recorded as other expense in connection with the extinguishment of long-term debt (see Note 17).

The changes in the net carrying amount of goodwill and trademarks for the year ended December 31, 2008, were as follows:

	Balance as of December 31, 2007	Acquisitions	Foreign Currency Translation Adjustments	Adjustments/ Reclassifications	Impairment Adjustments (see Note 17)	Balance as of December 31, 2008
Goodwill:						
Television Broadcasting	Ps. 909,826	Ps. –	Ps. –	Ps. –	Ps. (427,095)	Ps. 482,731
Cable and Telecom	1,552,054	558,812	–	2,281,148	(132,500)	4,259,514
Publishing Distribution	690,109	–	5,824	(2,379)	–	693,554
Other Businesses	39,406	–	–	–	–	39,406
Equity-method investees (see Note 5)	786,882	–	–	26,571	–	813,453
	Ps. 3,978,277	Ps. 558,812	Ps. 5,824	Ps. 2,305,340	Ps. (559,595)	Ps. 6,288,658
Trademarks (see Note 2):						
Publishing	Ps. 695,066	Ps. –	Ps. 15,612	Ps. 2,379	Ps. (50,000)	Ps. 663,057
Telecom	21,860	11,199	–	–	–	33,059
TVI	89,352	–	–	–	–	89,352
	Ps. 806,278	Ps. 11,199	Ps. 15,612	Ps. 2,379	Ps. (50,000)	Ps. 785,468

8. Long-term Debt and Satellite Transponder Lease Obligation

Long-term debt and satellite transponder lease obligation outstanding as of December 31, were as follows:

	2007	2008
U.S. dollar debt:		
8% Senior Notes due 2011 (1)	Ps. 785,863	Ps. 995,802
6% Senior Notes due 2018 (1)	–	6,920,000
6.625% Senior Notes due 2025 (1)	6,553,320	8,304,000
8.50% Senior Notes due 2032 (1)	3,276,660	4,152,000
9.375% Senior Notes due 2013 (Sky) (2)	122,886	–
9.375% Senior Guaranteed Notes due 2015 (Cablemás) (3)	–	2,417,848
Bank loan facility (Empresas Cablevisión) (4)	2,457,495	3,114,000
Bank loan facility (Cablemás) (4)	–	692,000
Other (5)	906,808	1,154,200
Mexican peso debt:		
8.49% Senior Notes due 2037 (1)	4,500,000	4,500,000
Bank loans (6)	7,142,460	6,662,460
Other currency debt	50,321	50,754
Total long-term debt	25,795,813	38,963,064
Less: Current portion	488,650	2,283,175
Long-term debt, net of current portion	Ps. 25,307,163	Ps. 36,679,889
Satellite transponder lease obligation (7)	Ps. 1,132,830	Ps. 1,311,663
Less: Current portion	97,696	138,806
Satellite transponder lease obligation, net of current portion	Ps. 1,035,134	Ps. 1,172,857

(1) These Senior Notes due 2011, 2018, 2025, 2032 and 2037, in the outstanding principal amount of U.S.$72 million, U.S.$500 million, U.S.$600 million, U.S.$300 million and Ps.4,500,000, respectively, 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. Interest on the Senior Notes due 2011, 2018, 2025, 2032 and 2037, including additional amounts payable in respect of certain Mexican withholding taxes, is 8.41%, 6.31%, 6.97%, 8.94% and 8.93% per annum, respectively, and is payable semi-annually. 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. Also, the Company may, at its own option, redeem the Senior Notes due 2018, 2025 and 2037, in whole or in part, at any time at a redemption price equal to the greater of the principal amount of these Senior Notes or the present value of future cash flows, at the redemption date, of principal and interest amounts of the Senior Notes discounted at a fixed rate of comparable U.S. or Mexican sovereign bonds. The Senior Notes due 2011, 2018 and 2032 were priced at 98.793%, 99.280% and 99.431%, respectively, for a yield to maturity of 8.179%, 6.097% and 8.553%, respectively. The Senior Notes due 2025 were issued in two aggregate principal amounts of U.S.$400 million and U.S.$200 million, and were priced at 98.081% and 98.632%, respectively, for a yield to maturity of 6.802% and 6.787%, respectively. The agreement of these Senior Notes contains covenants that limit the ability of the Company and certain restricted subsidiaries engaged in Television Broadcasting, Pay Television Networks and Programming Exports, 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 (the "SEC").

(2) In September 2008, Sky prepaid all of the outstanding Senior Notes due 2013, in the principal amount of U.S.$11.3 million. The total aggregate amount paid by Sky in connection with this prepayment was U.S.$12.6 million, including related accrued interest and a premium of 4.6875%.

(3) These U.S.$174.7 million Senior Guaranteed Notes are unsecured obligations of Cablemás and its restricted subsidiaries and are guaranteed by such restricted subsidiaries, rank equally in right of payment with all existing and future unsecured and unsubordinated indebtedness of Cablemás and its restricted subsidiaries, and are junior in right of payment to all of the existing and future secured indebtedness of Cablemás and its restricted subsidiaries to the extent of the value of the assets securing such indebtedness, interest on these Senior Notes, including additional amounts payable in respect of certain Mexican withholding taxes, is 9.858%, and is payable semi-annually. Cablemás may redeem these Senior Notes, in whole or in part, at any time up before November 15, 2010, at redemption prices plus accrued and unpaid interest. The agreement of these Senior Notes contains covenants relating to Cablemás and its restricted subsidiaries, including covenants with respect to limitations on indebtedness, payments, dividends, investments, sale of assets, and certain mergers and consolidations. In July 2008, Cablemás prepaid a portion of these Senior Notes in the principal amount of U.S.$0.3 million in connection with a tender offer to purchase these Senior Notes at a purchase price of 101% plus related accrued and unpaid interest.

(4) In December 2007, Empresas Cablevisión and Cablemás entered into a 5-year term loan facilities with a U.S. bank in the aggregate principal amount of U.S.$225 million and U.S.$50 million, respectively, in connection with the financing for the acquisition of Letseb and Bestel USA (see Note 2). These loans are intended to be syndicated during the life of the facilities. Annual interest on these loan facilities is payable on a quarterly basis at LIBOR plus an applicable margin that may range from 0.475% to 0.800% depending on a leverage ratio. At December 31, 2008, the applicable leverage ratio for Empresas Cablevisión and Cablemás was 0.525% and 0.600%, respectively. Under the terms of the loan facilities, Empresas Cablevisión and its subsidiaries and Cablemás and its subsidiaries are required to (a) maintain certain financial coverage ratios related to indebtedness and interest expense, and (b) comply with certain restrictive covenants, primarily on debt, liens, investments and acquisitions, capital expenditures, asset sales, consolidations, mergers and similar transactions.

(5) Includes Ps.873,776 in 2007 and Ps.1,107,200 in 2008 in connection with a non-interest promissory note in the principal amount of U.S.$80 million with a maturity in August 2009, which amount was originally recognized by the Group, and guaranteed by the Company, as a long-term liability in connection with the acquisition of Letseb and Bestel USA in December 2007 (see Note 2). In 2008, this liability was replaced under similar terms by a U.S.$80 million non-interest

promissory note payable to a foreign financial institution. In March 2009, the Company entered into a purchase agreement with the holder of the promissory note, and acquired such note in the amount of U.S.$78.6 million. This line also includes in 2007 and 2008, outstanding balances of notes payable to banks with maturities between 2009 and 2010, bearing annual interest rates of 1.25 and 1.50 points above LIBOR.

(6) Includes in 2007 and 2008, outstanding balances of long-term loans in the principal amount of Ps.3,642,460 and, Ps.3,162,460, respectively, in connection with certain credit agreements entered into by the Company with a Mexican bank, with various maturities from 2009 through 2012. Interest on these loans is, in a range of 8.925% to 10.350% per annum, and is payable on a monthly basis. Under the terms of these credit agreements, the Company and certain restricted subsidiaries engaged in television broadcasting, pay television networks and programming exports are required to maintain (a) certain financial coverage ratios related to indebtedness and interest expense; and (b) certain restrictive covenants on indebtedness, dividend payments, issuance and sale of capital stock, and liens. The balance in 2007 and 2008 also includes two 10-year loans entered into by Sky with Mexican banks in the aggregate principal amount of Ps.3,500,000. This 10-year Sky indebtedness is guaranteed by the Company and includes a Ps.2,100,000 loan with an annual interest rate of 8.74% and a Ps.1,400,000 loan with an annual interest rate of 8.98% for the first three years ending in March and April 2009, respectively, and the Mexican interbank interest rate of "TIIE" plus 24 basis points for the remaining seven years. Interest on these two 10-year loans is payable on a monthly basis.

(7) Sky is committed to pay a monthly fee of U.S.$1.7 million under a capital lease agreement entered into with Intelsat Corporation (formerly PanAmSat Corporation) in February 1999 for satellite signal reception and retransmission service from 12 KU-band transponders on satellite IS-9, which became operational in September 2000. The service term for IS-9 will end at the earlier of (a) the end of 15 years or (b) the date IS-9 is taken out of service. The obligations of Sky under the IS-9 agreement are proportionately guaranteed by the Company and the other Sky equity owners in relation to their respective ownership interests (see Notes 6 and 11).

Maturities of Debt and Satellite Transponder Lease Obligation

Debt maturities for the years subsequent to December 31, 2008, are as follows:

2009	Ps. 2,283,175
2010	1,046,368
2011	997,478
2012	4,807,834
2013	2,725
Thereafter	29,825,484
	Ps. 38,963,064

Future minimum payments under satellite transponder lease obligation for the years subsequent to December 31, 2008, are as follows:

2009	Ps. 282,336
2010	282,336
2011	282,336
2012	282,336
2013	282,336
Thereafter	471,835
	1,883,515
Less: amount representing interest	571,852
	Ps. 1,311,663

9. Financial Instruments

The Group's financial instruments recorded on the balance sheet include cash and cash equivalents, temporary investments, accounts and notes receivable, debt securities classified as held-to-maturity investments, accounts payable, debt and derivative financial instruments. For cash and cash equivalents, temporary investments, accounts receivable, accounts 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 are based on quoted market prices.

The fair value of the long-term loans that the Group borrowed from leading Mexican banks (see Note 8) was estimated using the borrowing rates currently available to the Group for bank loans with similar terms and average maturities. The fair value of held-to-maturity securities, and currency option, interest rate swap and share put option agreements was based on quotes obtained from financial institutions.

The carrying and estimated fair values of the Group's non-derivative financial instruments at December 31, were as follows:

	2007		2008	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets:				
Temporary investments	Ps. 1,825,355	Ps. 1,825,355	Ps. 6,798,271	Ps. 6,798,271
Held-to-maturity securities (see Note 5)	2,525,204	2,525,204	809,115	755,997
Liabilities:				
Senior Notes due 2011, 2018, 2025 and 2032	Ps. 10,615,843	Ps. 11,654,879	Ps.20,371,802	Ps. 17,713,899
Senior Notes due 2037	4,500,000	4,280,581	4,500,000	4,129,740
Senior Guaranteed Notes due 2015 (Cablemás)	–	–	2,417,848	2,070,282
Other long-term debt securities	122,886	132,717	–	–
Long-term notes payable to Mexican banks	7,142,460	7,403,793	6,662,460	6,846,264
Bank loan facility (Empresas Cablevisión)	2,457,495	2,456,471	3,114,000	2,658,286
Bank loan facility (Cablemás)	–	–	692,000	593,439

The notional amounts, carrying values (based on estimated fair values), and maturity dates of the Group's derivative financial instruments at December 31, were as follows:

	2007			2008		
Derivative Financial Instruments:	Notional Amount (Thousands)	Carrying Value	Maturity Date	Notional Amount (Thousands)	Carrying Value	Maturity Date
Assets:						
Hedge and trading derivatives:						
Sky´s interest rate swaps [a]	U.S.$11,250/ Ps.123,047 and Ps.1,400,000	Ps. 36,040	September 2008 and April 2016	Ps.1,400,000	Ps. 3,472	April 2016
Sky´s foreign currency forward [b]	U.S.$15,000 / Ps.162,293	999	March 2008	–	–	–
Cablemás forward and cross-currency swaps [c]	–	–	–	U.S.$175,000/ Ps.1,880,375 and U.S.$175,000/ Ps.1,914,850	1,464,295	November 2015
Cross-currency interest rate swaps [d]	–	–	–	U.S.$889,736/ Ps.9,897,573	78,904	March 2009 and March 2010
Credit default swaps [e]	–	–	–	U.S.$24,500	7,913	October and December 2009
Cash Flow Hedges:						
Empresas Cablevisión´s cross-currency swaps [f]	U.S.$225,000/ Ps.2,435,040	19,397	December 2012	U.S.$225,000/ Ps.2,435,040	668,945	December 2012
Cablemás cross-currency swap [g]	–	–	–	U.S.$50,000/ Ps.541,275	139,619	December 2012
		Ps. 56,436 [1]			Ps.2,363,148 [1]	
Liabilities:						
Hedge and trading derivatives:						
Interest rate treasury lock [h]	U.S.$150,000	Ps. 77,595	May 2008	–	Ps. –	–
Cablemás forward and swaption [c]	–	–	–	U.S.$175,000 Ps.1,914,850	600,819	November 2015
Cross-currency interest rate swaps [d]	U.S.$889,736/ Ps.9,897,573 and U.S.$890,000/ Ps.9,900,748	197,891	March 2009 and March 2010	U.S.$690,000/ Ps.7,735,198	3,831	March 2010
		Ps.275,486 [2]			Ps. 604,650	

[1] Includes short-term derivative financial instruments of Ps.2,909 and Ps.46,588 in 2007 and 2008, respectively, which were included in other accounts and notes receivables, net in the consolidated balance sheets.

[2] Includes short-term derivative financial instruments of Ps.191,073 in 2007, which were included in other accrued liabilities in the consolidated balance sheet.

[(a)] In February 2004, Sky entered into coupon swap agreements to hedge U.S.$.300.0 million of its U.S. dollar foreign exchange exposure related to its Senior Notes due 2013. Under these transactions, Sky received semi-annual payments calculated based on the aggregate notional amount of U.S.$11.3 million at an annual rate of 9.375%, and Sky made monthly payments calculated based on an aggregate notional amount of Ps.123,047 at an annual rate of 10.25%. These transactions were terminated in September 2008. Sky recorded the change in fair value of these transactions in the integral cost of financing (foreign exchange loss). In December 2006, Sky entered into a derivative transaction agreement from April 2009 through April 2016 to hedge the variable interest rate exposure resulting from a Mexican peso loan of a total principal amount of Ps.1,400,000 million. Under this transaction, Sky receives 28-day payments based on an aggregate notional amount of Ps.1,400,000 at an annual variable rate of TIIE+24 basis points and makes 28-day payments based on the same notional amount at an annual fixed rate of 8.415%. Sky recorded the change in fair value of this transaction in the integral cost of financing (interest expense).

[(b)] As of December 31, 2007, Sky had foreign currency forward contracts to cover a portion of its foreign currency cash flow requirements for an aggregate amount of U.S.$15.0 million to receive U.S. dollars in exchange of Mexican pesos, in 2008 at an average exchange rate of Ps.10.89 per U.S.$1.00 dollar. This transaction was terminated in March 2008. Sky recorded the change in fair value of these transactions in the integral cost of financing (foreign exchange gain or loss).

[(c)] In 2005, 2006 and 2007, Cablemás entered into a forward, interest-only cross-currency swaps and swaption agreements, as amended, with a U.S. financial institution to hedge U.S.$175.0 million of its U.S. dollar foreign exchange and interest rate exposure related to its Senior Guaranteed Notes due 2015. Under these transactions, (i) in 2015, Cablemás will receive and make payments in the aggregate notional amounts of U.S.$175.0 million and Ps.1,880,375, respectively; (ii) Cablemás makes semi-annual payments calculated based on a notional amount of U.S.$175.0 million at an annual rate of 2.88%; (iii) Cablemás receives semi-annual payments calculated based on the aggregate notional amount of U.S.$175.0 million at an annual rate of 9.375%, and Cablemás makes monthly payments calculated based on an aggregate notional amount of Ps.1,914,850 at an annual rate of 9.07% through December 2010 if the option of a related swaption agreement is exercised by the counterparty, and through 2015 if such option is not exercised; and (iv) if the counterparty exercises an option under a related swaption agreement, Cablemás would receive monthly payments based on the aggregate notional amount of Ps.1,914,850 at an annual rate of 7.57%, and Cablemás would make monthly payments calculated based on the same notional amount at an annual interest rate of a 28-day TIIE (Mexican Interbank Interest Rate). Cablemás recorded the change in fair value of these transactions in the integral cost of financing (foreign exchange gain or loss).

[(d)] In order to reduce the adverse effects of exchange rates on the Senior Notes due 2011, 2025 and 2032, during 2004 and 2005, the Company entered into interest rate swap agreements with various financial institutions that allow the Company to hedge against Mexican peso depreciation on interest payments for a period of five years. Under these transactions, the Company receives semi-annual payments based on the aggregate notional amount U.S.$889.7 million as of December 31, 2007 and 2008, at an average annual rate of 7.37%, and the Company makes semi-annual payments based on an aggregate notional amount of approximately Ps.9,897,573 as of December 31, 2007 and 2008, at an average annual rate of 8.28%, without an exchange of the notional amount upon which the payments are based. In the years ended December 31, 2006, 2007 and 2008, the Company recorded a loss (gain) of Ps.91,550, Ps.(1,440) and Ps.(96,878), respectively, in the integral cost of financing (foreign exchange loss) derived of the change in fair value of these transactions. In November 2005, the Group entered into option contracts that allow the counterparty to extend the maturity of the swap agreements for one additional year on the notional amount of U.S.$890 million. In January 2008, the Group terminated part of these option contracts early for a notional amount of U.S.$200 million, with no significant additional gain or loss. In March 2009, the Group terminated the remaining option contracts early for a notional amount of U.S.$690 million, with no significant additional gain or loss.

[(e)] The Group entered into credit default swap agreements to hedge the unfavorable effect of credit risk associated with certain long-term investments with a maturity in October 2011 and January 2012 for a notional amount of U.S.$20.0 million and U.S.$4.5 million, respectively. These agreements expire in the fourth quarter of 2009.

[(f)] In December 2007, in connection with the issuance of its U.S.$225 million long-term debt, Empresas Cablevisión entered into cross-currency swaps agreement to hedge interest rate risk and foreign currency exchange risk on such long-term debt. Under this agreement, Empresas Cablevisión receives variable rate coupon payments in U.S. dollars at an annual interest rate of LIBOR to 90 days plus 42.5 basis points, and principal amount payments in U.S. dollars, in exchange of fixed rate coupon payments in Mexican pesos at an annual interest rate of 8.3650%, and principal amount payments in Mexican pesos. At the final exchange, Empresas Cablevisión will receive a principal amount of U.S.$225 million, in exchange of Ps.2,435,040. At December 31, 2008, this derivative contract qualified as a cash flow hedge, and therefore, the Group has recorded the change in fair value as a gain of Ps.649,548, together with an unrealized foreign exchange loss of Ps.656,505, related to the long-term debt, in consolidated stockholders' equity as accumulated other comprehensive income or loss.

[(g)] In December 2007, in connection with the issuance of its U.S.$50 million long-term debt, Cablemás entered into cross-currency swaps agreement to hedge interest rate risk and foreign currency exchange risk on such long-term debt. Under this agreement, Cablemás receives variable rate coupon payments in U.S. dollars at an annual interest rate of libor to 90 days plus 52.5 basis points, and principal amount payments in U.S. dollars, in exchange of fixed rate coupon payments in Mexican pesos at an annual interest rate of 8.51%, and principal amount payments in Mexican pesos. At the final exchange, Cablemás will receive a principal amount of U.S.$50 million, in exchange of Ps.541,275. At December 31, 2008, this derivative contract qualified as a cash flow hedge, and therefore, the Group has recorded the change in fair value as a gain of Ps.169,893, together with an unrealized foreign exchange loss of Ps.173,360, related to the long-term debt, in consolidated stockholders' equity as accumulated other comprehensive income or loss.

[(h)] In 2007, the Company entered into interest rate lock agreements to hedge the risk that the cost of a future issuance of fixed-rate debt may be adversely affected by changes in interest rates. Under these agreements, the Company agreed to pay or receive an amount equal to the difference between the net present value of the cash flows for a notional principal amount of indebtedness based on the existing yield of a U.S. treasury bond at the date when the agreements are established and at the date when the agreements are settled. Interest rate lock agreements are reflected at fair value in the Group's consolidated balance sheet and the related gains or losses on these agreements are recognized in income as integral cost of financing (interest expense). At December 31, 2007, the Company had outstanding interest rate lock agreements for an aggregate U.S.$150.0 million notional principal amount of indebtedness. These transactions were terminated in May 2008.

10. Retirement and Termination Benefits

Certain companies in the Group have collective bargaining contracts which include defined benefit pension plans and other retirement benefits 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.

Retirement and termination benefits 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 used a 4% discount rate and 2% salary scale for 2006, 2007 and 2008. The Group used a 5.4%, 9.3% and 20.4% return on assets rate for 2006, 2007 and 2008, respectively. 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. As of December 31, 2007 and 2008, plan assets were invested in a portfolio that primarily consisted of debt and equity securities, including shares of the Company. Pension and seniority premium benefits are paid when they become due.

The reconciliation between defined benefit obligations and net projected (liability) asset as of December 31, as follows:

	2007 Total	2008 Pensions	2008 Seniority premiums	2008 Severance indemnities	2008 Total
Vested benefit obligations	Ps. 477,429	Ps. 97,211	Ps. 340	Ps. –	Ps. 97,551
Unvested benefit obligations	1,070,380	1,000,900	273,703	470,314	1,744,917
Defined benefit obligations	1,547,809	1,098,111	274,043	470,314	1,842,468
Fair value of plan assets	1,628,730	1,024,239	380,350	–	1,404,589
Status of the plans	80,921	(73,872)	106,307	(470,314)	(437,879)
Unrecognized prior service cost for transition liability	191,348	94,866	60,250	1,004	156,120
Unrecognized prior service cost for plan amendments	(118,274)	132,145	(83,992)	919	49,072
Net actuarial (gain) loss	(468,916)	(134,388)	9,533	5,152	(119,703)
Net projected (liability) asset in the consolidated balance sheet	Ps. (314,921)	Ps. 18,751	Ps. 92,098	Ps. (463,239)	Ps. (352,390)

As of December 31, items to be amortized for retirement and termination benefits are over periods of 4 to 23 years and 3 to 4 years, respectively.

The components of net periodic pension, seniority premium and severance indemnities cost (income) for the year ended December 31, 2006, 2007 and 2008 consist of the following:

	2006	2007	2008
Service cost	Ps. 96,435	Ps. 97,878	Ps. 115,598
Interest cost	52,896	55,804	124,719
Prior service cost	–	–	3,947
Expected return on plan assets	(81,152)	(168,141)	(321,805)
Net amortization and deferral	8,421	(9,280)	83,008
Net cost (income)	Ps. 76,600	Ps. (23,739)	Ps. 5,467

The Group´s defined benefit obligations, plan assets, funded status and balance sheet balances as of December 31, 2007 and 2008 associated with retirement and termination benefits, are presented as follows:

	2007 Total	2008 Pensions	2008 Seniority premiums	2008 Severance indemnities	2008 Total
Defined benefit obligations					
Beginning of year	Ps. 1,474,590	Ps. 872,167	Ps. 261,941	Ps. 413,701	Ps. 1,547,809
Service cost	97,878	53,525	24,436	37,637	115,598
Interest cost	55,804	71,766	20,031	32,922	124,719
Actuarial gain	(52,934)	(67,573)	(19,401)	(66,947)	(153,921)
Transition liability	–	140,197	2,384	–	142,581
Benefit paid	(27,529)	(12,560)	(20,080)	(10,910)	(43,550)
Acquisition of companies	–	40,589	4,732	63,911	109,232
End of year	1,547,809	1,098,111	274,043	470,314	1,842,468
Fair value of plan assets					
Beginning of year	1,802,958	1,153,205	475,525	–	1,628,730
Actuarial return on plan assets	168,141	222,409	99,396	–	321,805
Actuarial loss	(308,920)	(345,492)	(171,321)	–	(516,813)
Contributions	–	5,984	2,362	–	8,346
Benefits paid	(33,449)	(11,867)	(25,612)	–	(37,479)
End of year	1,628,730	1,024,239	380,350	–	1,404,589
Under (over) funded status of the plans	Ps. 80,921	Ps. (73,872)	Ps. 106,307	Ps. (470,314)	Ps. (437,879)

The weighted average asset allocation by asset category as of December 31 was as follows:

	2007	2008
Equity securities [1]	68.8%	62.6%
Fixed rate instruments	31.2%	37.4%
Total	100.0%	100.0%

[1] Included within plan assets at December 31, 2007 and 2008 are shares of the Group held by the trust with a fair value of Ps.1,121,446 and Ps.879,029, respectively.

The changes en the net projected liability (asset) as December 31, as follows:

	2007				2008
	Total	Pensions	Seniority premiums	Severance indemnities	Total
Beginning net projected liability (asset)	Ps. 346,300	Ps. 59,019	Ps. (183,481)	Ps. 439,383	Ps. 314,921
Net periodic (income) cost	(23,739)	(93,494)	86,254	12,707	5,467
Net actuarial gain	(13,560)	(280)	(1,155)	(39,780)	(41,215)
Contributions	–	(5,984)	(2,362)	–	(8,346)
Benefits paid	5,920	(693)	5,532	(10,910)	(6,071)
Acquisition of companies	–	22,681	3,114	61,839	87,634
End net projected liability (asset)	Ps. 314,921	Ps. (18,751)	Ps. (92,098)	Ps. 463,239	Ps. 352,390

The retirement and termination benefits at December 31, and actuarial adjustments for the year ended December 31, are summarized as follows:

	2004	2005	2006	2007	2008
Pensions					
Defined benefit obligations	Ps. 699,847	Ps. 769,913	Ps. 834,123	Ps. 872,167	Ps. 1,098,111
Plan assets	851,448	1,053,033	1,254,603	1,153,205	1,024,239
Status of the plans	151,601	283,120	420,480	281,038	(73,872)
Actuarial adjustments [(1)]	(367,843)	(510,763)	(644,624)	(435,665)	(134,388)
Seniority Premiums					
Defined benefit obligations	Ps. 266,197	Ps. 271,299	Ps. 270,088	Ps. 261,941	Ps. 274,043
Plan assets	395,212	486,482	548,355	475,525	380,350
Status of the plans	129,015	215,183	278,267	213,584	106,307
Actuarial adjustments [(1)]	78,540	(9,027)	(92,444)	(7,569)	9,533
Severance Indemnities					
Defined benefit obligations	Ps. –	Ps. 314,215	Ps. 370,379	Ps. 413,701	Ps. 470,314
Plan assets	–	–	–	–	–
Status of the plans	–	(314,215)	(370,379)	(413,701)	(470,314)
Actuarial adjustments [(1)]	–	–	14,129	(25,682)	5,152

(1) On defined benefit obligations and plan assets.

11. Commitments and Contingencies

At December 31, 2008, the Group had commitments in an aggregate amount of Ps.259,911, of which Ps.82,869 were commitments related to gaming operations, Ps.22,421 were commitments to acquire television technical equipment, Ps.152,100 were commitments for the acquisition of software and related services, and Ps.2,521 were construction commitments for building improvements and technical facilities.

At December 31, 2008, 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
2009	U.S.$ 11,726
2010	6,658
2011	5,460
2012	4,740
2013 and thereafter	8,986
	U.S.$ 37,570

The Group has guaranteed a 58.7% of Sky minimum commitments for use of satellite transponders over a period ending in 2015. This guarantee is estimated to be an aggregate of approximately U.S.$80.8 million (undiscounted) as of December 31, 2008 (see Notes 2, 8 and 9).

The Company has guaranteed the obligation of Sky for direct loans in an aggregate principal amount of Ps.3,500,000, which are reflected in the December 31, 2008 balance sheet as long-term debt (see Note 8).

The Group leases facilities, primarily for its Gaming business, under operating leases expiring through 2047. As of December 31, 2008, non-cancellable annual lease commitments (undiscounted) are as follows:

2009	Ps. 237,498
2010	205,780
2011	120,223
2012	58,801
2013	17,053
Thereafter	145,722
	Ps. 785,077

At December 31, 2008, the Group had commitments of capital contributions to be made in 2009 and 2010 related to its 40% equity interest in La Sexta in the amount of €37.6 million euros (Ps.727,259) and €14.4 million euros (Ps.278,525), respectively (see Note 5).

In November 2007, Sky and Sky Brasil Servicos Ltda. ("Sky Brasil") reached an agreement with Intelsat Corporation, and an affiliate, to build and launch a new 24-transponder satellite ("IS-16") for which service will be dedicated to Sky and Sky Brasil over the satellite's estimated 15-year service life. The IS-16, which is expected to be launched in the first semester of 2010, will provide back up for both platforms, and will also double Sky's current capacity. The agreement considers the payment related to Sky of a one-time fixed fee in the aggregate amount of U.S.$138.6 million that will be paid in two installments, the first one of U.S.$27.7 million in the first semester of 2010, and the second one of U.S.$110.9 million in the first semester of 2011. The agreement also considers the payment related to Sky of a monthly service fee of U.S.$150 thousand to be paid from the start of service date through September 2015.

In accordance with a tax amnesty provided by the Mexican tax law, the Group made payments in 2008 to the Mexican tax authority in the aggregate amount of Ps.88,109 to settle down (i) a claim made for an alleged asset tax liability for the year 1994; and (ii) assertions made for withheld income taxes in connection with the acquisition of exclusivity rights of certain soccer players from foreign entities between 1999 and 2002. These payments were accrued by the Group as of December 31, 2007 (see Note 17).

Univision

In May 2005, Televisa, S.A. de C.V. ("Televisa"), a subsidiary of the Company, filed a complaint (which was subsequently amended) in the U.S. District Court for the Central District of California (the "Court"), alleging that Univision breached the Program License Agreement (the "PLA"), as amended, between Televisa Internacional, S.A. de C.V. and Univision, as well as the December 19, 2001 letter agreement between Televisa and Univision relating to soccer broadcast rights (the "Soccer Agreement"), among other claims (the "District Court Action"). Univision filed related answers denying all allegations and asserting affirmative defenses, as well as related counterclaims against Televisa and the Company.

During 2006, Televisa and the Company answered the counterclaims, denying them and asserting affirmative defenses based on Univision's alleged breaches of the agreements, including the PLA, the Guaranty and the Soccer Agreement. Televisa also amended its complaint again, adding the Company as a plaintiff. In their amended complaint, Televisa and the Company asked for a declaration by the Court that they had the right to suspend their performance under and to terminate the PLA, the Guaranty and the Soccer Agreement as a result of Univision's alleged material breaches of those agreements. Univision filed amended counterclaims, seeking, among other things, a declaration by the Court that Televisa and the Company did not have the right to terminate or suspend performance of their obligations under the PLA or the Soccer Agreement. Also, in 2006, Televisa filed a separate lawsuit in the Los Angeles Superior Court, State of California seeking a judicial determination that on or after December 19, 2006, Televisa may transmit or permit others to transmit any television programming into the United States from Mexico by means of the Internet. That lawsuit was stayed based on the agreement of the parties to do so (the "Televisa Internet Claim"). In October 2006, Univision added a new counterclaim in the District Court Action for a judicial declaration that on or after December 19, 2006, Televisa may not transmit or permit others to transmit any television programming into the United States by means of the Internet (the "Univision Internet Counterclaim" and jointly with the Televisa Internet Claim, the "Internet Claim").

During 2006 and 2007, in connection with the Company's complaint in the District Court Action, Univision made payments under protest to the stet of a portion of the disputed royalties and of other license fees that, Univision alleged, had been overpaid, and also sought recovery of these amounts in its counterclaims. At that time, the Group recognized these payments made by Univision as customer deposits and advances in its consolidated balance sheets (see Note 16).

In October 2007, Univision filed a motion for summary judgment whereby it sought a judgment from the Court that Televisa's claimed breaches of the PLA between Univision and Televisa were not material, and, therefore the PLA was not subject to termination by Televisa. On December 21, 2007, the Court issued an order denying Univision's motion for summary judgment.

On April 7, 2008, Univision dismissed without prejudice its counterclaims against Televisa with the exception of its claim for recoupment of disputed royalty payments made to the Company under protest and its claim for a judicial declaration that, on or after December 19, 2006, Televisa may not transmit or permit others to transmit any television programming into the United States by means of the Internet, and Televisa dismissed its claim that Univision engaged in unauthorized, significant edits to certain programs licensed to Univision under the PLA and thereby infringed Televisa's copyrights and breached the PLA with respect to such programs.

On April 22, 2008, the Court in the District Court Action ordered that the trial of the Univision Internet Counterclaim be bifurcated and tried by the Court after the conclusion of the jury trial regarding Televisa's claims and Univision's recoupment counterclaim.

Trial commenced on January 6, 2009 and this phase of the litigation was settled.

On January 22, 2009, the Company and Univision announced an amendment to the PLA. In connection with this amendment: (i) litigation between the parties underway in Los Angeles was settled and dismissed except for the Internet Claim; (ii) the amended PLA, which runs through 2017, includes a simplified and expanded base for the calculation of the Group's royalties, as well as a provision for certain yearly minimum guaranteed advertising of U.S.$66.5 million to be provided by Univision, at no cost, for the promotion of the Group's businesses commencing in 2009; and (iii) the Group recognized Ps.61,537 as revenue of the Programming Exports segment and Ps.236,032 as other income in the consolidated statement of income for the year ended December 31, 2008, in connection with the payments made under protest by Univision for disputed royalties and other license fees from 2005 through 2008, which had been previously recorded by the Group as customer deposits and advances in the consolidated balance sheet. Likewise, Univision paid the Company, as part of the settlement, an amount of U.S.$3.5 million (Ps.48,440), which was also recorded by the Group as other income in the consolidated statement of income for the year ended December 31, 2008 (see Note 17).

As previously planned, the U.S. Internet rights to the Company's programming will be adjudicated in a U.S. Federal District Court in Los Angeles.

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.

12. Capital Stock, Stock Purchase Plan and Long-term Retention Plan

Capital Stock

The Company has four classes of capital stock: Series "A" Shares, Series "B" Shares, Series "D" Shares and Series "L" Shares, with no par value. The Series "A" Shares and Series "B" Shares are common shares. The Series "D" Shares are limited-voting and preferred dividend shares, with a preference upon liquidation. The Series "L" Shares are limited-voting shares.

The Company's shares are publicly traded in Mexico, primarily in the form of Ordinary Participation Certificates ("CPOs"), each CPO representing 117 shares comprised of 25 Series "A" Shares, 22 Series "B" Shares, 35 Series "D" Shares and 35 Series "L" Shares; and in the United States in the form of Global Depositary Shares ("GDS"), each GDS representing five CPOs (before March 22, 2006 each GDS was represented by 20 CPOs). Non-Mexican holders of CPOs do not have voting rights with respect to the Series "A", Series "B" and Series "D" Shares.

At December 31, 2008, shares of capital stock and CPOs consisted of (in millions):

	Authorized and Issued [(1)]	Repurchased by the Company [(2)]	Acquired by a Company's Trust [(3)]	Acquired by a Company's Subsidiary [(4)]	Outstanding
Series "A" Shares	120,182.8	(303.7)	(6,941.4)	(1,159.5)	111,778.2
Series "B" Shares	56,262.6	(267.3)	(3,610.1)	(586.1)	51,799.1
Series "D" Shares	85,758.8	(425.1)	(2,026.4)	(899.6)	82,407.7
Series "L" Shares	85,758.8	(425.1)	(2,026.4)	(899.6)	82,407.7
Total shares	347,963.0	(1,421.2)	(14,604.3)	(3,544.8)	328,392.7
Shares in the form of CPOs	286,678.7	(1,421.2)	(6,774.1)	(3,007.2)	275,476.2
CPOs	2,450.2	(12.1)	(57.9)	(25.7)	2,354.5

(1) As of December 31, 2008, the authorized and issued capital stock amounted to Ps.10,060,950 (nominal Ps.2,378,506).

(2) In 2006, 2007 and 2008, the Company repurchased 6,714.1 million, 7,861.2 million and 2,698.2 million shares in the form of 57.4 million, 67.2 million and 23.1 million CPOs, respectively, in the amount of Ps.2,692,926, Ps.4,049,902 and Ps.1,112,569, respectively, in connection with a share repurchase program that was approved by the Company's stockholders and exercised at the discretion of management. In April 2006, 2007 and 2008, the Company's stockholders approved the cancellation of 5,888.5 million, 8,275.8 million and 7,146.1 million shares of capital stock, respectively, in the form of 50.3 million, 70.7 million and 61.1 million CPOs, respectively, which were repurchased by the Company under this program.

(3) In connection with the Company's Long-Term Retention Plan described below.

(4) In connection with the Company's Stock Purchase Plan described below.

On December 21, 2006, the Company's stockholders approved certain changes to the Company's bylaws to conform to applicable regulations for Mexican public companies in accordance with the Mexican Stock Market law, which became effective in June 2006. These changes included, among others, the creation of a corporate practice committee, additional duties for the audit committee, more specific responsibilities for members of the board of directors and the corporate executive officer, and a new name for the nature of company under which the Company's is incorporated, which changed from "Sociedad Anónima" or "S.A." (limited liability company) to "Sociedad Anónima Bursátil" or "S.A.B." (public limited liability company).

Under the Company's bylaws, the Company's Board of Directors consists of 20 members, of which the holders of Series "A" Shares, Series "B" Shares, Series "D" Shares and Series "L" Shares, each voting as a class, are entitled to elect eleven members, five members, 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.0.00034177575 per share) before any dividends are payable in respect of Series "A" Shares, Series "B" Shares or Series "L" Shares. Holders of Series "A" Shares, Series "B" Shares and Series "L" Shares are entitled to receive the same dividends as holders of Series "D" Shares if stockholders declare dividends in addition to the preferred dividend that holders of Series "D" Shares are entitled to. 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.0.00683551495 per share) before any distribution is made in respect of Series "A" Shares, Series "B" Shares and Series "L" Shares.

At December 31, 2008, the restated tax value of the Company's common stock was Ps.24,543,376. In the event of any capital reduction in excess of the tax value of the Company's common stock, such excess will be treated as dividends for income tax purposes (see Note 13).

Stock Purchase Plan

The Company adopted a Stock Purchase Plan (the "Plan") that provides, in conjunction with the Long-term Retention Plan described below, for the grant of options to sell up to 8% of the Company's capital stock to key Group employees. Pursuant to this Plan, as of December 31, 2008, the Company had assigned approximately 117.4 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, some of which have been registered pursuant to a registration statement on Form S-8 under the Securities Act of the United States, can only be transferred to the plan participants when the conditions set forth in the Plan and the related agreements are satisfied.

During 2006, 2007 and 2008, approximately 33.1 million CPOs, 7.8 million CPOs, and 2.0 million CPOs, respectively, were vested and transferred to participants to be exercised pursuant to this Plan in the amount of Ps. 443,941, Ps.123,653 and Ps.24,306, respectively.

Long-term Retention Plan

The Company adopted a Long-term Retention Plan (the "Retention Plan") which supplements the Company's existing Stock Purchase Plan described above, and provides for the grant and sale of the Company's capital stock to key Group employees. Pursuant to the Retention Plan, as of December 31, 2007 and 2008, the Company had assigned approximately 52.5 million CPOs and 76.3 million CPOs or CPOs equivalent, respectively, at exercise prices that range from Ps.13.45 per CPO to Ps.60.65 per CPO, subject to certain conditions, including ajustments based on the Group's consolidated operating income and exercise periods between 2008 and 2012. During 2006, approximately 9.7 million CPOs were early vested and transferred to participants to be exercised pursuant to this Retention Plan in the amount of Ps.117,959. In 2008 and January 2009, approximately 12.1 million CPOs and 11.7 million CPOs, respectily, were vested and transferred to participants to be exerased pursuant to this Retention Plan in the amounts of Ps.119,460 and Ps.112,009, respectivery.

As of December 31, 2008, the designated Retention Plan trust owned approximately 5.7 million CPOs or CPOs equivalents, that have been reserved to a group of employees, and may be granted at a price of approximately Ps.28.05 per CPO, subject to certain conditions, in vesting periods between 2013 and 2023.

In connection with the Company's Plan and Retention Plan, the Group has determined the stock-based compensation expense, as required by IFRS 2 (see Note 1(r)), by using the Black-Scholes pricing model at the date on which the stock was granted to personnel under the Group's stock-based compensation plans, on the following arrangements and weighted-average assumptions:

	Stock Purchase Plan		Long-term Retention Plan		
Arrangements:					
Year of grant	2003	2004	2004	2007	2008
Number of CPOs or CPOs equivalent granted	2,360	32,918	46,784	5,971	24,760
Contractual life	3-5 years	1-3 years	4-6 years	3-5 years	3 years
Assumptions:					
Dividend yield	3.00%	3.00%	3.00%	3.00%	3.00%
Expected volatility [1]	31.88%	21.81%	22.12%	21.98%	33.00%
Risk-free interest rate	9.35%	6.52%	8.99%	7.54%	8.87%
Expected life of awards (in years)	4.01 years	2.62 years	4.68 years	3.68 years	2.84 years

(1) Volatility was determined by reference to historically observed prices of the Group's CPO.

A summary of the stock awards for employees as of December 31, is presented below (in constant pesos and thousands of CPOs):

	2007		2008	
	CPOs or CPOs equivalent	Weighted-Average Exercise Price	CPOs or CPOs equivalent	Weighted-Average Exercise Price
Stock Purchase Plan:				
Outstanding at beginning of year	18,416	16.30	13,316	14.13
Granted	40	10.30	134	15.20
Exercised	(5,074)	15.85	(3,112)	13.67
Forfeited	(66)	10.30	(127)	10.58
Outstanding at beginning of year	13,316	14.13	10,211	13.96
Exercisable at end of year	11,236	16.24	10,169	13.99
Long-Term Retention Plan:				
Outstanding at beginning of year	47,390	11.75	47,654	14.00
Granted	5,971	56.93	24,760	25.98
Exercised	(4,851)	11.73	(7,041)	10.05
Forfeited	(856)	10.30	(930)	9.55
Outstanding at beginning of year	47,654	14.00	64,443	18.29
Exercisable at end of year	4,824	10.30	9,927	9.55

As of December 31, 2008, the weighted-average remaining contractual life of the awards under the Stock Purchase Plan and the Long-term Retention Plan is 0.0 and 1.12 years, respectively.

13. 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 2006, the Company's stockholders approved increases to the legal reserve amounting to Ps.193,802. As the legal reserve reached 20% of the capital stock amount, no additional increases were required in 2007 and 2008. 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.

In prior years the Company's stockholders approved appropriating from retained earnings a reserve for the repurchase of shares, at the discretion of management. In 2006, 2007 and 2008, this reserve was used, in connection with the cancellation of shares repurchased by the Company.

In April 2006, the Company's stockholders approved the payment of a dividend in the aggregate amount of Ps.1,161,839 (nominal Ps.1,087,049), which consisted of nominal Ps.0.35 per CPO and nominal Ps.0.00299145 per share of Series "A", "B", "D" and "L," not in the form of a CPO, and was paid in cash in May 2006.

In April 2007, the Company's stockholders approved the payment of a dividend in the aggregate amount of Ps.4,506,492 (nominal Ps.4,384,719), which consisted of nominal Ps.1.45 per CPO and nominal Ps.0.01239316239 per share of Series "A", "B", "D" and "L," not in the form of a CPO, and was paid in cash in May 2007.

In April 2008, the Company's stockholders approved the payment of a dividend in the aggregate amount of Ps.2,229,973, which consisted of nominal Ps.0.75 per CPO and nominal Ps.0.00641025641 per share of series "A", "B", "D" and "L", not in the form of a CPO, and was paid in cash in May 2008.

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 taxable by multiplying such dividends by a 1.3889 factor and applying to the resulting amount the income tax rate of 28%.

At December 31, 2008, cumulative earnings that have been subject to income tax and can be distributed by the Company free of Mexican withholding tax were approximately Ps. 2,314,078. In addition, the payment of dividends is restricted under certain circumstances by the terms of certain Mexican peso loan agreements (see Note 8).

14. Comprehensive Income

Comprehensive income related to the majority interest for the years ended December 31, 2006, 2007 and 2008, was as follows:

	2006	2007	2008
Net income	Ps. 8,908,943	Ps. 8,082,463	Ps. 7,803,652
Other comprehensive income (loss), net			
Foreign currency translation adjustments, net [(1)]	595,682	204,174	358,599
Result from holding non-monetary assets, net [(2)]	(67,302)	23,491	–
Result from available for-sale investments, net [(3)]	(565,862)	565,862	–
Gain (loss) on equity accounts of investees, net [(4)]	57,930	5,382	(58,109)
Cumulative result from hedge derivative contracts, net [(5)]	–	–	(3,918)
Total other comprehensive income, net	20,448	798,909	296,572
Comprehensive income	Ps. 8,929,391	Ps. 8,881,372	Ps. 8,100,224

(1) The amount for 2006 included a foreign exchange loss of Ps.594,267, which was related to the hedge for the Group's net investment in Univision recognized as a foreign entity investment through June 30, 2006 (see Notes 1(c) and 18). The amount for 2008, is presented net of income taxes of Ps.148,010.

(2) Represented 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.31,439 and Ps.(7,523), for the years ended December 31, 2006 and 2007, respectively (see Note 1(a)).

(3) The amount for 2006 included a foreign exchange loss of Ps.617,148; a foreign exchange gain of Ps.559,845, which was related to the hedge for the Group's investment in Univision recognized as an available-for-sale investment beginning in July 2006; a loss on monetary position of Ps.433,492; and a fair value loss effect of Ps.75,067. In 2007, the net amount of Ps.565,862, was applied to consolidated income as other expense, net (see Note 18).

(4) Represents the gains or losses on the dilution of investments in equity investees, as well as other comprehensive income recognized by equity investees.

(5) Net of an income tax benefit of Ps.1,524.

The changes in components of accumulated other comprehensive (loss) income for the years ended December 31, 2006, 2007 and 2008, were as follows:

	Gain (Loss) on Equity Accounts of Investees	Cumulative Result from Hedge Derivative Contracts	Accumulated Monetary Result	Result from Available-For-Sale Financial Assets	Cumulative Result from Holding Non-Monetary Assets	Cumulative Result from Foreign Currency Translation	Cumulative Effect of Deferred Income Taxes	Accumulated Other Comprehensive (Loss) Income
Balance at January 1, 2006	Ps. 4,172,738	Ps. –	Ps. (35,186)	Ps. –	Ps. (2,593,505)	Ps. (2,148,435)	Ps. (3,224,437)	Ps. (3,828,825)
Current year change	57,930	–	–	(565,862)	(67,302)	595,682	–	20,448
Balance at December 31, 2006	4,230,668	–	(35,186)	(565,862)	(2,660,807)	(1,552,753)	(3,224,437)	(3,808,377)
Current year change	5,382	–	–	565,862	23,491	204,174	–	798,909
Balance at December 31, 2007	4,236,050	–	(35,186)	–	(2,637,316)	(1,348,579)	(3,224,437)	(3,009,468)
Reclassifications to retained earnings	–	–	35,186	–	2,637,316	–	3,224,437	5,896,939
Current year change	(58,109)	(3,918)	–	–	–	358,599	–	296,572
Balance at December 31, 2008	Ps. 4,177,941	Ps. (3,918)	Ps. –	Ps. –	Ps. –	Ps. (989,980)	Ps. –	Ps. 3,184,043

Cumulative result from holding non-monetary assets as of December 31, 2006 and 2007 was net of a deferred income tax benefit of Ps. 390,414 and Ps.382,891, respectively.

In conjunction with certain provisions of Mexican FRS that became effective on January 1, 2008, related to reclassifying to retained earnings certain outstanding balances that were recognized in accumulated other comprehensive result in accordance with previous accounting guidelines, the Group reclassified to retained earnings the outstanding balances of cumulative loss from holding non-monetary assets, accumulated monetary loss and cumulative effect of deferred income taxes in the aggregate amount of Ps.5,896,939.

15. Minority Interest

Minority interest at December 31, consisted of:

	2007	2008
Capital stock [(1)]	Ps. 2,453,757	Ps. 2,867,182
Retained earnings [(1)]	609,488	1,442,234
Cumulative result from holding non-monetary assets [(2)]	(389,720)	–
Accumulated monetary result [(2)]	407	–
Cumulative effect of deferred income taxes [(2)]	1,328	–
Cumulative result from hedge derivative contracts, net [(3)]	–	(3,587)
Net income for the year	935,927	927,005
	Ps. 3,611,187	Ps. 5,232,834

(1) Effective June 1, 2008, the Group began to consolidated the assets and liabilities of Cablemás.

(2) These accounts were reclassified to retained earnings on January 1, 2008 (see Note 14).

(3) Net of an income tax benefit of Ps.1,395.

16. Transactions with Related Parties

The principal transactions carried out by the Group with affiliated companies, including equity investees, stockholders and entities in which stockholders have an equity interest, for the years ended December 31, were as follows:

	2006	2007	2008
Revenues:			
Royalties (Univision) [a]	Ps. 1,466,561	Ps. –	Ps. –
Soccer transmission rights (Univision)	99,673	–	–
Programming production and transmission rights [b]	36,460	98,836	69,911
Administrative services [c]	55,602	65,586	80,297
Interest income	17,145	–	–
Advertising [d]	90,938	80,122	60,647
	Ps. 1,766,379	Ps. 244,544	Ps. 210,855
Costs:			
Donations	Ps. 105,901	Ps. 98,029	Ps. 72,617
Administrative services [c]	11,633	30,101	16,577
Other	79,834	263,714	4,540
	Ps. 197,368	Ps. 391,844	Ps. 93,734

[a] The Group receives royalties from Univision for programming provided pursuant to a program license agreement, as amended, that expires in December 2017. Effective 2007, Univision is no longer a related party (see Notes 2 and 11).

[b] Services rendered to Endemol in 2006 and 2007 and other affiliates in 2006, 2007 and 2008.

[c] 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.

[d] Advertising services rendered to OCEN in 2006, 2007 and 2008, and Volaris in 2006 and 2007.

Other transactions with related parties carried out by the Group in the normal course of business include the following:

(1) A consulting firm owned by a relative of one of the Group's directors, which has, from time to time, provided consulting services and research in connection with the effects of the Group's programming on its viewing audience. Total fees for such services during 2006, 2007 and 2008 amounted to Ps.19,281, Ps.20,816 and Ps.20,811, respectively.

(2) From time to time, a Mexican bank made loans to the Group, on terms substantially similar to those offered by the bank to third parties. Some members of the Group's Board serve as board members of this bank.

(3) Two of the Group's directors and one of the Group's alternate directors are members of the board as well as stockholders of a Mexican company, which is a producer, distributor and exporter of beer in Mexico. Such company purchases advertising services from the Group in connection with the promotion of its products from time to time, paying rates applicable to third-party advertisers for these advertising services.

(4) Several other members of the Company's current board serve as members of the boards and/or are stockholders of other companies, some of which purchased advertising services from the Group in connection with the promotion of their respective products and services, paying rates applicable to third-party advertisers for these advertising services.

(5) During 2006, 2007 and 2008, a professional services firm in which a current director maintains interest provided legal advisory services to the Group in connection with various corporate matters. Total fees for such services amounted to Ps.17,256, Ps.21,831 and Ps.15,550, respectively.

(6) A television production company, indirectly controlled by a company where a member of the board and executive of the Company is a stockholder, provided production services to the Group in 2006, 2007 and 2008, in the amount of Ps.84,229, Ps.153,364 and Ps.973, respectively.

(7) During 2006, 2007 and 2008 the Group paid sale commissions to a company where a member of the board and executive of the Company is a stockholder, in the amount of Ps.113,972, Ps.49,614 and Ps.8,731, respectively.

(8) During 2006 and 2007, a company in which a current director and executive of the Company is a stockholder, purchased unsold advertising from the Group for a total of Ps.166,741 and Ps.160,000, respectively.

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

	2007	2008
Receivables:		
Grupo TV Promo, S.A. de C.V.	Ps. 103,500	Ps. –
Editorial Clío, Libros y Videos, S.A. de C.V.	9,241	6,524
Volaris (see Note 5)	10,859	40,197
OCEN (see Note 5)	28,666	10,393
TVI (see Note 2)	4,381	31,403
EMI Televisa Music, Inc.	41	27,198
Other	38,335	46,106
	Ps. 195,023	Ps. 161,821
Payables:		
Productora y Comercializadora de Televisión, S.A. de C.V.	Ps. –	Ps. (60,909)
TechCo	(71,159)	(26,940)
News Corp. (see Note 2)	(50,303)	–
Other	(5,729)	(773)
	Ps. (127,191)	Ps. (88,622)

All significant account balances included in amounts due from affiliates bear interest. In 2006, 2007 and 2008, average interest rates of 7.5%, 7.7% and 8.2% were charged, respectively. Advances and receivables are short-term in nature; however, these accounts do not have specific due dates.

Customer deposits and advances as of December 31, 2007 and 2008, included deposits and advances from affiliates and other related parties, which were primarily made by OCEN, Editorial Clío, Libros y Videos, S.A. de C.V., and Volaris, in an aggregate amount of Ps.161,286 and Ps.76,207, respectively.

17. Other Expense, Net

Other expense for the years ended December 31, is analyzed as follows:

		2006		2007		2008
Loss on disposition of investments, net (see Note 2)	Ps.	–	Ps.	669,473	Ps.	12,931
Donations (see Note 16)		135,001		150,224		78,856
Financial advisory and professional services [1]		102,876		191,495		21,532
Employees' profit sharing [2]		31,649		20,821		27,345
Loss on disposition of fixed assets		–		37,989		45,394
Impairment adjustments [3]		93,464		493,693		609,595
Expenses of debt placement [4]		496,999		–		–
Termination fee income for the cancellation of a call option (see Note 5)		–		(462,083)		–
Other expense (income), net [5]		28,081		(148,260)		156,486
	Ps.	888,070	Ps.	953,352	Ps.	952,139

(1) Includes financial advisory services in connection with contemplated dispositions and strategic planning projects and professional services in connection with certain litigation and other matters, net in 2008 of Ps.284,472 related to other income from a litigation settlement (see Notes 2, 11 and 16).

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

(3) During 2006, 2007 and 2008, the Group tested for impairment the carrying value of certain trademarks of its Publishing segment, as well as goodwill of certain businesses of its Television Broadcasting and Cable and Telecom segments. As a result of such testing, impairment adjustments were made to trademarks in 2006, goodwill in 2007, and trademarks and goodwill in 2008, of Ps.93,464, Ps. 493,693 and Ps.609,595, respectively (see Note 7).

(4) In 2006, these expenses were related to Senior Notes due 2013 (see Note 8).

(5) In 2007, includes primarily a cancellation of a provision for certain contingencies in connection with the acquisition of exclusivity rights of certain soccer players from foreign entities (see Note 11).

18. Integral Cost of Financing

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

		2006		2007		2008
Interest expense [1]	Ps.	2,010,425	Ps.	2,176,998	Ps.	2,816,369
Interest income		(1,135,400)		(1,844,653)		(1,299,789)
Foreign exchange loss (gain), net [2]		197,678		(215,897)		(685,698)
Loss from monetary position [3]		68,325		293,766		–
	Ps.	1,141,028	Ps.	410,214	Ps.	830,882

(1) Interest expense in 2006 and 2007, includes Ps.41,341 and Ps.13,034, respectively, derived from the UDI index restatement of Company's UDI-denominated debt securities, and a net loss from related derivative contracts of Ps.1,741, in 2008, (see Notes 8 and 9).

(2) Includes in 2006, 2007 and 2008 a net loss (gain) from foreign currency derivative contracts of Ps.59,916, Ps.(39,087) and Ps.(889,562), respectively. A foreign exchange loss in 2006 and 2007 of Ps.34,422 and Ps.211,520, respectively, related to the hedge for the Group's net investment in Univision, was recognized in 2006 in consolidated stockholders' equity as other comprehensive income or loss, and in 2007 in consolidated income as other expense, net (see Notes 1(c) and 14).

(3) The gain or loss from monetary position represented 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. It also includes monetary loss in 2006 and 2007 of Ps.111,652 and Ps.135,548, respectively, arising from temporary differences of non-monetary items in calculating deferred income tax (see Notes 1(a) and 19).

19. Income Taxes

The Company is authorized by the Mexican tax authorities to compute its income 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 100% of their share ownership in such subsidiaries.

The Mexican corporate income tax rate in 2006, 2007 and 2008 was 29%, 28% and 28%, respectively. In accordance with the current Mexican Income Tax Law, the corporate income tax rate in subsequent years will be 28%.

In October 2007, the Mexican government enacted the new Flat Rate Business Tax ("Impuesto Empresarial a Tasa Única" or "IETU"). This law became effective as of January 1, 2008. The law introduces a flat tax, which replaces Mexico's asset tax and is applied along with Mexico's regular income tax. The asset tax was computed on a fully consolidated basis through December 31, 2007. In general, Mexican companies are subject to paying the greater of the IETU or the income tax. The flat tax is calculated by applying a tax rate of 16.5% in 2008, 17% in 2009, and 17.5% in 2010 and the following years. Although the IETU is defined as a minimum tax it has a wider taxable base as many of the tax deductions allowed for income tax purposes are not allowed for the IETU. As of December 31, 2007 and 2008, this tax law change did not have an effect on the Group's deferred tax position, and the Group does not expect to have to pay the new tax in the near future.

The income tax provision for the years ended December 31, 2006, 2007 and 2008 was comprised as follows:

	2006	2007	2008
Income taxes, current	Ps. 799,833	Ps. 3,707,763	Ps. 3,146,339
Income taxes, deferred	1,292,645	(358,122)	417,856
	Ps. 2,092,478	Ps. 3,349,641	Ps. 3,564,195

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

	% 2006	% 2007	% 2008
Tax at the statutory rate on income before provisions	29	28	28
Differences in inflation adjustments for tax and book purposes	–	2	1
Unconsolidated income tax	–	1	1
Minority interest	–	(4)	–
Changes in valuation allowances:			
Asset tax	3	3	(3)
Tax loss carryforwards	3	–	–
Foreign operations	(2)	(5)	4
Equity in losses of affiliates, net	1	2	2
Use of tax losses [(a)]	(16)	–	–
Flat rate business tax	–	–	(4)
Provision for income tax and the asset tax	18	27	29

(a) In 2006, this amount represents the effect of the use of tax deductions related to certain transactions made by the Group in connection with a corporate reorganization.

The Group has tax loss carryforwards at December 31, 2008, as follows:

	Amount	Expiration
Operating tax loss carryforwards:		
Unconsolidated:		
Mexican subsidiaries [(1)]	Ps. 2,775,709	From 2009 to 2018
Non-Mexican subsidiaries [(2)]	2,730,550	From 2009 to 2028
	5,506,259	
Capital tax loss carryforwards:		
Unconsolidated Mexican subsidiaries [(3)]	102,073	From 2009 to 2010
	Ps. 5,608,332	

(1) During 2006, 2007 and 2008, certain Mexican subsidiaries utilized unconsolidated operating tax loss carryforwards of Ps.3,279,827, Ps.3,438,922 and Ps.699,845, respectively. In 2006, 2007 and 2008, the carryforward amount includes the operating tax loss carryforwards related to the minority interest of Sky.

(2) Approximately for the equivalent of U.S.$197.3 million related to losses from subsidiaries in Europe, South America and the United States.

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

In 2006, the asset tax rate was 1.8%. In 2007, the asset tax rate decreased from 1.8% to 1.25%; however, those asset tax deductions that were permitted in prior years were not longer allowed in 2007.

The asset tax was calculated on a fully consolidated basis through December 31, 2007.

The deferred taxes as of December 31, 2007 and 2008, were principally derived from the following temporary differences:

	2007	2008
Assets:		
Accrued liabilities	Ps. 700,449	Ps. 775,913
Goodwill	945,687	1,062,680
Tax loss carryforwards	843,549	805,779
Allowance for doubtful accounts	286,933	339,977
Customer advances	901,333	802,919
Other items	148,517	269,670
Liabilities:		
Inventories	(401,788)	(259,418)
Property, plant and equipment, net	(961,509)	(1,520,432)
Prepaid expenses	(1,403,224)	(1,539,708)
Sky	(525,164)	(465,294)
Deferred income taxes of Mexican companies	534,783	272,086
Deferred income taxes of foreign subsidiaries	547,532	(81,575)
Asset tax	1,477,037	891,094
Flat rate business tax	–	40,095
Valuation allowances [(a)]	(3,832,186)	(3,386,861)
Deferred income tax liability, net	Ps. (1,272,834)	Ps. (2,265,161)

[(a)] Reflects valuation allowances of foreign subsidiaries of Ps.565,913 and Ps.627,308 at December 31, 2007 and 2008, respectively.

A roll forward of the Group's valuation allowance for 2008 is as follows:

	Tax Loss Carryforwards	Asset Tax	Goodwill	Total
Balance at beginning of year	Ps. (1,409,462)	Ps. (1,477,037)	Ps. (945,687)	Ps. (3,832,186)
Increases	–	–	(116,993)	(116,993)
Decreases	(23,625)	585,943	–	562,318
Balance at end of year	Ps. (1,433,087)	Ps. (891,094)	Ps. (1,062,680)	Ps. (3,386,861)

The change in the deferred income tax liability for the year ended December 31, 2008, representing a credit of Ps.992,327 was recognized as follows:

Charge to the stockholder´s equity	Ps. 145,091
Charge to the provision for deferred income tax	417,856
Initial consolidation of Cablemás	429,380
	Ps. 992,327

20. Earnings per CPO/Share

During the years ended December 31, 2006, 2007 and 2008, the weighted average of outstanding total shares, CPOs and Series "A", Series "B", Series "D" and Series "L" Shares (not in the form of CPO units), was as follows (in thousands):

	2006	2007	2008
Total Shares	339,776,222	333,652,535	329,579,613
CPOs	2,451,792	2,399,453	2,364,642
Shares not in the form of CPO units:			
Series "A" Shares	52,915,849	52,915,849	52,915,849
Series "B" Shares	187	187	187
Series "D" Shares	239	239	239
Series "L" Shares	239	239	239

Earnings per CPO and per each Series "A", Series "B", Series "D" and Series "L" Share (not in the form of a CPO unit) for the years ended December 31, 2006, 2007 and 2008, are presented as follows:

	2006		2007		2008	
	Per CPO	Per Each Series "A", "B", "D" and "L" Share	Per CPO	Per Each Series "A", "B", "D" and "L" Share	Per CPO	Per Each Series "A", "B", "D" and "L" Share
Continuing operations	Ps. 3.07	Ps. 0.03	Ps 2.84	Ps. 0.02	Ps. 2.77	Ps. 0.02
Discontinued operations	–	–	–	–	–	–
Majority interest net income	Ps. 3.07	Ps. 0.03	Ps. 2.84	Ps. 0.02	Ps. 2.77	Ps. 0.02

21. Foreign Currency Position

The foreign currency position of monetary items of the Group at December 31, 2008, was as follows:

	Foreign Currency Amounts (Thousands)	Year-End Exchange Rate	Mexican Pesos
Assets:			
U.S. dollars	2,161,532	Ps. 13.8400	Ps. 29,915,603
Euros	116,134	19.3420	2,246,264
Argentinean pesos	86,755	4.0081	347,723
Chilean pesos	11,094,589	0.0217	240,753
Colombian pesos	20,296,250	0.0061	123,807
Venezuelan Bolivar	38,596	6.4372	248,450
Other currencies			71,865
Liabilities:			
U.S. dollars	2,552,121	Ps. 13.8400	Ps. 35,321,355
Euros	16,986	19.3420	328,543
Argentinean pesos	69,936	4.0081	280,311
Chilean pesos	14,820,831	0.0217	321,612
Colombian pesos	25,468,821	0.0061	155,360
Brasilean real	37,434	5.9758	223,698
Other currencies			85,908

Transactions incurred during 2008 in foreign currencies were as follows:

	U.S. Dollar (Thousands)	U.S. Dollar Equivalent of other Foreign Currency Transactions (Thousands)	Total U.S. Dollar (Thousands)	Mexican Pesos [(1)]
Income:				
Revenues	U.S.$ 473,379	U.S.$ 116,270	U.S.$ 589,649	Ps. 8,160,742
Other income	31,134	7,677	38,811	537,144
Interest income	51,296	5,780	57,076	789,932
	U.S.$ 555,809	U.S.$ 129,727	U.S.$ 685,536	Ps. 9,487,818
Purchases, costs and expenses:				
Purchases of inventories	U.S.$ 203,897	U.S.$ 13,467	U.S.$ 217,364	Ps. 3,008,318
Purchases of property and equipment	256,866	6,400	263,266	3,643,601
Investments	155,743	61,995	217,738	3,013,494
Costs and expenses	352,527	42,177	394,704	5,462,703
Interest expense	119,183	385	119,568	1,654,821
	U.S.$1,088,216	U.S.$ 124,424	U.S.$1,212,640	Ps. 16,782,937
Net	U.S.$ (532,407)	U.S.$ 5,303	U.S.$ (527,104)	Ps. (7,295,119)

(1) Income statement amounts translated at the year-end exchange rate of Ps.13.84 for reference purposes only; does not indicate the actual amounts accounted for in the financial statements (see Note 1(c)).

As of December 31, 2008, the exchange rate was Ps.13.84 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 April 3, 2009, the exchange rate was Ps.13.5675 per U.S. dollar, which represents the interbank free market exchange rate on that date as reported by Banco Nacional de México, S.A.

22. Segment Information

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-owned 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.

Pay Television Networks

The pay television networks 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. Pay television network revenues are derived from domestic and international programming services provided to independent cable television systems in Mexico and the Group's DTH satellite and cable television businesses, and from the sale of advertising time on programs provided to pay television companies in Mexico.

Programming Exports

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

Publishing

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

Sky

The Sky segment includes direct-to-home ("DTH") broadcast satellite pay television services in Mexico. Sky revenues are primarily derived from program services, installation fees and equipment rental to subscribers, and national advertising sales.

Cable and Telecom

The Cable and Telecom segment includes the operation of a cable and telecommunication system in the Mexico City metropolitan area (Cablevisión); beginning in December 2007, the operation of telecommunication facilities through a fiber-optic network that covers the most important cities and economic regions of Mexico and crosses directly into the United States in the cities of San Antonio, Texas and San Diego, California (Bestel); and beginning in June 2008, the operation of cable and telecommunication networks covering 48 cities of Mexico (Cablemás). The cable and telecommunication businesses derive revenues from cable subscribers, principally from basic and premium television services subscription, pay-per-view fees, installation fees, Internet services subscription and telephone services subscription (beginning in third quarter of 2007), as well as from local and national advertising sales. The telecommunication facilities business derives revenues from providing data and long-distance services solutions to carriers and other telecommunications service providers through its fiber-optic network.

Other Businesses

The Other Businesses segment includes the Group's domestic operations in sports and show business promotion, soccer, feature film production and distribution, Internet, gaming (beginning in the second quarter of 2006), radio (beginning in the first quarter of 2007) and publishing distribution (beginning in the third quarter of 2008). The Group's Radio business was presented as a separate reportable segment in 2006, and the Publishing Distribution business was presented as a separate reportable segment in 2006 and 2007, and were classified into the Other Businesses segment in 2007 and 2008, respectively, since their operations became no longer significant to the Group's consolidated financial statements taken as a whole.

The table below presents information by segment and a reconciliation to consolidated total for the years ended December 31, 2006, 2007 and 2008.

	Total Revenues	Intersegment Revenues	Consolidated Revenues	Segment Income (Loss)
2006:				
Television Broadcasting	Ps. 21,760,426	Ps. 579,576	Ps. 21,180,850	Ps. 10,996,343
Pay Television Networks	1,379,003	289,526	1,089,477	707,897
Programming Exports	2,190,272	–	2,190,272	901,965
Publishing	2,993,912	19,711	2,974,201	576,677
Sky	7,732,878	93,825	7,639,053	3,689,128
Cable and Telecom	2,059,350	5,040	2,054,310	847,527
Other Businesses	2,372,126	142,590	2,229,536	(206,222)
Segment totals	40,487,967	1,130,268	39,357,699	17,513,315
Reconciliation to consolidated amounts:				
Eliminations and corporate expenses	(1,130,268)	(1,130,268)	–	(467,828)
Depreciation and amortization expense	–	–	–	(2,779,772)
Consolidated total	Ps. 39,357,699	Ps. –	Ps. 39,357,699	Ps. 14,265,715[(1)]
2007:				
Television Broadcasting	Ps. 21,213,175	Ps. 456,133	Ps. 20,757,042	Ps. 10,518,063
Pay Television Networks	1,851,969	487,718	1,364,251	1,150,226
Programming Exports	2,262,137	620	2,261,517	1,032,022
Publishing	3,311,867	16,918	3,294,949	624,360
Sky	8,402,151	80,124	8,322,027	4,037,860
Cable and Telecom	2,611,613	3,063	2,608,550	947,178
Other Businesses	3,039,667	86,477	2,953,190	(237,399)
Segment totals	42,692,579	1,131,053	41,561,526	18,072,310
Reconciliation to consolidated amounts:				
Eliminations and corporate expenses	(1,131,053)	(1,131,053)	–	(368,344)
Depreciation and amortization expense	–	–	–	(3,223,070)
Consolidated total	Ps. 41,561,526	Ps. –	Ps. 41,561,526	Ps. 14,480,896[(1)]
2008:				
Television Broadcasting	Ps.21,460,653	Ps. 296,012	Ps.21,164,641	Ps.10,504,876
Pay Television Networks	2,212,502	692,388	1,520,114	1,378,152
Programming Exports	2,437,237	26,410	2,410,827	1,076,769
Publishing	3,700,361	14,436	3,685,925	648,626
Sky	9,162,172	8,010	9,154,162	4,416,783
Cable and Telecom	6,623,367	6,271	6,617,096	2,134,813
Other Businesses	3,498,615	79,102	3,419,513	(242,812)
Segment totals	49,094,907	1,122,629	47,972,278	19,917,207
Reconciliation to consolidated amounts:				
Eliminations and corporate expenses	(1,122,629)	(1,122,629)	–	(478,285)
Depreciation and amortization expense	–	–	–	(4,311,115)
Consolidated total	Ps.47,972,278	Ps. –	Ps.47,972,278	Ps.15,127,807[(1)]

(1) Consolidated totals represent consolidated operating income.

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.

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, 2006, 2007 and 2008.

	Segment Assets at Year-End	Segment Liabilities at Year-End	Additions to Property, Plant and Equipment
2006:			
Continuing operations:			
Television operations [1]	Ps. 60,019,459	Ps. 24,294,817	Ps. 1,150,077
Publishing	2,185,263	365,010	36,507
Sky	6,445,978	5,619,942	1,038,535
Cable and Telecom	3,050,590	763,844	860,518
Other Businesses	6,257,912	1,437,011	342,895
Total	Ps. 77,959,202	Ps. 32,480,624	Ps. 3,428,532
2007:			
Continuing operations:			
Television operations [1]	Ps. 60,211,587	Ps. 26,298,566	Ps. 1,149,261
Publishing	3,012,529	673,078	156,341
Sky	8,893,874	6,178,789	1,338,938
Cable and Telecom	7,806,023	4,706,581	851,379
Other Businesses	6,685,602	1,437,859	419,520
Total	Ps. 86,609,615	Ps. 39,294,873	Ps. 3,915,439
2008:			
Continuing operations:			
Television operations [1]	Ps. 74,632,445	Ps. 27,221,506	Ps. 1,126,784
Publishing	3,571,663	875,531	82,747
Sky	10,692,386	6,814,814	1,273,819
Cable and Telecom	19,024,327	11,037,061	2,144,334
Other Businesses	5,272,716	1,616,955	563,762
Total	Ps.113,193,537	Ps. 47,565,867	Ps. 5,191,446

[1] Segment assets and liabilities information is not maintained by the Group for each of the Television Broadcasting, Pay Television Networks and Programming Exports 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:

	2007	2008
Segment assets	Ps. 86,609,615	Ps.113,193,537
Investments attributable to:		
Television operations [1]	3,781,767	2,086,163
Cable and Telecom	3,583,173	430,699
Other Businesses	772,648	879,292
Goodwill net attributable to:		
Television operations	909,792	482,697
Publishing	690,144	693,590
Cable and Telecom	1,780,024	4,280,513
Other Businesses	576,313	805,314
Total assets	Ps. 98,703,476	Ps.122,851,805

[1] Includes goodwill attributable to equity investments of Ps.22,004 and Ps.47,544 in 2007 and 2008, respectively.

Equity method loss for the years ended December 31, 2006, 2007 and 2008 attributable to television operations, equity investments approximated Ps. (630,086), Ps. (768,457) and Ps. (952,347), respectively.

Segment liabilities reconcile to total liabilities as follows:

	2007	2008
Segment liabilities	Ps. 39,294,873	Ps. 47,565,867
Notes payable and long-term debt not attributable to segments	18,758,303	28,034,262
Total liabilities	Ps. 58,053,176	Ps. 75,600,129

Geographical segment information:

	Total Net Sales	Segment Assets at Year-End	Additions to Property, Plant and Equipment
2006:			
Mexico	Ps. 34,793,376	Ps. 72,199,969	Ps. 3,391,671
Other countries	4,564,323	5,759,233	36,861
	Ps. 39,357,699	Ps. 77,959,202	Ps. 3,428,532
2007:			
Mexico	Ps. 36,532,710	Ps. 71,194,036	Ps. 3,779,583
Other countries	5,028,816	15,415,579	135,856
	Ps. 41,561,526	Ps. 86,609,615	Ps. 3,915,439
2008:			
Mexico	Ps.41,176,318	Ps. 91,024,558	Ps. 5,029,480
Other countries	6,795,960	22,168,979	161,966
	Ps.47,972,278	Ps.113,193,537	Ps. 5,191,446

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