MANAGEMENT´S

Set forth below are our consolidated results for the years ended December 31, 2008 and 2009. Results included have been prepared in accordance with Mexican Financial Reporting Standards ("Mexican FRS"), and are presented in Mexican Pesos. The financial information set forth below should be read in conjunction with our audited consolidated financial statements as of and for the years ended December 31, 2008 and 2009 included in this Annual Report.

(In millions of Mexican Pesos)[1]	Year ended December 31,	
	2008	**2009**
Net sales	47,972.3	**52,352.5**
Cost of sales[2]	21,556.0	**23,768.4**
Selling expenses[2]	3,919.2	**4,672.1**
Administrative expenses[2]	3,058.2	**3,825.5**
Depreciation and amortization	4,311.1	**4,929.6**
Operating income	15,127.8	**15,156.9**
Other expense, net	952.1	**1,764.9**
Integral cost of financing, net	830.9	**2,973.3**
Equity in losses of affiliates, net	1,049.9	**715.3**
Income taxes	3,564.2	**3,120.7**
Noncontrolling interest net income	927.0	**575.6**
Controlling interest net income	7,803.7	**6,007.1**

(1) Certain data set forth in the table above could differ from data set forth in the consolidated statements of income for the years ended December 31, 2008 and 2009 included in this Annual Report due to differences in rounding.

(2) Excluding depreciation and amortization.

Overview of Consolidated Results

Net Sales

Our net sales increased by Ps.4,380.2 million, or 9.1%, to Ps.52,352.5 million for the year ended December 31, 2009 from Ps.47,972.3 million for the year ended December 31, 2008. This increase reflects a revenue growth in our Cable and Telecom, Sky, Pay Television Networks, Programming Exports, Television Broadcasting and Other Businesses segments. These increases were partially offset by a decrease in the sales of our Publishing segment.

Cost of Sales

Cost of sales increased by Ps.2,212.4 million, or 10.3%, to Ps.23,768.4 million for the year ended December 31, 2009 from Ps.21,556.0 million for the year ended December 31, 2008. This increase was due to higher costs in Cable and Telecom, Sky, Television Broadcasting, Pay Television Networks, Programming Exports and Other Businesses segments. These increases were partially offset by a decrease in the costs of our Publishing segment.

Selling Expenses

Selling expenses increased by Ps.752.9 million, or 19.2%, to Ps.4,672.1 million for the year ended December 31, 2009 from Ps.3,919.2 million for the year ended December 31, 2008. This increase was attributable

DISCUSSION

and analysis of financial condition and results of operations

to higher selling expenses in our Sky, Cable and Telecom, Publishing, Pay Television Networks, Television Broadcasting, Programming Exports and Other Businesses segments, as a result of increases in promotional and advertising expenses, commissions paid and provision for doubtful trade accounts.

Administrative Expenses

Administrative expenses increased by Ps.767.3 million, or 25.1%, to Ps.3,825.5 million for the year ended December 31, 2009 from Ps.3,058.2 million for the year ended December 31, 2008. This increase reflects the administrative expense growth in our Cable and Telecom, Publishing, Television Broadcasting, Sky, Pay Television Networks and Other Businesses segments; as well as an increase in corporate expenses due to higher share-based compensation expense, which amounted to approximately Ps.375.7 million in 2009, compared with Ps.222.0 million in 2008. These increases were partially offset by lower administrative expenses in our Programming Exports segment.

Overview of Operating Segment Results

The following tables set forth the net sales and operating segment income (loss), for each of the Company's business segments for the years ended December 31, 2008 and 2009.

(In millions of Mexican Pesos)	Year ended December 31, 2008	Year ended December 31, 2009	%Contribution to 2009 Segment Revenues
Net Sales			
Television Broadcasting	Ps. 21,460.7	**Ps. 21,561.6**	40.3 %
Pay Television Networks	2,212.5	**2,736.6**	5.1
Programming Exports	2,437.2	**2,845.9**	5.3
Publishing	3,700.4	**3,356.1**	6.3
Sky	9,162.2	**10,005.2**	18.7
Cable and Telecom	6,623.4	**9,241.8**	17.3
Other Businesses	3,498.5	**3,771.4**	7.0
Segment Revenues	49,094.9	**53,518.6**	100.0
Intersegment Revenues [1]	(1,122.6)	**(1,166.1)**	(2.2)
Consolidated Net Sales	Ps. 47,972.3	**Ps. 52,352.5**	97.8 %

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

(In millions of Mexican Pesos)	Year ended December 31, 2008	Year ended December 31, 2009
Operating Segment Income (Loss)[1]		
Television Broadcasting	Ps. 10,504.9	**Ps. 10,323.9**
Pay Television Networks	1,378.2	**1,660.4**
Programming Exports	1,076.8	**1,437.2**
Publishing	648.6	**190.7**
Sky	4,416.8	**4,478.8**
Cable and Telecom	2,134.8	**2,971.9**
Other Businesses	(242.9)	**(318.2)**
Total Operating Segment Income	19,917.2	**20,744.7**
Corporate Expenses	(478.3)	**(658.2)**
Depreciation and Amortization	(4,311.1)	**(4,929.6)**
Consolidated Operating Income	Ps. 15,127.8	**Ps. 15,156.9**

[1] The operating segment income (loss) set forth in this annual report does not reflect corporate expenses or depreciation and amortization in any period presented but is presented herein to facilitate the discussion of segment results.

Television Broadcasting

Television Broadcasting net sales, representing 43.7% and 40.3% of our total segment net sales for the years ended December 31, 2008 and 2009, respectively, increased by Ps.100.9 million, or 0.5%, to Ps.21,561.6 million for the year ended December 31, 2009 from Ps.21,460.7 million for the year ended December 31, 2008. This marginal increase was achieved in spite of the difficult economic environment and a difficult comparison resulting from the broadcast of the 2008 Olympic Games. Ratings remained strong due to successful telenovelas such as “Hasta que el Dinero nos Separe” and “Mañana es Para Siempre”.

Television Broadcasting operating segment income had a decrease by Ps.181.0 million, or 1.7%, to Ps.10,323.9 million for the year ended December 31, 2009 from Ps.10,504.9 million for the year ended December 31, 2008. This decrease was due to the increase in cost of sales due primarily by the negative translation effect of foreign-currency-denominated programming and satellite costs and an increase in operating expenses driven by higher advertising and promotional, commissions paid and personnel expenses, which was partially offset by the increase in net sales.

As of December 31, 2008 and December 31, 2009, we had received Ps.16,881.6 million and Ps.17,810.4 million, respectively, of advertising deposits for television advertising time during 2009 and 2010. Approximately 67.8% and 64.2% of these deposits as of December 31, 2008 and 2009, respectively, were in the form of short-term, non-interest bearing notes, with the remainder in each of these years consisting of cash deposits. The weighted average maturity of these notes at December 31, 2008 and 2009 was 4.0 months and 4.5 months, respectively.

Pay-Television Networks

Pay Television Networks net sales, representing 4.5% and 5.1% of our total segment net sales for the years ended December 31, 2008 and 2009, respectively, increased by Ps.524.1 million, or 23.7%, to Ps.2,736.6 million for the year ended December 31, 2009 from Ps.2,212.5 million for the year ended December 31, 2008. This increase reflects higher revenues from signals sold in Mexico and Latin America and an increase in advertising sales, as well as a positive translation effect of foreign-currency-denominated sales.

Pay Television Networks operating segment income increased by Ps.282.2 million, or 20.5%, to Ps.1,660.4 million for the year ended December 31, 2009, from Ps.1,378.2 million for the year ended December 31, 2008, primarily due to higher sales that were partially offset by an increase in cost of sales mainly by costs of the production and launch of new channels and programs, as well as the negative translation effect of foreign-currency-denominated costs, and an increase in operating expenses due to higher promotional and advertising expenses and commissions paid.

Programming Exports

Programming Exports net sales, representing 5.0% and 5.3% of our total segment net sales for the years ended December 31, 2008 and 2009, respectively, increased by Ps.408.7 million, or 16.8%, to Ps.2,845.9 million for the year ended December 31, 2009 from Ps.2,437.2 million for the year ended December 31, 2008. This increase was primarily due to a positive translation effect on foreign-currency-denominated sales and higher programming sales to Latin America, Europe, Asia and Africa. This increase was partially offset by a decrease in royalties paid to us under the Program License Agreement entered into with Univision in the amount of U.S.$143.0 million for the year ended December 31, 2009 as compared to U.S.$146.5 million, for the year ended December 31, 2008.

Programming Exports operating segment income increased by Ps.360.4 million, or 33.5%, to Ps.1,437.2 million for the year ended December 31, 2009 from Ps.1,076.8 million for the year ended December 31, 2008. This increase was primarily due to the increase in net sales, and was partially

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offset by an increase in cost of sales due to higher programming and co-production costs and operating expenses, primarily due to an increase in personnel, advertising and promotional expenses.

Publishing

Publishing net sales, representing 7.5% and 6.3% of our total segment net sales for the years ended December 31, 2008 and 2009, respectively, decreased by Ps.344.3 million, or 9.3%, to Ps.3,356.1 million for the year ended December 31, 2009 from Ps.3,700.4 million for the year ended December 31, 2008. The annual decrease was driven by lower revenues from magazine circulation and advertising pages sold abroad as well as in Mexico. This negative impact was partially offset by a positive translation effect on foreign-currency-denominated sales.

Publishing operating segment income decreased by Ps.457.9 million, or 70.6%, to Ps.190.7 million for the year ended December 31, 2009 from Ps.648.6 million for the year ended December 31, 2008. This decrease reflects lower sales and an increase in operating expenses due to non recurrent charges such as an increase in provision for doubtful trade accounts and certain restructuring costs, as well as a negative translation effect on foreign-currency-denominated costs and expenses. These effects were partially offset by lower cost of sales, mainly in cost of paper and printing.

Sky

Sky net sales, representing 18.7% of our total segment net sales for both years ended December 31, 2008 and 2009, increased by Ps.843.0 million or 9.2% to Ps.10,005.2 million for the year ended December 31, 2009 from Ps.9,162.2 million for the year ended December 31, 2008. This increase was primarily due to an increase in its subscriber base in Mexico, a growth of Sky operations in Central America and higher advertising revenues. As of December 31, 2009 the number of gross active subscribers increased to 1,959,700 (including 144,300 commercial subscribers) compared with 1,759,800 (including 128,900 commercial subscribers) as of December 31, 2008.

Sky operating segment income increased by Ps.62.0 million or 1.4% to Ps.4,478.8 million for the year ended December 31, 2009 from Ps.4,416.8 million for the year ended December 31, 2008. This increase was due to the increase in net sales and was partially offset by higher programming costs associated with the increase of our subscriber base, as well as the amortization of costs related with the exclusive transmission of 24 matches of the 2010 Soccer World Cup, an increase in promotional expenses and a negative translation effect on foreign-currency-denominated costs and expenses.

Cable and Telecom

Cable and Telecom net sales, representing 13.5% and 17.3% of our total segment net sales for the years ended December 31, 2008 and 2009, respectively, increased by Ps.2,618.4 million, or 39.5%, to Ps.9,241.8 million for the year ended December 31, 2009 from Ps.6,623.4 million for the year ended December 31, 2008. This increase was primarily due to the addition of more than 350,000 revenue generation units (RGU's) in Cablevision and Cablemás during the year driven mainly by the success of our competitive triple-play bundles, as well as the consolidation of Cablemás since June 1, 2008 and of TVI since October 1, 2009.

Cable and Telecom operating segment income increased by Ps.837.1 million, or 39.2%, to Ps.2,971.9 million for the year ended December 31, 2009 from Ps.2,134.8 million for the year ended December 31, 2008. These results reflect higher sales, that were partially offset by an increase in advertising campaigns around triple play packages; a negative translation effect on foreign-currency-denominated costs; the costs inherent to growth in the subscriber base and higher costs and expenses resulting from Cablemás and TVI's consolidation.

The following table sets forth the breakdown of RGUs as of December 31, 2009:

	CABLEVISION	CABLEMÁS	TVI
Video	632,061	912,825	237,062
Broadband	250,550	289,006	112,105
Voice	133,829	146,406	75,779
RGUs	1,016,440	1,348,237	424,946

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Other Businesses
Other Businesses net sales, representing 7.1% and 7.0% of our total segment net sales for the years ended December 31, 2008 and 2009, respectively, increased by Ps.272.9 million, or 7.8%, to Ps.3,771.4 million for the year ended December 31, 2009 from Ps.3,498.5 million for the year ended December 31, 2008. This increase was primarily due to higher sales related to our gaming, sport events production and internet businesses. This increase was partially offset by lower sales in our feature-film distribution, radio and publishing distribution businesses.

Other Businesses operating segment loss increased by Ps.75.3 million, or 31.0%, to Ps.318.2 million for the year ended December 31, 2009 from Ps.242.9 million for the year ended December 31, 2008. This increase reflects higher cost of sales and operating expenses related to our sport events production and publishing distribution businesses and lower sales in our feature-film distribution, radio and publishing distribution businesses. These effects were partially offset by higher total segment sales and a decrease in the cost of sales and operating expenses of our feature-film distribution business.

Depreciation and Amortization
Depreciation and amortization expense increased by Ps.618.5 million, or 14.3%, to Ps.4,929.6 million for the year ended December 31, 2009 from Ps.4,311.1 million for the year ended December 31, 2008. This change primarily reflects an increase in our Cable and Telecom (due to the consolidation of Cablemás and TVI), Publishing and Other Businesses segments. This increase was partially offset by a decrease in our Sky and Television Broadcasting segments.

Operating Income
Operating income had a marginal Increase of Ps.29.1 million or 0.2%, to Ps.15,156.9 million for the year ended December 31, 2009 from Ps.15,127.8 million for the year ended December 31, 2008. This increase reflects the increase in our total net sales, offset by the increases in cost of sales, operating expenses and depreciation and amortization expense.

Non-operating Results

Other Expense, Net
Other expense, net, in the year ended December 31, 2009, included primarily impairment adjustments to intangible assets, professional services in connection with certain litigation, donations, and disposition of property and equipment.

Other expense, net, increased by Ps.812.8 million, or 85.4%, to Ps.1,764.9 million for the year ended December 31, 2009, compared to Ps.952.1 million for the year ended December 31, 2008. This increase reflected primarily i) higher non-cash impairment adjustments made to the carrying value of goodwill of certain businesses in our Cable and Telecom, Television Broadcasting and Publishing segments, and trademarks in our Publishing segment; ii) the absence of other income recognized in 2008, derived from a litigation settlement in January 2009; and iii) an increase in loss on disposition of property and equipment. These unfavorable variances were partially offset by a decrease in professional services in connection with certain litigation.

Integral Cost of Financing, Net
Integral cost of financing, net, significantly impacts our financial statements in periods of high inflation or currency fluctuations. Under Mexican FRS, integral cost of financing reflects:

- interest expense, including gain or losses from derivative instruments and the restatement of our UDI denominated notes through 2007;

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- interest income;
- foreign exchange gain or loss attributable to monetary assets and liabilities denominated in foreign currencies, including gains or losses from derivative instruments; and
- gain or loss attributable to holding monetary assets and liabilities exposed to inflation through 2007, as we discontinued recognizing the effects of inflation in financial information effective January 1, 2008.

Our foreign exchange position is affected by our assets or liabilities denominated in foreign currencies, primarily U.S. dollar. We record a foreign exchange gain or loss if the exchange rate of the Peso to the other currencies in which our monetary assets or liabilities are denominated varies.

The net expense attributable to integral cost of financing increased by Ps.2,142.4 million, to Ps.2,973.3 million for the year ended December 31, 2009 from Ps.830.9 million for the year ended December 31, 2008. This increase reflected i) a Ps.1,576.0 million increase in foreign exchange loss resulting from the unfavorable effect of a 5.5% appreciation of the Mexican peso against the US dollar in 2009 versus a 26.7% depreciation of the Mexican peso against the US dollar in 2008, primarily on foreign-currency hedge contracts; ii) a Ps.320.0 million increase in interest expense, due primarily to a higher average principal amount of long-term debt in 2009; and iii) a Ps.246.4 million decrease in interest income explained primarily by a reduction of interest rates applicable to cash equivalents and temporary investments in 2009.

Equity in Losses of Affiliates, Net

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

Equity in losses of affiliates, net, decreased by Ps.334.6 million, or 31.9%, to Ps.715.3 million in 2009 compared to Ps.1,049.9 million in 2008. This decrease reflected mainly a reduction in equity in losses of i) Volaris, our 25% interest in a low-cost carrier airline with a concession to operate in Mexico; and ii) La Sexta, our 40.5% interest in a free-to-air television channel in Spain. Equity in losses of affiliates, net, for the year ended December 31, 2009, is comprised for the most part by the equity in loss of La Sexta, which was partially offset by the equity in earnings of other associates.

Income Taxes

Income taxes decreased by Ps.443.5 million, or 12.4%, to Ps.3,120.7 million in 2009 from Ps.3,564.2 million in 2008. This decrease reflected a lower corporate income tax base, which was offset by a higher corporate income tax rate.

We are authorized by the Mexican tax authorities to compute our 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.

Through December 31, 2007, we were also subject to an assets tax, applicable to our Mexican companies and computed on a fully consolidated basis at a tax rate of 1.25% on the adjusted book value of some of our assets.

The Mexican corporate income tax rate in 2007, 2008 and 2009 was 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 introduced a flat tax, which replaced Mexico´s asset tax and is applied along with Mexico´s regular income tax. In general, Mexican companies are subject to paying the greater of the flat tax or the income tax. The IETU 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 flat tax. 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 IETU in the near future.

In December 2009, the Mexican government enacted certain amendments and changes to the Mexican Income Tax Law that became effective as of January 1, 2010. The main provisions of these amendments and changes are as follows: i) the corporate income tax rate will be increased from 28% to 30% for the years 2010 through 2012, and reduced to 29% and 28% in 2013 and 2014, respectively; ii) the deferred income tax benefit derived from tax consolidation of a parent company and its subsidiaries is limited to a period of five years; therefore, the resulting deferred income tax has to be paid starting in the sixth year following the fiscal year in which the deferred income tax benefit was received; iii) the payment of this income tax has to be made in installments: 25% in the first and second year, 20% in the third year, and 15% in the fourth and fifth year; and iv) this procedure applies for the deferred income tax resulting from the tax consolidation regime prior to and from 2010, so taxpayers will have to pay in 2010 the first installment of the cumulative amount of the deferred tax benefits determined as of December 31, 2004.

Noncontrolling Interest Net Income

Noncontrolling interest net income decreased by Ps.351.4 million, or 37.9%, to Ps.575.6 million in 2009, from Ps.927.0 million in 2008. This decrease primarily reflected a lower portion of consolidated net income attributable to interests held by noncontrolling equity owners in our Sky segment, as well as a higher portion of consolidated net loss attributable to interests held by noncontrolling stockholders in our Cable and Telecom segment.

Controlling Interest Net Income

We generated net income in the amount of Ps.6,007.1 million in 2009, as compared to net income of Ps.7,803.7 million in 2008. The net decrease of Ps.1,796.6 million reflected:

- a Ps.812.8 million increase in other expense, net;
- a Ps.2,142.4 million increase in integral cost of financing, net;

These changes were partially offset by:

- a Ps.29.1 million increase in operating income;
- a Ps.334.6 million decrease in equity in earnings of affiliates, net;
- a Ps.443.5 million decrease in income taxes.
- a Ps.351.4 million decrease in noncontrolling interest net income.

Capital Expenditures, Acquisitions and Investments

During 2010, we expect to:

- make aggregate capital expenditures for property, plant and equipment totaling U.S.$720 million, of which U.S.$350 million and U.S.$230 million are for the expansion and improvements of our Cable and Telecom and Sky segments, respectively, and the remaining U.S.$140 million are for our Television Broadcasting segment and other segments; and
- make investments related to our 40.5% interest in La Sexta for an aggregate amount of €21.5 million.

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During 2009, we:

- made aggregate capital expenditures totaling U.S.$499.3 million, of which U.S.$239 million, U.S.$128.8 million and U.S.$17.5 million correspond to our Cable and Telecom, Sky and Gaming businesses, respectively, and U.S.$114 million to our Television Broadcasting and other businesses;
- made investments related to our 40.5% interest in La Sexta for an aggregate amount of €35.7 million;
- made investments in Volaris, for an aggregate amount of U.S.$5 million, and in other associates for an aggregate amount of U.S.$5.5 million.

During 2008, we:

- made aggregate capital expenditures totaling U.S.$478.8 million, of which U.S.$183.3 million, and U.S.$114 million correspond to our Cable and Telecom and Sky segments, respectively, U.S.$39.6 million to our Gaming business, and U.S.$141.9 million to our Television Broadcasting segment and other businesses;
- made investments related to our 40% interest in La Sexta in the aggregate amount of €44.4 million and In our equity interest in Cablemás in the amount of U.S.$100 million; and.
- made investments in Volaris in the amount of U.S.$12 million, and in Spot Runner in the amount of U.S.$25 million.

Indebtedness

As of December 31, 2009, our consolidated long-term portion of debt amounted to Ps.41,983.2 million, and our consolidated current portion of debt was Ps.1,433.0 million. As of December 31, 2009, our total consolidated debt was denominated in U.S. dollars (76.05%) and Mexican pesos (23.95%). Additionally, as of December 31, 2009, our consolidated long-term portion of capital lease obligations amounted to Ps.1,166.5 million, and our consolidated current portion of capital lease obligations was Ps.235.3 million.

The major components of total consolidated indebtedness as of December 31, 2009 were as follows:

- 8% Senior Notes due 2011 for an outstanding amount of U.S.$72 million;
- 8.5% Senior Notes due 2032 for an amount of U.S.$300 million;
- 6.625% Senior Notes due 2025 for an amount of U.S.$600 million;
- 8.49% Senior Notes due 2037 for an amount of Ps.4,500 million ;
- Long-term loan facility due from 2010 to 2012 for an amount of Ps.2,000 million with an average annual interest rate of 10.35%;
- Long-term loan facility due 2012 for an amount of U.S.$225 million with an average annual interest of Libor + 0.525%;
- Long-term loan facility due 2016 for an amount of Ps.1,400 million with an average annual interest of TIIE + 24 basis points;
- Long-term loan facility due 2016 for an amount of Ps.2,100 million with an average annual interest rate of 8.74%;
- 6% Senior Notes due 2018 for an amount of U.S.$500 million;
- 9.375% Senior Notes due 2015 for an amount of U.S.$174.7 million;
- Long-term loan facility due 2012 for an amount of U.S.$50 million with an average annual interest rate of Libor + 0.600%;
- 6.625% Senior Notes due 2040 for an amount of U.S.$600 million;
- Long-term loan facility due 2010 for an amount of Ps.300 million with an average annual interest of TIIE + 1.50%;
- Long-term loan facility due 2010 for an amount of Ps.50 million with an average annual interest rate of 8.35%;
- Long-term loan facility due 2010 for an amount of Ps.50 million with an average annual interest of TIIE + 2.20%;
- Other long-term debt for an equivalent amount of U.S.$2.5 million;
- Satellite transponder lease obligation for an amount of U.S.$84.7 million; and
- Other capital lease obligations for an equivalent amount of U.S.$22.4 million.

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