ASSURANT INC
Form 8-K
February 16, 2016

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

# FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): February 16, 2016

# Assurant, Inc.

(Exact name of registrant as specified in its charter)

| | | |
|---|---|---|
| Delaware | 001-31978 | 39-1126612 |
| (State or other jurisdiction of incorporation) | (Commission File Number) | (I.R.S. Employer Identification No.) |
| 28 Liberty Street, 41st Floor, New York, New York | | 10005 |
| (Address of principal executive offices) | | (Zip Code) |

Registrant s telephone number, including area code: 212-859-7000

Not Applicable

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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**Item 7.01 Regulation FD Disclosure.**

On February 16, 2016, Assurant, Inc. (the "Company") issued a news release announcing certain management changes within the Company. The text of the news release, attached hereto as Exhibit 99.1, is incorporated by reference into this Item. The news release is furnished and not filed pursuant to General Instruction B.2 of Form 8-K.

**Item 9.01 Financial Statements and Exhibits.**

News release dated, February 16, 2016.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

| | |
|---|---|
| | Assurant, Inc. |
| *February 16, 2016* | *By: /s/ Bart R. Schwartz* |
| | *Name: Bart R. Schwartz*<br>*Title: Evecutive Vice President, Chief Legal Officer and Secretary* |

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Exhibit Index

| Exhibit No. | Description |
|---|---|
| 99.1 | News release dated, February 16, 2016 |

adding-right:8px"> Pension Equalization Plan 4.67 $74,633 $ -

(1) The Company s Cash Balance Plan had been offered to substantially all employees after a year of service and after reaching 21 years of age. Plan entry dates were January and July of each year. The PEP was amended January 1, 2004, to waive the one year service requirement. Because of these different service crediting provisions, there could be a difference between the Cash Balance Plan service and the PEP service reflected in the column of up to 1.5 years. However, credited years of service equals actual years of service with the Company, subject to the crediting provisions above.

(2) The calculation of present value of accumulated benefit is based on a normal retirement age of 65 and credited service and certain discount rate and mortality inputs. For the assumptions made in the valuations, see Note 16 to the Company s audited financial statements included within the Company s Annual Report on Form 10-K for the year ended December 31, 2010.

**DEFERRED COMPENSATION PLAN**

The DCP offers eligible participants another vehicle to accumulate savings for retirement. See Deferred Compensation Program above. Amounts deferred by a participant are credited to a bookkeeping account maintained on behalf of each participant, which is used for the measurement and determination of amounts to be paid to a participant, or his or her designated beneficiary, pursuant to the terms of the DCP. Deferred amounts are the Company s general unsecured obligations and are subject to claims by the Company s creditors. The Company s general assets or existing rabbi trust may be used to fund payment obligations and pay DCP benefits.

According to the terms of the DCP, a participant has the opportunity to allocate deferred amounts to one or more of sixteen measurement funds offered. The measurement funds are indexed to externally managed funds inside the Company s insurance-backed account. Amounts in these accounts can earn variable returns, including negative returns. Deemed earnings on the deferrals are based on these measurement funds and have no guaranteed rate of return.

Under the DCP, a participant may make separate distribution elections with respect to each year s deferrals. These distribution elections include the ability to elect a single lump-sum payment or annual installment payments.

The following table summarizes each named executive officer s contributions, earnings and aggregate balance under the DCP as of December 31, 2010:

| Name | Executive Contributions in Last FY ($)(1) | Registrant Contributions in Last FY ($) | Aggregate Earnings in Last FY ($)(2) | Aggregate Withdrawals/ Distributions ($) | Aggregate Balance at Last FYE ($)(3) |
|---|---|---|---|---|---|
| David P. King | $ - | $ - | $ 31,852 | $ - | $ 385,868 |
| James T. Boyle | $ - | $ - | $ - | $ - | $ - |
| Andrew J. Conrad | $ - | $ - | $ - | $ - | $ - |
| William B. Hayes | $ - | $ - | $ 4,779 | $ - | $ 32,339 |
| Andrew S. Walton | $ - | $ - | $ - | $ - | $ - |

(1) Amounts in this column are included in the Salary column of the Summary Compensation Table above.
(2) Amounts in this column are not included in the Change in Pension Value and Nonqualified Deferred Compensation Earnings column of the Summary Compensation Table as they do not qualify as above market or preferential earnings.
(3) For Mr. King, $332,120 of the amount in this column was reported in the Summary Compensation Table for 2010 and in prior years.

**POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE OF CONTROL**

The tables that follow provide information related to compensation payable to each named executive officer assuming termination of such executive s employment on December 31, 2010, or assuming a change of control with corresponding qualifying termination occurred on December 31, 2010. Amounts also assume the price of the Company s common stock was $87.92, the closing price on December 31, 2010.

| David P. King | Voluntary Termination (#) | Early Retirement (#) | Normal Retirement | Involuntary Not for Cause or Good Reason Termination | For Cause Termination | Change-in-Control | Disability | Death |
|---|---|---|---|---|---|---|---|---|
| Base Compensation | $ - | $ - | $ - | $ 1,770,668 | $ - | $ 2,656,002 | $ - | $ - |
| Annual Incentive Bonus | $ - | $ - | $ - | $ 2,608,956 | $ - | $ 3,913,434 | $ - | $ - |
| Excise Tax & Gross-up | $ - | $ - | $ - | $ 0 | $ - | $ - | $ - | $ - |
| Stock Options | $ 13,011,815 | $ 13,011,815 | $ 8,919,834 | $ - | $ - | $ 8,919,834 | $ 8,919,834 | $ 8,919,834 |
| Restricted Stock | $ 3,505,195 | $ 3,505,195 | $ 3,505,195 | $ - | $ - | $ 3,505,195 | $ 3,505,195 | $ 3,505,195 |
| Performance Shares | $ 10,330,600 | $ 10,330,600 | $ 10,330,600 | $ - | $ - | $ 10,330,600 | $ 10,330,600 | $ 10,330,600 |
| Health & Welfare Benefits | $ - | $ - | $ - | $ 9,529 | $ - | $ 9,529 | $ 360,000 | $ 1,000,000 |
| Financial Services | $ 20,000 | $ 20,000 | $ 20,000 | $ 20,000 | $ 20,000 | $ 20,000 | $ 20,000 | $ 20,000 |
| TOTAL | $ 26,867,610 | $ 26,867,610 | $ 22,775,629 | $ 4,409,153 | $ 20,000 | $ 29,354,594 | $ 23,135,629 | 23,775,629 |

| James T. Boyle | Voluntary Termination | Early Retirement | Normal Retirement | Involuntary Not for Cause or Good Reason Termination | For Cause Termination | Change-in-Control | Disability | Death |
|---|---|---|---|---|---|---|---|---|
| Base Compensation | $ - | $ - | $ - | $ 900,000 | $ - | $ 900,000 | $ - | $ - |
| Annual Incentive Bonus | $ - | $ - | $ - | $ 613,354 | $ - | $ 613,354 | $ - | $ - |
| Excise Tax & Gross-up | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Stock Options | $ - | $ - | $ 2,061,287 | $ - | $ - | $ 2,061,287 | $ 2,061,287 | $ 2,061,287 |
| Restricted Stock | $ - | $ - | $ 835,328 | $ - | $ - | $ 835,328 | $ 835,328 | $ 835,328 |
| Performance Shares | $ - | $ - | $ 2,488,136 | $ - | $ - | $ 2,488,136 | $ 2,488,136 | $ 2,488,136 |
| Health & Welfare Benefits | $ - | $ - | $ - | $ 9,529 | $ - | $ 9,529 | $ 300,000 | $ 1,000,000 |
| Financial Services | $ 10,000 | $ 10,000 | $ 10,000 | $ 10,000 | $ 10,000 | $ 10,000 | $ 10,000 | $ 10,000 |
| TOTAL | $ 10,000 | $ 10,000 | $ 5,394,751 | $ 1,532,883 | $ 10,000 | $ 6,917,634 | $ 5,694,751 | $ 6,394,751 |

| Andrew J. Conrad | Voluntary Termination | Early Retirement | Normal Retirement | Involuntary Not for Cause or Good Reason Termination | For Cause Termination | Change-in-Control | Disability | Death |
|---|---|---|---|---|---|---|---|---|
| Base Compensation | $ - | $ - | $ - | $ 847,332 | $ - | $ 551,512 | $ - | $ - |
| Annual Incentive Bonus | $ - | $ - | $ - | $ 850,960 | $ - | $ 555,140 | $ - | $ - |
| Excise Tax & Gross-up | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Stock Options | $ - | $ - | $ 1,342,497 | $ - | $ - | $ 1,342,497 | $ 1,342,497 | $ 1,342,497 |
| Restricted Stock | $ - | $ - | $ 589,064 | $ - | $ - | $ 589,064 | $ 589,064 | $ 589,064 |
| Performance Shares | $ - | $ - | $ 1,424,304 | $ - | $ - | $ 1,424,304 | $ 1,424,304 | $ 1,424,304 |
| Health & Welfare Benefits | $ - | $ - | $ - | $ 6,353 | $ - | $ 6,353 | $ 300,000 | $ 1,000,000 |
| Financial Services | $ 10,000 | $ 10,000 | $ 10,000 | $ 10,000 | $ 10,000 | $ 10,000 | $ 10,000 | $ 10,000 |
| TOTAL | $ 10,000 | $ 10,000 | $ 3,365,865 | $ 1,714,645 | $ 10,000 | $ 4,478,870 | $ 3,665,865 | $ 4,365,865 |

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| William B. Hayes | Voluntary Termination (#) | Early Retirement (#) | Normal Retirement | Involuntary Not for Cause or Good Reason Termination | For Cause Termination | Change-in-Control | Disability | Death |
|---|---|---|---|---|---|---|---|---|
| Base Compensation | $ - | $ - | $ - | $ 873,600 | $ - | $ 873,600 | $ - | $ - |
| Annual Incentive Bonus | $ - | $ - | $ - | $ 836,214 | $ - | $ 836,214 | $ - | $ - |
| Excise Tax & Gross-up | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Stock Options | $ 4,619,798 | $ 4,619,798 | $ 3,174,306 | $ - | $ - | $ 3,174,306 | $ 3,174,306 | $ 3,174,306 |
| Restricted Stock | $ 1,236,771 | $ 1,236,771 | $ 1,236,771 | $ - | $ - | $ 1,236,771 | $ 1,236,771 | $ 1,236,771 |
| Performance Shares | $ 3,701,432 | $ 3,701,432 | $ 3,701,432 | $ - | $ - | $ 3,701,432 | $ 3,701,432 | $ 3,701,432 |
| Health & Welfare Benefits | $ - | $ - | $ - | $ 9,529 | $ - | $ 9,529 | $ 300,000 | $ 1,000,000 |
| Financial Services | $ 10,000 | $ 10,000 | $ 10,000 | $ 10,000 | $ 10,000 | $ 10,000 | $ 10,000 | $ 10,000 |
| TOTAL | $ 9,568,001 | $ 9,568,001 | $ 8,122,509 | $ 1,729,343 | $ 10,000 | $ 9,841,852 | $ 8,422,509 | $ 9,122,509 |

| Andrew S. Walton | Voluntary Termination | Early Retirement | Normal Retirement | Involuntary Not for Cause or Good Reason Termination | For Cause Termination | Change-in-Control | Disability | Death |
|---|---|---|---|---|---|---|---|---|
| Base Compensation | $ - | $ - | $ - | $ 694,448 | $ - | $ 694,448 | $ - | $ - |
| Annual Incentive Bonus | $ - | $ - | $ - | $ 548,118 | $ - | $ 548,118 | $ - | $ - |
| Excise Tax & Gross-up | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Stock Options | $ - | $ - | $ 1,681,879 | $ - | $ - | $ 1,681,879 | $ 1,681,879 | $ 1,681,879 |
| Restricted Stock | $ - | $ - | $ 665,290 | $ - | $ - | $ 665,290 | $ 665,290 | $ 665,290 |
| Performance Shares | $ - | $ - | $ 1,951,824 | $ - | $ - | $ 1,951,824 | $ 1,951,824 | $ 1,951,824 |
| Health & Welfare Benefits | $ - | $ - | $ - | $ 9,529 | $ - | $ 9,529 | $ 300,000 | $ 1,000,000 |
| Financial Services | $ 10,000 | $ 10,000 | $ 10,000 | $ 10,000 | $ 10,000 | $ 10,000 | $ 10,000 | $ 10,000 |
| TOTAL | $ 10,000 | $ 10,000 | $ 4,308,993 | $ 1,262,095 | $ 10,000 | $ 5,561,088 | $ 4,608,993 | $ 5,308,993 |

(#) See discussion of Transition Policy under Equity Awards: Stock Incentive Plan and Transition Policy below.

**Equity Awards: Stock Incentive Plan and Transition Policy**. The treatment of equity awards varies depending on the type of termination. In the event an executive s employment terminates (other than by reason of death, disability, normal retirement or change-in-control with a corresponding qualifying termination), stock options that are vested at the time of termination may be exercised within three months of termination. All unvested stock options, restricted stock and performance awards immediately expire.

Under the Transition Policy, stock options, restricted stock, and performance awards continue to vest through the vesting period as if the executive were still employed. Valuation in the event of a voluntary termination or early retirement is based on a Black-Scholes valuation for unvested shares and a December 31, 2010 market price for restricted stock and performance awards. For purposes of the table above, it is assumed that the measures for the performance awards will be achieved at the target level. Mr. King and Mr. Hayes are the only executives who may qualify for benefit under the Transition Policy.

In the event that an executive s employment terminates by reason of death, disability, normal retirement or a change-in-control with a corresponding qualifying termination, then the vesting of all stock options, restricted stock and performance share awards granted accelerates and these become immediately vested. The executive may exercise the vested stock options at any time within one year after the date of death, disability, retirement or a change-in-control. For these types of terminations, the value in the tables was determined by multiplying the gain using a December 31, 2010 market price by the number of unvested shares.

For purposes of the equity awards, normal retirement means retirement at or after the age of 65 with 5 years of service and early retirement means retirement at or after the age of 55 with 10 years of service. None of the named executive officers is currently eligible to receive benefits under the normal retirement or early retirement provisions.

**Base Compensation and Annual Incentive Bonus**. No additional base compensation amounts are payable for terminations due to the following: voluntary termination, early retirement, normal retirement, for cause termination, disability or death. A pro-rated annual bonus payment may be made for each of the termination events mentioned in the tables above, except a for cause termination. Provisions for base compensation and annual bonus payments in the event of an involuntary not for cause or good reason termination or a change in control are detailed below.

**Amended and Restated Master Senior Executive Severance Plan and the Master Senior Executive Change-in-Control Severance Plan**. The Amended and Restated Severance Plan and the Change-in-Control Severance Plan provide the Company s named executive officers (as well as the Company s other executive vice presidents and senior vice presidents) with severance payments upon, respectively, a qualifying termination and a qualifying termination that occurs within three years following a change in control. A qualifying termination is generally defined as involuntary termination without cause or voluntary termination with good reason. Cause means that the named executive officer shall have committed prior to termination of employment any of the following acts: an intentional act of fraud, embezzlement, theft, or any other material violation of law in connection with his duties or in the course of his employment with the Company; the conviction of or entering of a plea of nolo contendere to a felony; alcohol intoxication on the job or current illegal drug use; intentional wrongful damage to tangible assets of the Company; intentional wrongful disclosure of material confidential information of the Company and/or materially breaching the noncompetition or confidentiality provisions covering his activities; knowing and intentional breach of any employment policy of the Company; or gross neglect or misconduct, disloyalty, dishonesty, or breach of trust in the performance of his duties that is not corrected to the Board s satisfaction within 30 days of notice thereof. Good reason means a reduction in base salary or targeted bonus as a percentage of salary, relocation to an office location more than 75 miles from the employee s current office without consent of the employee, a material reduction in job responsibilities or transfer to another job without the consent of the employee.

For purposes of the Change-in-Control Plan, cause means (a) any person who is not presently but becomes the beneficial owner , directly or indirectly, of securities of the Company representing 40 percent or more of the Company s outstanding securities except for any securities purchased by any tax-qualified employee benefit plan of the Company; or (b) individuals who constituted the Board on February 10, 2009 (the Incumbent Board ) cease for any reason to constitute at least a majority thereof, provided that any person subsequently becoming a director whose election was approved by a vote of at least three-quarters of the directors comprising the Incumbent Board (including any such directors whose election was so approved), or whose nomination for election by the Company s stockholders was approved by the Incumbent Board (including such directors whose election was so approved), is for purposes of this clause (b), considered as though he or she were a member of the Incumbent Board; or (c) a plan of reorganization, merger, consolidation, sale of all or substantially all the assets of the Company or similar transaction occurs in which the Company is not the resulting entity.

The severance payments under the Change-in-Control Plan are as follows:

| | **Change-in-Control** | **Qualifying Termination(a)** |
|---|---|---|
| CEO | 3x (annual salary + average MIB payments) | 2x (annual salary + average MIB payments) |
| Executive Vice Presidents | 2x (annual salary + average MIB payments) | 2x (annual salary + average MIB payments) |
| Senior Vice Presidents | 1x (annual salary + average MIB payments) | 1x (annual salary + average MIB payments) |

(a) Average MIB payments is the average of the executive s actual MIB payments over the prior three years.

In 2010, the Compensation Committee amended the Change-in-Control Plan to provide that to the extent a participant in the Change-in-Control Plan would be subject to an excise tax on excess parachute payments imposed by Section 4999 of the Internal Revenue Code as a result of any payments made to the participant in connection with a change in control, those payments would be reduced if doing so would provide the participant with a better after-tax result. Prior to that amendment, the Change-in-Control Plan provided that if severance payments payable by the Company become subject to the excise tax on excess parachute payments , the Company would be required to reimburse the executive for the amount of such excise tax (and the income and excise taxes on such reimbursement). The Compensation Committee made this change to reflect emerging practices and trends.

**Health and Welfare Benefits**. In the event of a qualifying termination under the Severance Plan or the Change-in-Control Plan, the executive is also eligible for up to six months of Company-paid COBRA.

In the event a named executive officer dies while an active employee, his or her beneficiary will receive $1 million from the Company s group term life plan. In addition, eligible, enrolled dependents will receive COBRA continuation of coverage for the first six months following the executive s death (not included in the tables above). In addition, if the executive was traveling on Company business at the time of death, the beneficiary will also receive $1 million of business travel accident insurance (not included in the tables above).

If an executive becomes disabled (i.e., he is not able to perform the material duties of his occupation solely because of disease or injury), the executive is generally eligible for a monthly benefit payable until the earlier of (a) age 65 if the period of disability starts prior to the age of 60, or (b) the length of the disability. For Mr. King, this monthly benefit is $30,000, and for the other named executive officers it is $25,000 per month.

**Cash Balance Plan**. Under the Cash Balance Plan, upon a termination of employment the named executive officers are entitled to receive the same amounts set forth for each officer in the Present Value of Accumulated Benefit column in the Pension Benefits Table above, regardless of reason, except for death, which pays at 50% of such value.

**PEP Plan**. PEP payments are subject to Section 409(A) of the IRC and require a six-month waiting period following separation of service before distribution of the first payment. Under the PEP, upon a termination the named executive officers are entitled to receive the same amounts set forth for each officer in the Present Value of Accumulated Benefit column in the Pension Benefits Table above, regardless of reason, except for death, which pays at 50% of such value.

**DCP**. The DCP was amended to grandfather participants prior to December 31, 2004 to remove the six-month waiting period for distributions following separation of service. Distribution elections made after December 31, 2004 require a six-month waiting period following separation of service before distribution of the first payment, as required by Section 409A of the IRC. Otherwise, distribution elections include the ability to elect a single lump-sum payment or annual installment payments. Under the DCP, upon a termination the named executive officers are entitled to receive the same amounts set forth for each officer in the Aggregate Balance column of the Non-Qualified Deferred Compensation Table above, regardless of reason for the termination.

**Perquisites**. All perquisites offered to the named executive officers immediately terminate upon the executive s termination, except for the financial planning services which are extended to Mr. King and the other named executive officers for one year post-termination. The one-year limit for financial planning services is $20,000 for Mr. King and $10,000 for each of the other named executive officers.

**Compensation Committee Interlocks and Insider Participation**

The members of the Compensation Committee are Ms. Anderson, Mr. Bélingard, and Dr. Weikel (Committee Chair). There are no members of the Compensation Committee who were officers or employees of the Company or any of its subsidiaries during the 2010 fiscal year, were formerly officers of the Company, or had any relationship otherwise requiring disclosure hereunder.

**Equity Compensation Plan Information**

The following table summarizes the Company s equity compensation plan information as of December 31, 2010. All equity compensation plans have been approved by Company stockholders, except in the case of equity compensation plans approved by stockholders of companies acquired by the Company as described in footnote (1) below.

| Plan Category | Common shares to be issued upon exercise of outstanding options, warrants, and rights | Weighted-average exercise price of outstanding options, warrants and rights | Common shares available for future issuance under equity compensation plans (excluding securities reflected in column A) |
|---|---|---|---|
| | A | B | C |
| Equity compensation plans approved by Company stockholders(1) | 6,572,574(2) | $67.93 | 4,407,771(3) |
| Equity compensation plans not approved by Company stockholders | - | - | - |

(1) Not included in this total are stock option awards from Dynacare, Inc. representing 276,990 shares of underlying common stock, which were assumed in connection with acquisition transactions by the Company. These options were issued under the Dynacare, Inc. Amended and Restated Employee Stock Option Plan, which was approved by Dynacare, Inc. stockholders when the plan was initially implemented. At December 31, 2010, there were no options outstanding under this plan. The Company does not intend to issue new awards under this plan.

Also not included in this total are stock option awards from Dianon Systems, Inc., representing 690,116 shares of underlying common stock, which were assumed in connection with acquisition transactions by the Company. These options were issued under the Dianon Systems, Inc. 1996 Stock Incentive Plan; the Dianon Systems, Inc. 1999 Stock Incentive Plan; the Dianon Systems, Inc. 2000 Stock Incentive Plan; the Dianon Systems, Inc. 2001 Stock Incentive Plan; and the UroCor Second Amended and Restated 1992 Stock Option Plan, which were approved by the Dianon Systems, Inc., and the UroCor, Inc. stockholders when the plans were initially implemented. At December 31, 2010, there were options to purchase 16,093 shares of the Company s common stock outstanding under these plans and the weighted-average exercise price of outstanding options was $30.00. The Company does not intend to issue new awards under these plans.

(2) Includes options to purchase shares outstanding under the Laboratory Corporation of America Holdings 2000 and 2008 Stock Incentive Plans, the Laboratory Corporation of America Holdings Amended and Restated 1999 Stock Incentive Plan, and the Laboratory Corporation of America Holdings 1994 Stock Option Plan.

(3) Includes 3,954,595 shares available for future issuance under the Laboratory Corporation of America Holdings 2008 Stock Incentive Plan, 48,378 shares available for future issuance under the Laboratory Corporation of America Holdings 1995 Stock Plan for Non-employee Directors, and 404,798 shares available for future issuance under the Laboratory Corporation of America Holdings 1997 Employee Stock Purchase Plan.

**PROPOSAL TWO: NON-BINDING VOTE ON EXECUTIVE COMPENSATION**

As required by the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Company is seeking shareholder input on the Company s executive compensation as disclosed in this proxy statement. The Board and the Compensation Committee actively monitor the Company s executive compensation practices in light of emerging compensation practices, the industry in which the Company operates and the marketplace for talent in which the Company competes. The Company remains focused on compensating the Company s executive officers fairly and in a manner that incents high levels of performance while providing tools necessary to attract and retain the best talent.

As described in the Compensation Discussion and Analysis beginning on page 17 of this proxy statement, the Company s executive compensation program is designed to reward the achievement and surpassing of specific short-term and long-term operational and strategic goals. By paying for performance, the Company believes it aligns the interests of the Company s executive officers with those of the Company s stockholders. The Company believes that through an effective executive compensation program, it can be successful in attracting and retaining talented employees who will sustain the Company s financial performance and continue creation of shareholder value.

In implementing this philosophy, the Company adheres to the following principles:

- variable compensation should comprise a significant part of an executive s total compensation, with the percentage at-risk highest for the executive officers;
- the size and the realizable values of compensation awards provided to executive officers should vary significantly with performance achievements;
- an emphasis on stock-based compensation aligns the long-term interests of executive officers and stockholders;
- compensation opportunities for executive officers must be evaluated against those offered by companies in similar industries and similar in size and scope of operations; and
- differences in executive compensation within the Company should reflect varying levels of responsibility and/or performance.

In addition, certain features of the Company s executive compensation program enhance the alignment of the interests of the Company s executive officers and the Company s shareholders, such as:

- stock ownership guidelines for the Company s executive officers, requiring them to own a significant amount of Company stock;
- prohibition on profiting from short-term speculative swings in the value of the Company s stock, including, but not limited to, short sales , put and call options, and hedging transactions;
- the Company s annual bonus plan does not provide payment without achievement of performance goals, regardless of whether the failure to achieve performance goals was outside of management s control;

there is a cap on the annual bonus opportunity even for extraordinary performance so that executives are not provided incentives to take inappropriate risks;

absence of employment agreements with the Company s executive officers, meaning there are no guaranteed levels of base salary, bonus or other forms of compensation;

limited perquisites, which were largely eliminated for 2011;

the Master Senior Executive Severance Plan that provides financial protection for the Company s executives in circumstances involving a change in control is a double trigger plan, requiring termination following a change in control in order for severance payments to become due; and

the use of a mix of long-term incentive types, including stock options, restricted stock and performance shares, to encourage the Company s executives to focus on long-term performance of the Company.

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For these reasons, the Board recommends that shareholders vote in favor of the following resolution:

RESOLVED, that the compensation paid to the Company s named executive officers, as disclosed pursuant to the rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, is hereby APPROVED.

The vote is advisory and is not binding on the Board. However, the Compensation Committee of the Board expects to take into account the outcome of the vote as it continues to consider the Company s executive compensation program.

The Board of Directors of the Company recommends that stockholders vote FOR the approval of executive compensation.

**PROPOSAL THREE: NON-BINDING VOTE ON THE FREQUENCY OF FUTURE NON-BINDING EXECUTIVE COMPENSATION VOTES**

As required by the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Company is seeking shareholder input on how often it will seek non-binding votes on the compensation of named executive officers as disclosed in future proxy statements, similar to Proposal 2 in this Proxy Statement. The Company is required to hold such votes at least once every three years. Accordingly, shareholders may indicate their preference to hold future non-binding executive compensation votes:

Every One Year;

Every Two Years; or

Every Three Years.

You may also abstain from voting. The Board recommends that shareholders vote in favor of holding future non-binding executive compensation votes every one year. Because this vote is non-binding, the Board may determine how frequently it will hold future non-binding executive compensation votes. However, the Board of Directors will consider the outcome of this vote in making its determination.

The Board believes that holding a non-binding executive compensation vote every year will allow for regular shareholder input as the Compensation Committee undertakes its yearly compensation determinations. As a result, an annual vote will allow the Compensation Committee to be responsive to shareholder views about the compensation of the company s executive officers. The Board also views an annual vote as a good corporate governance practice.

The Board of Directors of the Company recommends that stockholders vote in favor of holding future non-binding executive compensation votes EVERY ONE YEAR .

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## PROPOSAL FOUR: RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the Board of Directors has appointed PricewaterhouseCoopers LLP ( PricewaterhouseCoopers ) to audit the accounts of the Company for the year ending December 31, 2011, and the stockholders of the Company are being asked to ratify such appointment. For the year ended December 31, 2010, the Company s accounts were audited by PricewaterhouseCoopers.

PricewaterhouseCoopers report on the financial statements of the Company for the year ended December 31, 2010 did not contain an adverse opinion or a disclaimer of opinion and was not qualified or modified as to uncertainty, audit scope, or accounting principles.

To the knowledge of management and the Audit Committee, in connection with the audit of the Company s financial statements for the year ended December 31, 2010, there were no disagreements with PricewaterhouseCoopers on any matters of accounting principles or practices, financial statement disclosure, or auditing scope and procedure that, if not resolved to the satisfaction of PricewaterhouseCoopers, would have caused PricewaterhouseCoopers to make reference to the matter in its reports.

Representatives of PricewaterhouseCoopers will be present at the Annual Meeting with the opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions.

Stockholder ratification of the appointment of PricewaterhouseCoopers as the Company s independent registered public accounting firm is not required by the Company s By-Laws or otherwise. The Board of Directors has elected to seek such ratification as a matter of good corporate practice. Should the stockholders fail to ratify the appointment of PricewaterhouseCoopers as the Company s independent registered public accounting firm for the year ending December 31, 2011; the Audit Committee will consider whether to retain that firm for such year.

**Principal Accountant Fees and Services**

Aggregate fees for professional services rendered for the Company by PricewaterhouseCoopers for the years ended December 31, 2010 and 2009, were:

| | 2010 | 2009 |
|---|---|---|
| Audit Fees | $ 1,403,100 | $ 1,185,000 |
| Audit Related Fees | 18,000 | 10,500 |
| Tax Fees | 30,600 | 46,200 |
| All Other Fees | - | 8,500 |
| **Total** | **$ 1,451,700** | **$ 1,250,200** |

**Audit Fees.** This category of the table above includes fees for the audit of the Company s annual statements, review of financial statements included in the Company s quarterly reports on Form 10-Q and services that are normally provided by PricewaterhouseCoopers in connection with statutory and regulatory filings or engagements. Audit fees for the years ended December 31, 2010 and 2009, respectively, were for professional services rendered (including reimbursement for out-of-pocket expenses) for the audits of the consolidated financial statements of the Company ($1,330,100 and $1,185,000 for 2010 and 2009, respectively) and the issuance of comfort letters, consents and review of documents filed with the SEC ($73,000 and $0 for 2010 and 2009, respectively). The preparation of the Company s audited financial statements include compliance with Section 404 of the Sarbanes-Oxley Act of 2002 and the preparation by PricewaterhouseCoopers of a report expressing its opinion regarding the effectiveness of the Company s internal control over financial reporting. Audit fees for 2010 and 2009 also included fees for professional services rendered for the audits of the effectiveness of internal control over financial reporting.

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**Audit Related Fees.** This category of the table above includes fees for assurance and related services that are reasonably related to the performance of the audit or review of the Company s financial statements and are not included above under Audit Fees. Audit Related fees for the years ended December 31, 2010 and December 31, 2009 were primarily for certain accounting consultations.

**Tax Fees.** This category of the table above includes fees for services related to tax compliance, tax planning and tax advice. For the year ended December 31, 2010 these fees were primarily for services related to an Abandoned and Unclaimed Property policies and procedures review, European tax compliance and Canadian tax planning service. For the year ended December 31, 2009, these fees were primarily for services related to corporate income tax compliance services and international tax services.

**All Other Fees.** This category of the table above includes fees for any services not included in the first three categories. For 2009 these were primarily related to the reproduction and provision of information for third party requests.

The Audit Committee has considered the non-audit-related services rendered and believes that they are compatible with PricewaterhouseCoopers remaining independent.

The Audit Committee must approve, in advance, the provision by the Company s independent registered public accounting firm of all services, whether or not related to the audit. All of the services for which fees were paid as described in the above tables were pre-approved by the Audit Committee.

The Board of Directors of the Company recommends that stockholders vote FOR the ratification of the appointment of PricewaterhouseCoopers as the Company s independent registered public accounting firm for 2011.

**AUDIT COMMITTEE S REPORT**

The Audit Committee of the Board of Directors was established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934. The Audit Committee, comprised entirely of non-management directors, held eight meetings during 2010. The Board of Directors considered the independence and financial literacy of each of the Audit Committee members, as set forth under the rules of the Listing Standards and the SEC and has concluded that its Audit Committee members satisfy the current requirements of the Listing Standards and the SEC. The Board of Directors further concluded that Kerrii B. Anderson and Wendy E. Lane are audit committee financial experts as defined by SEC rules and each has the accounting or related financial management expertise required by the Listing Standards.

The Audit Committee met with the independent registered public accountants, management, and internal auditors with respect to whether each was carrying out its respective responsibilities. The Audit Committee reviewed the performance and fees of the independent registered public accountants prior to recommending their appointment, and met with them to discuss the scope and results of their audit work, including the adequacy of internal controls and the quality of financial reporting. The Audit Committee reviewed and discussed with management the Company s audited financial statements. The Audit Committee discussed with the independent registered public accountants the matters required to be discussed by Statement of Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol.1, AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T. The Audit Committee has received the written disclosures and the letter from the independent registered public accountants confirming their independence, as required by applicable requirements of Public Company Accounting Oversight Board regarding the independent accountant s communications with the Audit Committee concerning independence, and has discussed with the independent accountant the independent accountant s independence. Both the independent registered public accountants and the internal auditors had full access to the Audit Committee and vice versa, including regular meetings without management present. On the basis of the reviews and discussions referenced above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company s Form 10-K for filing with the SEC.

As part of its duties, the Audit Committee also considers whether the provision of services other than audit services by PricewaterhouseCoopers LLP, the Company s independent registered public accounting firm, is compatible with maintaining the accountant s independence. The Audit Committee considered the compatibility of the non-audit-related services performed by PricewaterhouseCoopers LLP and determined that the registered public accounting firm s independence has been maintained. See Proposal Four: Ratification of Independent Registered Public Accounting Firm.

Management is responsible for the Company s financial reporting process, including its system of internal controls, and for the preparation of consolidated financial statements in accordance with generally accepted accounting principles. The Company s internal auditors are responsible to the Audit Committee for testing the integrity of the financial accounting and reporting control systems and such other matters as the Audit Committee and the Board of Directors determine. The Company s independent registered public accounting firm is responsible for auditing those financial statements. The Audit Committee s responsibility is to monitor and review these processes. It is not the Audit Committee s responsibility to conduct auditing or accounting reviews or procedures. Therefore, the Audit Committee has relied, without independent verification, on (a) management s representation that the financial statements have been prepared with integrity and objectivity and in conformity with accounting principles generally accepted in the United States; (b) the representations of the independent registered public accounting firm appearing in the registered public accounting firm s report on the Company s financial statements; and (c) the representations of management that the internal control systems are effective.

THE AUDIT COMMITTEE

Kerrii B. Anderson, Chairman

Wendy E. Lane

Robert E. Mittelstaedt, Jr.

Arthur H. Rubenstein

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## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL HOLDERS AND MANAGEMENT

The following table sets forth as of March 14, 2011, the total number of shares of Common Stock beneficially owned, and the percent so owned, by (i) each director of the Company, (ii) each person known to the Company to be the beneficial owner of more than 5% of the outstanding Common Stock, (iii) the individuals identified as the named executive officers in the Summary Compensation Table set forth above, and (iv) all current directors and Executive Officers as a group. The number of shares owned are those beneficially owned, as determined under the rules of the SEC, and such information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares as to which a person has sole or shared voting power or investment power and any shares of Common Stock which the person has the right to acquire within 60 days through the exercise of any option, warrant or right, through conversion of any security, or pursuant to the automatic termination of power of attorney or revocation of trust, discretionary account or similar arrangement. Except as otherwise indicated below, the persons named in the table have sole voting and investment power with respect to the shares beneficially owned by them as set forth opposite their respective names.

| Beneficial Owner | Amount and Nature of Beneficial Ownership of Common Stock | Percent of Class |
|---|---|---|
| Harris Associates L.P<br>Two North LaSalle Street 500<br><br>Chicago, IL 60602-3790 | 7,405,325(1) | 7.4% |
| T. Rowe Price Associates, Inc<br>100 East Pratt Street<br><br>Baltimore, MD 21202-1009 | 5,936,193(2) | 5.9% |
| BlackRock, Inc<br>40 East 52nd Street<br><br>New York, NY 10022 | 5,396,457(3) | 5.4% |
| David P. King | 746,677(4,5) | * |
| Kerrii B. Anderson | 17,230(4,5) | * |
| Jean-Luc Bélingard | 44,841(4,5) | * |
| N. Anthony Coles, Jr. | 300(4,5) | * |
| Wendy E. Lane | 27,722(4,5) | * |
| Thomas P. Mac Mahon | 289,588(4,5) | * |
| Robert E. Mittelstaedt, Jr. | 29,910(4,5) | * |
| Arthur H. Rubenstein | 21,864(4,5) | * |
| M. Keith Weikel | 26,524(4,5) | * |
| R. Sanders Williams | 13,603(4,5) | * |
| James T. Boyle | 106,932(4,5) | * |
| Andrew J. Conrad | 46,007(4,5) | * |
| William B. Hayes | 173,178(4,5) | * |
| Andrew S. Walton | 134,746(4,5) | * |
| All directors and Executive Officers as a group (17 persons) | 1,816,490(4,5) | 1.8% |

* Less than 1%

(1) As reported on Schedule 13G filed with the SEC on February 8, 2011, on behalf of Harris Associates L.P. ( Harris ). Harris is a registered investment advisor with beneficial ownership of the above listed shares.

(2) As reported on Schedule 13G filed with the SEC on February 10, 2011, on behalf of T. Rowe Price Associates, Inc. ( T. Rowe ). T. Rowe is a registered investment advisor with beneficial ownership of the above listed shares

(3) As reported on Schedule 13G filed with the SEC on February 7, 2011, on behalf of BlackRock, Inc.

(4) Beneficial ownership by directors, the named executive officers and current executive officers of the Company includes shares of Common Stock that such individuals have the right to acquire upon the exercise of options that either are vested or that may vest within 60 days of March 14, 2011. The number of shares of Common Stock included in the table as beneficially owned which are subject to such options is as

follows: Ms. Anderson 11,087; Mr. Bélingard 20,398; Dr. Coles 0; Ms. Lane 14,478; Mr. Mac Mahon 184,791; Mr. Mittelstaedt 18,502; Dr. Rubenstein 14,185; Dr. Weikel 16,659; Dr. Williams 9,791; Mr. King 652,166; Mr. Boyle 90,367; Dr. Conrad 13,366; Mr. Hayes 149,433; Mr. Walton 116,333; all directors and Executive Officers as a group 1,421,788.

(5) Includes shares of Restricted Common Stock. The number of shares of Restricted Common Stock included in the table is as follows: Ms. Anderson 1,934; Mr. Bélingard 1,934; Dr. Coles 300; Ms. Lane 1,934; Mr. Mac Mahon 1,934; Mr. Mittelstaedt 1,934; Dr. Rubenstein 1,934; Dr. Weikel 1,934; Dr. Williams 1,934; Mr. King 36,967; Mr. Boyle 10,968; Dr. Conrad 4,000; Mr. Hayes 12,368; Mr. Walton 6,734; all directors and Executive Officers as a group 95,979.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934, as amended, (the Exchange Act ) requires the Company s executive officers, directors and persons who own more than 10% of the Company s equity securities to file reports on ownership and changes in ownership with the SEC and the securities exchanges on which its equity securities are registered. Additionally, SEC regulations require that the Company identify in its proxy statements any individuals for whom one of the referenced reports was not filed on a timely basis during the most recent fiscal year or prior fiscal years. To the Company s knowledge, based solely on a review of reports furnished to it, all Section 16(a) filing requirements applicable to its executive officers, directors and more than 10% beneficial owners were complied with.

## STOCKHOLDER PROPOSALS

Under the rules and regulations of the SEC as currently in effect, any holder of at least $2,000 in market value, or 1% of Common Stock held continuously for at least one year by the date of the proposal submitted, who desires to have a proposal presented in the Company s proxy material for use in connection with the annual meeting of stockholders to be held in 2012 must transmit that proposal (along with his name, address, the number of shares of Common Stock that he holds of record or beneficially, the dates upon which the securities were acquired and documentary support for a claim of beneficial ownership) in writing as set forth below. Such holder must continue to hold his Common Stock through the date of the meeting. Proposals of stockholders intended to be presented at the 2012 annual meeting and included in the Company s proxy materials must be received by F. Samuel Eberts III, Secretary, Laboratory Corporation of America Holdings, 358 South Main Street, Burlington, North Carolina 27215, no later than December 3, 2011.

Holders of Common Stock who wish to have proposals submitted for consideration at future meetings of stockholders should consult the applicable rules and regulations of the SEC with respect to such proposals, including the permissible number and length of proposals and other matters governed by such rules and regulations, and should also consult the Company s By-Laws.

## HOUSEHOLDING

As permitted by the Exchange Act, the Company has adopted a procedure approved by the SEC called householding. Under this procedure, stockholders of record who have the same address and last name and do not participate in electronic delivery of proxy materials will receive only one copy of this proxy statement and annual report unless one or more of these stockholders provides notification of their desire to receive individual copies. This procedure will reduce the Company s printing costs and postage fees. Stockholders who participate in householding will continue to receive separate proxy cards.

If you and other stockholders of record with whom you share an address currently receive multiple copies of annual reports and/or proxy statements, or if you hold stock in more than one account and in either case, you

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wish to receive only a single copy of the annual report or proxy statement for your household, please contact Broadridge Householding Department, 51 Mercedes Way, Edgewood, NY 11717 or by telephone: 800-542-1061 with the names in which all accounts are registered.

If you participate in householding and wish to receive a separate copy of the 2010 annual report or this Proxy Statement, or if you wish to receive separate copies of future annual reports or proxy statements, please contact Broadridge at the above address or phone number. The Company will deliver the requested documents to you promptly upon your request.

Beneficial stockholders, or stockholders who hold shares in street name , can request information about householding from their banks, brokers or other holders of record.

**ADDITIONAL INFORMATION**

A copy of the Company s annual report to stockholders for fiscal 2010, which includes the annual report on Form 10-K, has been posted on the Internet along with this proxy statement, each of which is accessible by following the instructions in the Notice. The annual report is not incorporated in this proxy statement and is not considered proxy-soliciting materials.

The Company filed its annual report on Form 10-K with the SEC on March 1, 2011. The Company will mail without charge, upon written request, a copy of its annual report on Form 10-K for fiscal 2010, excluding exhibits. Please send a written request to Secretary, Laboratory Corporation of America Holdings, 358 South Main Street, Burlington, North Carolina 27215, or access these materials on the Company s website at www.labcorp.com on the Investor Relations page.

**OTHER BUSINESS**

The Company knows of no other matters that may come before the Annual Meeting. However, if any such matters properly come before the Annual Meeting, the individuals named in the proxies will vote on such matters in accordance with their best judgment.

By Order of the Board of Directors

F. Samuel Eberts III

*Secretary*

April 1, 2011

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*LABORATORY CORP. OF AMERICA HOLDINGS*

*358 SOUTH MAIN STREET*

*BURLINGTON, NC 27215*

**VOTE BY INTERNET - www.proxyvote.com**

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS**

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

**VOTE BY PHONE -1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

M29204-P05789 KEEP THIS PORTION FOR YOUR RECORDS

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.** DETACH AND RETURN THIS PORTION ONLY

**LABORATORY CORP. OF AMERICA HOLDINGS**

**The Board of Directors recommends you vote**

**FOR the following proposals:**

**Vote on Directors**

1. Election of the members of the Company s Board of Directors

| Nominees: | For | Against | Abstain |
|---|---|---|---|
| 1a. David P. King | ¨ | ¨ | ¨ |
| 1b. Kerrii B. Anderson | ¨ | ¨ | ¨ |
| 1c. Jean-Luc Bélingard | ¨ | ¨ | ¨ |
| 1d. N. Anthony Coles, Jr., M.D., M.P.H. | ¨ | ¨ | ¨ |
| 1e. Wendy E. Lane | ¨ | ¨ | ¨ |
| 1f. Thomas P. Mac Mahon | ¨ | ¨ | ¨ |
| 1g. Robert E. Mittelstaedt, Jr. | ¨ | ¨ | ¨ |
| 1h. Arthur H. Rubenstein, MBBCh | ¨ | ¨ | ¨ |

For address changes and/or comments, please check this box and write them on the back where indicated. ¨

| | For | Against | Abstain |
|---|---|---|---|
| 1i. M. Keith Weikel, Ph.D. | ¨ | ¨ | ¨ |
| 1j. R. Sanders Williams, M.D. | ¨ | ¨ | ¨ |

**Vote on Proposals**

| | | | |
|---|---|---|---|
| 2. To approve, by non-binding vote, executive compensation. | ¨ | ¨ | ¨ |

| **The Board of Directors recommends you vote for 1 YEAR:** | **1 Year** | **2 Years** | **3 Years** | **Abstain** |
|---|---|---|---|---|
| 3. To recommend, by non-binding vote, the frequency of executive compensation votes. | ¨ | ¨ | ¨ | ¨ |

| **The Board of Directors recommends you vote FOR the following proposal:** | **For** | **Against** | **Abstain** |
|---|---|---|---|

(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 sheet.

(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.

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(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 for 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 a 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 for 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 for 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.

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(g) In December 2007, in connection with the issuance of its U.S.$50 million long-term debt, Cablemás entered into a 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 for 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 for 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 | Pensions | Seniority Premiums | 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 subject to amortization for retirement and termination benefits are to be amortized over periods of 4 to 23 years and 3 to 4 years, respectively.

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The components of net periodic pension, seniority premium and severance indemnities cost (income) for the years 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 | Pensions | Seniority Premiums | 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 in the net projected liability (asset) as of December 31, are as follows:

| | 2007 Total | Pensions | Seniority Premiums | Severance Indemnities | 2008 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 |

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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 58.7% of Sky s minimum commitments for use of satellite transponders over a period ending in 2015. This guarantee is estimated to be in the aggregate amount 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 41.4 million (Ps.800,759) and 15.8 million (Ps.305,604), respectively (see Note 5).

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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 requires 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 contemplates 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 (i) a claim made for an alleged asset tax liability for the year ended December 31, 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 as well as related counterclaims against Televisa and the Company.

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 Company 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).

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 the Univision Internet Counterclaim.

On April 22, 2008, the Court in the District Court Action conducted the final pre-trial conference during which the Court 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.

After several continuances, the trial in the District Court Action 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, Televisa and Univision agreed to dismiss all claims in the District Court Action with the exception of the Univision Internet Counterclaim. The amended PLA, which runs through 2017, includes a simplified royalty calculation and is expected to result in increased payments to the Company, 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. 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 certain payments from Univision that had previously been recorded as customer deposits and advances. 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).

The Univision Internet Counterclaim was tried in a non-jury trial before the Hon. Philip S. Gutierrez that commenced on June 9, 2009. A hearing for closing arguments before the Court is scheduled for July 8, 2009.

We cannot predict how the outcome of this trial will affect our business relationship with Univision with respect to Internet rights in the United States.

In addition, on September 5, 2008, Televisa filed a Complaint for Declaratory Relief against Univision before the Superior Court of the State of California, for the County of Los Angeles, seeking a declaration of its rights vis-a-vis Univision with respect to the United States broadcast rights to home games of the Mexican League First Division soccer teams owned by Televisa (the Soccer Complaint ).

In the Soccer Complaint, Televisa sought a declaration that it has the legal right to broadcast in the United States, or license to third parties to broadcast in the United States, the home games of the Mexican League First Division soccer teams owned by Televisa.

On September, 2008 Univision filed a Cross-Complaint against Televisa, alleging among other causes of action, a claim for declaratory relief that it retained the exclusive U.S. broadcast rights to home games of the Mexican League First Division soccer teams owned by Televisa under the terms of the Program License Agreement.

On October 9, 2008, pursuant to an agreement between Televisa and Univision and an Order of the Court, Televisa submitted its Complaint for Declaratory Relief and Univision s cause of action for declaratory relief to a private referee pursuant to a California code provision.

Trial was held on November 11-12 2008, before the private referee, the Honorable Richard Neal (Ret.) of JAMS. On December 18, 2008 Justice Neal filed a Decision in Televisa s favor whereby he resolved that Televisa was entitled to a declaration and judgment that Univision s broadcast rights to home games of the Mexican League First Division soccer teams owned by Televisa expired on December 19, 2008 (the Statement of Decision ).

Univision dismissed with prejudice the other claims raised in its Cross-Complaint against Televisa.

On June 4, 2009, Honorable Ernest M. Hiroshige, Judge of the Superior Court of the State of California, for the County of Los Angeles, adjudged and decreed a final judgment consistent with the Statement of Decision, in favor of Televisa.

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. 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).

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(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 practices 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 the company under which the Company 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 equal 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 ar 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 1933 of the United States, as amended, 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 adjustments 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, respectively, were vested and transferred to participants to be exercised pursuant to this Retention Plan in the amounts of Ps.119,460 and Ps.112,009, respectively.

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

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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 CPOs.

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 0.00 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.

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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** | **Accumulate Other Comprehensi (Loss) Income** |
|---|---|---|---|---|---|---|---|---|
| lance at uary 1, 2006 | Ps. 4,172,738 | Ps. | Ps. (35,186) | Ps. | Ps. (2,593,505) | Ps. (2,148,435) | Ps. (3,224,437) | Ps. (3,828,82 |
| rrent year ange | 57,930 | | | (565,862) | (67,302) | 595,682 | | 20,44 |
| lance at cember 31, 06 | 4,230,688 | | (35,186) | (565,862) | (2,660,807) | (1,552,753) | (3,224,437) | (3,808,37 |
| rrent year ange | 5,382 | | | 565,862 | 23,491 | 204,174 | | 798,90 |
| lance at cember 31, 07 | 4,236,050 | | (35,186) | | (2,637,316) | (1,348,579) | (3,224,437) | (3,009,46 |
| classifications retained nings | | | 35,186 | | 2,637,316 | | 3,224,437 | 5,896,93 |
| | (58,109) | (3,918) | | | | 358,599 | | 296,57 |

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| rrent year ange | | | | | | | | | | | | | | |
| lance at cember 31, 08 | Ps. | 4,177,941 | Ps. | (3,918) | Ps. | | Ps. | | Ps. | | Ps. | (989,980) | Ps. | | Ps. | 3,184,04 |

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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 consolidate 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.

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(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 and Volaris in 2006, 2007 and 2008.

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 an 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, 2007 and 2008, 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.172,033, Ps.189,852 and Ps.234,296, 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.

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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).

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(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 | |

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(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 no 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 |

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**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) 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 |

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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.$ | 531,142 | U.S.$ | 151,937 | U.S.$ | 683,079 | Ps. | 9,453,813 |
| Other income | | 31,134 | | 7,677 | | 38,811 | | 537,144 |
| Interest income | | 51,296 | | 5,780 | | 57,076 | | 789,932 |
| | U.S.$ | 613,572 | U.S.$ | 165,394 | U.S.$ | 778,966 | Ps. | 10,780,889 |
| 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.$ | (474,644) | U.S.$ | 40,970 | U.S.$ | (433,674) | Ps. | (6,002,048) |

(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 June 22, 2009, the exchange rate was Ps.13.3518 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 49 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. Radio and Publishing Distribution 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: | | | |

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| | Segment Assets at Year-End | Segment Liabilities at Year-End | Additions to Property, Plant and Equipment |
|---|---|---|---|
| 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 2007and 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 |

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

**23. Differences between Mexican FRS and U.S. GAAP**

The Group s consolidated financial statements are prepared in accordance with Mexican FRS (see Note 1 (a)), which differs in certain significant respects from accounting principles generally accepted in the United States ( U.S. GAAP ). The principal differences between Mexican FRS and U.S. GAAP as they relate to the Group, are presented below, together with explanations of the adjustments that affect net income and stockholders equity as of December 31, 2007 and 2008, and for the years ended December 31, 2006, 2007 and 2008.

As of January 1, 2009, the Group adopted SFAS No. 160 Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51 ( SFAS 160 ) which clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. The presentation and disclosure requirements have been applied retrospectively for all periods presented.

***Reconciliation of Net Income***

| | 2006 | 2007 | 2008 |
|---|---|---|---|
| Majority interest net income as reported under Mexican FRS | Ps. 8,908,943 | Ps. 8,082,463 | Ps. 7,803,652 |
| U.S. GAAP adjustments: | | | |
| (a) Capitalization of financing costs, net of depreciation | 68,758 | 92,713 | 105,205 |
| (b) Deferred costs, net of amortization | 19,149 | 97,672 | 15,818 |
| (c) Deferred debt refinancing costs, net of amortization | 31,396 | 31,420 | 31,574 |
| (d) Equipment inflation restatement, net of depreciation | (121,055) | (43,042) | |
| (e) Purchase accounting adjustments: | | | |
| Amortization of network affiliation agreements | (7,159) | (7,159) | (4,176) |
| Depreciation of fixed assets | (12,118) | (12,118) | (12,118) |
| Amortization of other assets | (5,003) | (5,006) | (5,006) |
| Amortization of subscribers list | (104,179) | (156,268) | (156,268) |
| Impairment of goodwill | | 493,693 | 427,095 |
| (g) Equity method investees: | | | |
| Cablemás | | (25,057) | |
| (h) Univision investment: | | | |
| Sale of investment | | (298,336) | |
| Hedge accounting | 559,845 | | |
| (i) Derivative financial instruments(1) | (1,397,789) | | |
| (k) Production and film costs | 281,297 | 23,895 | (133,983) |
| (l) Deferred income taxes and employees profit sharing: | | | |
| Deferred income taxes(1) | 77,260 | (5,905) | 49,565 |
| Deferred employees profit sharing(1) | 10,342 | (33,252) | 19,065 |
| (m) Maintenance reserve | (2,744) | (3,949) | (18,062) |
| (n) Noncontrolling interest on U.S. GAAP adjustments | 1,134 | 1,632 | 7,465 |
| Total U.S. GAAP adjustments, net | (600,866) | 150,933 | 326,174 |
| Net income attributable to the controlling interest under U.S. GAAP | 8,308,077 | 8,233,396 | 8,129,826 |
| Net income attributable to the noncontrolling interest under U.S. GAAP | 609,219 | 934,295 | 919,540 |
| Net income under U.S. GAAP | Ps. 8,917,296 | Ps. 9,167,691 | Ps. 9,049,366 |

(1) Net of inflation effects in 2006 and 2007. Effective January 1, 2008, the Group discontinued recognizing the effects of inflation (see Note 1(a)).

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***Reconciliation of Stockholders Equity***

| | 2007 | 2008 |
|---|---|---|
| Total stockholders equity under Mexican FRS | Ps. 40,650,300 | Ps. 47,251,676 |
| U.S. GAAP adjustments: | | |
| (a) Capitalization of financing costs, net of accumulated depreciation | (756,093) | (650,888) |
| (b) Deferred costs, net of amortization | (15,818) | |
| (c) Deferred debt refinancing costs, net of amortization | (541,832) | (510,258) |
| (e) Purchase accounting adjustments: | | |
| Broadcast license and network affiliation agreements | 124,089 | 119,913 |
| Fixed assets | 42,407 | 30,289 |
| Other assets | 45,463 | 40,457 |
| Goodwill on acquisition of Bay City | (611,150) | (184,055) |
| Goodwill on acquisition of noncontrolling interest in Editorial Televisa | 1,358,428 | 1,358,428 |
| Subscribers list | 364,626 | 208,358 |
| Goodwill on acquisition of noncontrolling interest in Sky | 86,236 | 86,236 |
| (f) Goodwill and other intangible assets: | | |
| Reversal of Mexican FRS goodwill amortization | 140,380 | 140,380 |
| Reversal of Mexican FRS amortization of intangible assets with indefinite lives | 109,988 | 109,988 |
| (g) Equity method investees: | | |
| OCEN | (2,446) | (2,446) |
| Cablemás | (25,057) | (25,057) |
| (j) Pension plan and seniority premiums | 395,842 | (85,489) |
| (k) Production and film costs | (1,514,772) | (1,648,755) |
| (l) Deferred income taxes and employees profit sharing: | | |
| Deferred income taxes | 514,647 | 698,985 |
| Deferred employees profit sharing | (148,279) | (129,214) |
| (m) Maintenance reserve | 18,062 | |
| (n) Noncontrolling interest | (3,655,162) | (5,269,344) |
| Total U.S. GAAP adjustments, net | (4,070,441) | (5,712,472) |
| Controlling interest stockholders equity under U.S. GAAP | 36,579,859 | 41,539,204 |
| Noncontrolling interest under U.S. GAAP | 3,655,162 | 5,269,344 |
| Total stockholders equity under U.S. GAAP | Ps. 40,235,021 | Ps. 46,808,548 |

A summary of the Group s statement of changes in stockholders equity with balances determined under U.S. GAAP is as follows:

| **Changes in U.S. GAAP stockholders equity** | **2007** | **2008** |
|---|---|---|
| Balance at January 1, | Ps. 37,487,317 | Ps. 40,235,021 |
| Net income for the year attributable to the controlling interest | 8,233,396 | 8,129,826 |
| Repurchase of capital stock | (3,948,331) | (1,251,148) |
| Dividends paid to the controlling interest | (4,506,492) | (2,229,973) |
| Sale of capital stock under stock-based compensation plan | 99,771 | 138,580 |
| Stock based compensation | 140,517 | 222,046 |
| Other comprehensive income: | | |

| | | |
|---|---|---|
| Changes in other comprehensive income of equity investees | 5,382 | (58,109) |
| Net unrealized loss on available-for-sale financial | 565,862 | |
| Result from holding non-monetary assets, net of tax | (138,776) | |
| Foreign currency translation, net of tax | 505,446 | 358,599 |
| Pension and post retirement, net of tax | (176,025) | (350,476) |
| Noncontrolling interest | 1,966,954 | 1,614,182 |
| Balance at December 31, | Ps. 40,235,021 | Ps. 46,808,548 |

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Through December 31, 2007, the reconciliation to U.S. GAAP included a reconciling item for the effect of applying the option provided by the Mexican FRS Bulletin B-10, Recognition of the Effects of Inflation on Financial Information, for the restatement of equipment of non-Mexican origin because, as described below, this provision of inflation accounting under Mexican FRS does not meet the consistent reporting currency requirement of Regulation S-X of the Securities and Exchange Commission ( SEC ). Effective January 1, 2008, the Group discontinued recognizing the effects of inflation (see Note 1(a)).

The reconciliations to U.S. GAAP for the years ended December 31, 2006 and 2007 do not include the reversal of the other adjustments to the financial statements for the effects of inflation required under Mexican FRS Bulletin B-10 because the application of Bulletin B-10 represents a comprehensive measure of the effects of price level changes in the inflationary Mexican economy and, as such, is considered a more meaningful presentation than historical, cost-based financial reporting for both Mexican and U.S. accounting purposes.

Through December 31, 2007, assets, liabilities and results of operations of non-Mexican subsidiaries and affiliates were first converted to Mexican FRS, restated in order 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. The results arising from such 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. The results arising from such 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.

***(a) Capitalization of Financing Costs, Net of Accumulated Depreciation***

Prior to 2007, Mexican FRS allowed, but did not require, capitalization of financing costs as part of the cost of assets under construction. Financing costs capitalized included interest costs, gains from monetary position and foreign exchange losses. Since January 1, 2007, the Group has been applying NIF D-6, Capitalization of financing costs, which is similar to the provisions set forth under U.S. GAAP.

U.S. GAAP requires the capitalization of interest during construction on qualifying assets. In an inflationary economy, such as Mexico, acceptable practice is to capitalize interest net of the monetary gain on the related Mexican Peso debt, but not on U.S. dollar or other stable currency debt. In both instances U.S. GAAP does not allow the capitalization of foreign exchange losses. No amounts were subject to capitalization under either U.S. GAAP or Mexican FRS for any of the periods presented. Rather, the U.S. GAAP net income adjustments reflect the difference in depreciation expense related to amounts capitalized prior to 2003. There have been no significant projects subject to capitalization since then.

***(b) Deferred Costs, Net of Amortization***

Under Mexican FRS, certain development costs (including those related to web site development) and other deferred costs are capitalized and subsequently amortized on a straight-line basis once the related venture commences operations, defined as the period when revenues are generated. In addition, other expenditures which are expected to generate significant and identifiable future benefit are also capitalized and amortized over the expected future benefit period.

Under U.S. GAAP, development and other deferred costs are generally expensed as incurred given that the assessment of future economic benefit is uncertain. In the case of web site development costs, certain costs are capitalized and others expensed in accordance with EITF Issue No. 00-2, Accounting for Web Site Development Costs. Consequently, the U.S. GAAP net income reconciliation reflects the write-off, for U.S. GAAP purposes, of the preoperating and other deferred costs (including certain web site development costs) capitalized under Mexican FRS, net of the reversal of any amortization which is reflected under Mexican FRS.

***(c) Deferred Debt Refinancing Costs, Net of Amortization***

In March and May 2005, the Group issued Senior Notes due 2025 to fund the Group s tender offers made for any or all of the Senior Notes due 2011, and the Mexican Peso equivalent of UDI-denominated Notes due 2007. In conjunction therewith, under Mexican FRS, premiums paid to the old noteholders were capitalized and are being amortized as an adjustment of interest expense over the remaining term of the new debt instrument.

For U.S. GAAP purposes, premiums paid by the debtor to the old creditors are to be associated with the extinguishment of the old debt instrument and included in determining the debt extinguishment gain or loss to be recognized. The adjustment to U.S. GAAP net income reflects the reversal of amortization expense recorded under Mexican FRS in such periods.

***(d) Equipment Inflation Restatement, Net of Depreciation***

Through December 31, 2007, the Group restated equipment of non-Mexican origin using the Specific Index for determining the price-level accounting restated balances under Mexican FRS. Effective January 1, 2008, the Group discontinued recognizing the effects of inflation (see Note 1(a)).

Under Regulation S-X of the Securities Act, for U.S. GAAP purposes, the restatement of equipment of non-Mexican origin by the Specific Index method is a deviation from the historical cost concept. The U.S. GAAP net income and stockholders equity reconciliations through December 31, 2007 reflect adjustments to reverse the Specific Index restatement recognized under Mexican FRS and to restate equipment of non-Mexican origin by the change in the NCPI and recalculate the depreciation expense on this basis. In addition, the result from holding non-monetary assets adjustment recognized in stockholders equity under Mexican FRS related to fixed assets totaling Ps.6,963 and (Ps.225,371) for the years ended December 31, 2006 and 2007, respectively, has been reversed for U.S. GAAP purposes. As of December 31, 2007, related equipment was completely depreciated for Mexican FRS purposes; consequently, such adjustment is no longer applicable for U.S. GAAP purposes.

***(e) Purchase Accounting Adjustments***

In 1996, the Group acquired Bay City Television, Inc. ( Bay City ) and Radiotelevisión, S.A. de C.V. and under Mexican FRS, recognized the difference between the purchase price and net book value as goodwill. For U.S. GAAP purposes, the purchase price was allocated, based on fair values, primarily to the broadcast license, network affiliation agreements, programming and advertising contracts, fixed assets and other assets. Such purchase price adjustments were being amortized over the remaining estimated useful lives of the respective assets. The U.S. GAAP net income adjustment for each of the periods presented herein represents the amortization of the various definite lived intangibles mentioned above for U.S. GAAP purposes. In addition, in 2007 and 2008 for Mexican FRS purposes, the Group recorded an impairment of goodwill for an amount of Ps.493,693 and Ps.427,095 respectively (which had a net balance after impairment of Ps.611,150 and Ps. 184,055, respectively). Therefore, the 2007 and 2008, U.S. GAAP net income and stockholders equity reconciliation reflects the reversal of such impairment, since for U.S. GAAP purposes, the carrying value of goodwill was lower than Mexican FRS (due to the previous purchase price allocation to intangible assets and fixed assets).

In 2000, the Group acquired all of the interest owned by a noncontrolling shareholder in Editorial Televisa by issuing treasury shares of capital stock. Under Mexican FRS, this acquisition was accounted for as a purchase, with the purchase price equal to the carrying value of the Group s treasury shares at the acquisition date, with related goodwill of Ps.87,771 being recognized. Under U.S. GAAP, this acquisition was also accounted for by the purchase method, with the purchase price being equal to the fair value of the shares issued by the Group. The incremental purchase price adjustment under U.S. GAAP was allocated to goodwill. There is no net income adjustment as goodwill is no longer amortized for either Mexican FRS or U.S. GAAP purposes. The U.S. GAAP stockholders equity adjustment for each of the periods presented reflects the difference in the goodwill carrying value under U.S. GAAP versus Mexican FRS.

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 noncontrolling interest acquisition amounted to approximately U.S.$58.7 million (Ps.699,891). After this transaction, the Group (i) increased its equity stake in Sky from 52.7% to 58.7% (see Note 2); and (ii) under Mexican FRS, recognized the excess of the purchase price over the carrying value of this noncontrolling interest totaling Ps.711,311 within stockholders equity. Under U.S. GAAP, the acquisition of noncontrolling interest should be accounted for using the purchase method of accounting. The Group has recognized an intangible asset related to the subscribers list that should be amortized on a straight-line basis over its estimated subscriber period. In addition, the difference between the purchase price and the fair value

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of the net assets acquired, including identifiable intangible assets, was recorded as goodwill in the amount of Ps.86,236. The U.S. GAAP net income adjustment reflects only the amortization of the subscribers list recognized for U.S. GAAP purposes.

***(f) Goodwill and Other Intangible Assets***

The carrying amount of goodwill by segment under U.S. GAAP as of December 31, 2007 and 2008, are as follows:

| | 2007 | 2008 |
|---|---|---|
| Consolidated subsidiaries: | | |
| Television Broadcasting | Ps. 337,094 | Ps. 337,094 |
| Cable and Telecom (1) | 1,552,054 | 4,259,514 |
| Publishing | 2,055,103 | 2,058,548 |
| Other segments | 155,224 | 155,224 |
| Equity method investees | 852,696 | 879,267 |
| | Ps. 4,952,171 | Ps. 7,689,647 |

The U.S. GAAP net carrying value of intangible assets as of December 31, 2007 and 2008 amounted to:

| | 2007 | 2008 |
|---|---|---|
| Trademarks (2)(3) | Ps. 824,263 | Ps. 803,452 |
| Television network concession (2) | 742,605 | 742,605 |
| TVI concession | 262,925 | 262,925 |
| Telecom concession (4) | 29,113 | 783,290 |
| Sky concession | | 96,042 |
| Network affiliation agreements (2) | 119,913 | 119,913 |
| Licenses and software (5) | 393,843 | 633,702 |
| Subscriber list | 705,027 | 740,251 |
| Deferred financing costs | 288,462 | 378,734 |
| Other | 112,698 | 512,212 |
| | Ps. 3,478,849 | Ps. 5,073,126 |

(1) Includes Cablemás in 2008. See Note 7.

(2) Indefinite-lived.

(3) Includes translation effect, impairment adjustments and acquisitions (see Note 7).

(4)

In 2008, the increase in Telecom concessions was mainly due to the acquisition of Bestel and the resulting recognition of the telecom concession valued at Ps. 728,884 (see Note 2).

(5) In 2008, the increase in Licenses and software was mainly in the Cable and Telecom segment (see Note 7).

The aggregate amortization expense for intangible assets subject to amortization under U.S. GAAP, is estimated at Ps.650,881 for each of the next five fiscal years.

***(g) Equity Method Investees***

***Cablemás***

As described in Note 2, in November 2006, the Group invested U.S.$258 million (Ps.2,943,986) in convertible debentures of Alvafig, an entity created to hold a 49% equity interest in Cablemás. The Group has identified Alvafig as a variable interest entity, and the Group as the primary beneficiary of the investment in this entity. Hence, the assets of Alvafig, consisting of a 49% equity interest in Cablemás, as well as its liabilities and results of operations were included in the consolidated financial statements of the Group for the years ended December 31, 2006 and 2007.

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. The Group is in the process of finalizing its purchase price allocation, which is expected to be completed in 2009. Amounts are not expected to differ significantly from amounts previously recorded.

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Through May 31, 2008, the Group s investment in Cablemás was accounted for by using the equity method. For Mexican FRS purposes in 2007, Cablemás recorded a reversal of a goodwill impairment loss previously recognized, as a result of changes in economic conditions affecting its investment. Under U.S. GAAP, reversal of goodwill impairment losses is not allowed. Therefore, the 2007 U.S. GAAP net income and stockholders equity adjustment reflects the reversal of the amount of impairment reversed for Mexican FRS purposes.

***(h) Univision***

***Reversal of Hedge Accounting for Investment in Univision in 2006***

Through June 30, 2006, the investment in Univision was accounted for under the equity method. The Group managed the currency exposure related to the net assets of Univision through the U.S. dollar-denominated debt agreements, which the Group entered into (its U.S.$300 million Senior Notes due 2011 and its U.S.$300 million Senior Notes due 2032). The Group hedged the total beginning-period amount of the net investment up to the total amount of hedging U.S. dollar-denominated debt and measured the ineffectiveness of such hedge based upon the change in the spot foreign exchange rate. Gains and losses in the Group s net investment in Univision, for both Mexican FRS and U.S. GAAP purposes, were offset by exchange losses and gains in the Group s debt obligations, which were charged or credited to other comprehensive income or loss.

Beginning July 1, 2006, the Group classified its investment in shares of Univision common stock, for both Mexican FRS and U.S. GAAP purposes, as a current available-for-sale equity security and re-designated this financial asset under Mexican FRS as being hedged by the Group s outstanding Senior Notes due 2011, 2025 and 2032, in the aggregate amount of approximately U.S.$971.9 million (see Note 2). Therefore, gains and losses in the Group s net investment in Univision continued to be offset by exchange losses and gains in the Group s debt obligations, which were charged or credited to other comprehensive income or loss under Mexican FRS.

Under U.S. GAAP, a non-derivative financial instrument (in this case a U.S. dollar denominated debt) cannot be designated as a hedging instrument in a foreign currency cash flow hedge of an available-for-sale investment. Therefore, the 2006 U.S. GAAP net income reconciliation includes the reversal of the exchange gains and losses related to the Group s debt obligations, which were charged or credited to other comprehensive income or loss under Mexican FRS from the date that equity method accounting was discontinued through December 31, 2006. There was no equity adjustment at December 31, 2006.

***Sale of investment in 2007***

On March 29, 2007, the Group sold its investment in Univision. Upon the sale, under Mexican FRS the entire balance previously recorded in accumulated other comprehensive income when the investment was accounted for under the equity method related to (i) the foreign exchange gains and losses, (ii) the Group s share of amounts reported in other comprehensive income or loss in the financial statements of Univision, and (iii) the foreign exchange losses and gains in the Group s debt obligations recorded as part of the hedge accounting described in Note 14, remained in stockholders equity rather than being reclassified into earnings.

For U.S. GAAP purposes, upon the sale of the investment, those amounts should be reclassified into the income statement. Therefore, the 2007 U.S. GAAP net income reconciliation includes the reclassification into earnings of those items recorded in other comprehensive income under Mexican FRS. There was no equity adjustment at December 31, 2007.

***(i) Derivative Financial Instruments***

During 2006, as described in Note 2, the Group announced its intention to have its shares and warrants to acquire shares 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. As of December 31, 2006, the Group s warrants to acquire shares of Univision s common stock have zero fair value since the per share exercise price of the warrants exceeds the U.S.$36.25 per share amount to be received under the merger agreement.

For the year ended December 31, 2006, the U.S. GAAP net income adjustment reflects the reversal of the carrying value of the warrants. Such warrants had not been valued under Mexican FRS.

***(j) Pension Plan and Seniority Premiums***

The components of net periodic pension and seniority premium plan cost for the year ended December 31, calculated in accordance with SFAS No. 87 (see Note 10).

***Plan Assets or Liability at December 31***

The pension and seniority premium plan liability and the severance indemnities as of December 31, 2007 and 2008, under SFAS 158, is as follows:

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| | 2007 | 2008 |
|---|---|---|
| Projected benefit obligation | Ps. 1,134,108 | Ps. 1,372,154 |
| Plan assets(1) | (1,628,730) | (1,404,589) |
| Funded status | (494,622) | (32,435) |
| Prepaid pension asset | (494,622) | (32,435) |
| Severance indemnities projected benefit obligation | 413,701 | 470,314 |
| Balance sheet (asset) liability | Ps. (80,921) | Ps. 437,879 |
| Change in benefit obligation: | | |
| Projected benefit obligation at beginning of year | Ps. 1,104,212 | Ps. 1,134,108 |
| Service cost | 69,709 | 77,961 |
| Interest cost | 42,245 | 91,797 |
| Actuarial gain | (54,529) | (86,884) |
| Acquisition | | 45,231 |
| Plan amendments(2) | | 142,581 |
| Benefits paid | (27,529) | (32,640) |
| Projected benefit obligation at end of year | Ps. 1,134,108 | Ps. 1,372,154 |

(1) See Note 10.

(2) The terms of a pension plan for certain Group s employees were modified in the first quarter 2008 increasing the pension salary for each participant without exceeding a percentage of such pension salary.

***Plan Assets***

The plan assets are invested according to specific investment guidelines determined by the technical committees of the pension plan and seniority premiums trusts. These investment guidelines required, at the onset of the plan, an initial investment of a minimum of 30% of the plan assets in fixed rate instruments, or mutual funds comprised of fixed rate instruments. The plan assets that are invested in mutual funds are all rated AA or better by at least one of the main rating agencies. These mutual funds vary in liquidity characteristics ranging from one day to one month. The investment goals of the plan assets are to preserve principal, diversify the portfolio, maintain a high degree of liquidity and credit quality, and deliver competitive returns subject to prevailing market conditions. Currently, the plan assets do not engage in the use of financial derivative instruments.

The Group does not expect to make significant contributions to its plan assets in 2009.

The following table summarizes the changes in accumulated other comprehensive income for the year ended December 31 related to pension and post-retirement plans (net of income tax):

| | 2007 | 2008 |
|---|---|---|
| Accumulated other comprehensive income as of beginning of year (net of income tax) | Ps. 461,031 | Ps. 285,006 |
| Net gain | (161,254) | (286,793) |
| Amortization of net gain | (22,561) | (68,098) |
| Amortization of prior service cost | 7,790 | 8,333 |
| Accumulated other comprehensive income as of end of year (net of income tax) | Ps. 285,006 | Ps. (61,552) |

The amounts recognized in accumulated other comprehensive income as of December 31, are as follows:

| | 2007 | 2008 |
|---|---|---|
| Prior service costs, net of income tax | Ps. (52,614) | Ps. (147,738) |
| Net actuarial gains, net of income tax | 337,620 | 86,186 |
| Accumulated other comprehensive income as of end of year (net of income tax) | Ps. 285,006 | Ps. (61,552) |

***(k) Production and Film Costs***

Under Mexican FRS, the Group capitalizes production costs related to programs, which benefit more than one period, and amortizes them proportionately over the projected program revenues that are based on the Group s historic revenue patterns for similar types of production. For Mexican FRS purposes, royalty agreements that are not film-specific are considered in projecting program revenues to capitalize related production costs.

Under U.S. GAAP, the Group follows the provisions of the American Institute of Certified Public Accountants Statement of Position 00-2, Accounting by Producers or Distributors of Films ( SoP 00-2 ). Pursuant to SoP 00-2, production costs related to programs are also capitalized and amortized over the period in which revenues are expected to be generated (ultimate revenues). In evaluating ultimate revenues, the Group uses projected program revenue on a program-by-program basis, taking into consideration secondary market revenue only for those programs where a firm commitment or licensing arrangement exists related to specific individual programs. For U.S. GAAP purposes, royalty agreements that are not film-specific are not considered in the ultimate revenues. Exploitation costs are expensed as incurred. In addition, Mexican FRS allows the capitalization of artist exclusivity contracts and literary works subject to impairment assessments, whereas U.S. GAAP is generally more restrictive as to their initial capitalization and subsequent write-offs.

***(l) Deferred Income Taxes and Employees Profit Sharing***

Under Mexican FRS, the Group applies the provisions of NIF D-4, Income Taxes , which uses the comprehensive asset and liability method for the recognition of deferred income taxes for existing temporary differences.

U.S. GAAP, SFAS No. 109, Accounting for Income Taxes, requires recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between the financial statement and tax bases of assets and liabilities using tax rates in effect for the year in which the differences are expected to reverse.

The components of the net deferred tax liability applying SFAS No. 109 consist of the following:

| | **December 31, 2007** | **December 31, 2008** |
|---|---|---|
| Net deferred income tax liability recorded under Mexican FRS on Mexican FRS balances (see Note 19) | Ps. (1,272,834) | Ps. (2,265,161) |
| Reclassification of non-current taxes related to non-wholly owned subsidiaries (Sky) | 525,164 | 465,294 |
| Net deferred income tax amount under SFAS No. 109 applied to Mexican FRS balances | (747,670) | (1,799,867) |
| Impact of U.S. GAAP adjustments: | | |
| Capitalization of financing costs | 211,706 | 182,248 |
| Deferred costs | 4,429 | |
| Purchase accounting adjustments | (161,444) | (111,724) |
| Pension plan and seniority premiums | (110,836) | 23,937 |
| Production and film costs | 424,136 | 461,652 |
| Maintenance reserve | (5,057) | |
| Deferred debt refinancing costs | 151,713 | 142,872 |
| | 514,647 | 698,985 |
| Net deferred income tax liability under U.S. GAAP | (233,023) | (1,100,882) |
| Less: | | |
| Deferred income tax amount under SFAS No. 109 applied to Mexican FRS balances | (747,670) | (1,799,867) |
| Net deferred income tax adjustment required under U.S. GAAP | Ps. 514,647 | Ps. 698,985 |

For purposes of the U.S. GAAP, the change in the deferred income tax liability for the year ended December 31, 2008, representing a credit of Ps.867,859 was recorded against the following accounts:

| | | |
|---|---|---|
| Charge to the provision for deferred income tax | Ps. | (428,161) |
| Initial consolidation of Cablemás | | (429,380) |
| Charge to the stockholders equity | | (10,318) |
| | Ps. | (867,859) |

The components of net deferred employees profit sharing ( EPS ) liability applying SFAS No. 109 consist of the following:

| | | December 31, 2007 | | December 31, 2008 |
|---|---|---|---|---|
| Deferred EPS liability: | | | | |
| Current: | | | | |
| Inventories | Ps. | 2,047 | Ps. | 2,047 |
| Noncurrent: | | | | |
| Property, plant and equipment | | (110,669) | | (101,101) |
| Deferred costs | | (57,143) | | (55,850) |
| Pension plan and seniority premiums | | 33,984 | | 44,876 |
| Other | | (16,498) | | (19,186) |
| Total deferred EPS liability | Ps. | (148,279) | Ps. | (129,214) |

The provisions for income tax and asset tax from continuing operations, on a U.S. GAAP basis, by jurisdiction as of December 31 are as follows:

| | 2006 | 2007 | 2008 |
|---|---|---|---|
| Current: | | | |
| Mexican | Ps. 95,694 | Ps. 3,111,895 | Ps. 2,917,021 |
| Foreign | 200,418 | 197,265 | 169,448 |
| | 296,112 | 3,309,160 | 3,086,469 |
| Deferred: | | | |
| Mexican | 1,820,616 | 124,799 | 428,161 |
| Foreign | 3,174 | 1,169 | |
| | 1,823,790 | 125,968 | 428,161 |
| | Ps. 2,119,902 | Ps. 3,435,128 | Ps. 3,514,630 |

Financial Accounting Standards Board (FASB) Interpretation No. 48, Accounting for Uncertainty in Income Taxes (FIN 48), was issued in July 2006 and interprets SFAS No. 109. FIN 48 became effective for the Company on January 1, 2007 and prescribes a comprehensive model for the recognition, measurement, financial statement presentation and disclosure of uncertain tax positions taken or expected to be taken in a tax return. FIN 48 provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The adoption of this pronouncement had no effect on the Group s overall financial position or results of operations. The Company classifies income tax-related interest and penalties as income taxes in the financial statements.

The Group classifies income tax related interest and penalties as income taxes in the financial statements.

The following tax years remain open to examination and adjustment by the Group s six major tax jurisdictions:

| | |
|---|---|
| Mexico | 2004 and all following years |
| United States of America | 2005 and all following years for federal tax examinations, and 2004 and all following years for state tax examinations |
| Argentina | 2003 and all following years |
| Chile | 2003 and all following years |
| Colombia | 2007 and all following years, and 2004 and all following years for companies having a tax loss |
| Switzerland | 2006 and all following years |

***Effects of inflation accounting on U.S. GAAP adjustments***

In order to determine the net effect on the consolidated financial statements of recognizing the U.S. GAAP specific adjustments described above, it was necessary to recognize through December 31, 2007 the effects of applying the Mexican FRS inflation accounting provisions to such adjustments. Effective January 1, 2008, the Group discontinued recognizing the effects of inflation (see Note 1(a)). Accordingly, no adjustment was necessary as of December 31, 2008.

In addition, as disclosed in Notes 18 and 19, under Mexican FRS, the monetary gain or loss generated by the monetary deferred tax temporary differences were reflected through December 31, 2007 within the integral cost of financing while those related to the non-monetary items were reflected within the deferred tax provision. For U.S. GAAP purposes, the Group followed through December 31, 2007 the provisions of EITF Issue No. 93-9 and reflected the entire monetary gain or loss within the provision for deferred taxes. Consequently for 2006 and 2007, the Ps.79,582 and Ps.104,685, respectively, of monetary gain reflected within integral result of financing under Mexican

FRS has been reclassified to the deferred tax provision under U.S. GAAP.

***(m) Maintenance Reserve***

Under Mexican FRS, it is acceptable to accrue for certain expenses which management believes will be incurred in subsequent periods. Under U.S. GAAP, these costs are expensed as incurred. As of December 31, 2008, related accrual was completely utilized for Mexican FRS purposes.

***(n) Noncontrolling Interest***

This adjustment represents the allocation to the noncontrolling interest of non-wholly owned subsidiaries of certain U.S. GAAP adjustments related to such subsidiaries.

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As of January 1, 2009, the Group adopted SFAS No. 160 Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51 ( SFAS 160 ) which clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. The presentation and disclosure requirements have been applied retrospectively for all periods presented

***Additional disclosure requirements***

The financial information under U.S. GAAP reflects the retrospective adoption of SFAS 160 as of December 31, 2007 and 2008 and for the years ended December 31, 2006, 2007 and 2008. SFAS 160, which clarifies that a noncontrolling interest in a consolidated subsidiary is an ownership interest in the consolidated entity that should be reported within equity in the consolidated financial statements, as shown in the consolidated balance sheets and in the consolidated statements of stockholders equity. Net income is reported in the consolidated statements of operation and statements of cash flow at the consolidated amounts, which include the amounts attributable to the Group s stockholders and the noncontrolling interest.

*Presentation in the Financial Statements Operating Income*

Under Mexican FRS, the Group recognizes various costs as non-operating expenses, which would be considered operating expenses under U.S. GAAP. Such costs include primarily certain financial advisory and professional fees, restructuring charges and employees profit sharing expense (see Note 17). The differences relate primarily to the Television Broadcasting and Sky segments. Operating income of the Television Broadcasting segment would have been Ps.12,484,311, Ps.12,701,655 and Ps.12,680,515 and operating income of the Sky segment would have been Ps.3,582,205, Ps.3,877,643 and Ps.4,242,453 for the years ended December 31, 2006, 2007 and 2008, respectively.

To provide a better understanding of the differences in accounting standards, the table below presents the Group s condensed consolidated statements of operations for the three years ended December 31, 2006, 2007 and 2008 under U.S. GAAP in a format consistent with the presentation of U.S. GAAP consolidated statements of operations, after reflecting the adjustments described in (a) to (n) above:

| | Year Ended December 31, | | |
|---|---|---|---|
| | **2006** | **2007** | **2008** |
| Net sales | Ps. 39,357,699 | Ps. 41,561,526 | Ps. 47,972,278 |
| Cost of providing services (exclusive of depreciation and amortization) | 16,512,644 | 18,108,061 | 21,708,070 |
| Selling and administrative expenses | 5,752,728 | 5,826,861 | 7,163,629 |
| Depreciation and amortization | 3,024,800 | 3,304,581 | 4,427,287 |
| Income from operations | 14,067,527 | 14,322,023 | 14,673,292 |
| Integral result of financing, net | (2,290,042) | (250,909) | (740,584) |
| Other expense, net | (115,444) | (693,939) | (318,778) |
| Income before income taxes, noncontrolling interest and equity in earnings or losses of affiliates | 11,662,041 | 13,377,175 | 13,613,930 |
| Income tax and assets tax current and deferred | (2,119,902) | (3,435,128) | (3,514,630) |
| Income before noncontrolling interest and equity in earnings or losses of affiliates | 9,542,139 | 9,942,047 | 10,099,300 |
| Equity in losses of affiliates | (624,843) | (774,356) | (1,049,934) |
| Net income | 8,917,296 | 9,167,691 | 9,049,366 |
| Less: Net income attributable to the noncontrolling interest under U.S. GAAP | (609,219) | (934,295) | (919,540) |
| Net income attributable to the controlling interest | Ps. 8,308,077 | Ps. 8,233,396 | Ps. 8,129,826 |

| | | | |
|---|---|---|---|
| Weighted average common shares outstanding (in millions) | 339,776 | 333,653 | 329,580 |

*Presentation in the financial statements Earnings per CPO and per share*

As disclosed in Note 12, the Group has four classes of capital stock, Series A , Series B , Series L and Series D . Holders of the Series D shares, and therefore holders of the CPOs, are entitled to an annual, cumulative and preferred dividend of approximately nominal Ps.0.00034177575 per Series D share before any dividends are payable on the Series A , Series B or Series L shares. Series A and Series B shares, not in the form of a CPO, and CPOs all parti in income available to common shareholders. Due to this, for purposes of U.S. GAAP, the two-class method has been used to present both basic and diluted earnings per share.

Earnings per CPO and per share under U.S. GAAP are presented in constant Pesos for the years ended December 31, 2006, 2007 and 2008, as follows:

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| | 2006 | | | | 2007 | | | | 2008 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | CPO | | Series A and B Shares | | CPO | | Series A and B Shares | | CPO | | Series A and B Shares |
| **Basic EPS** | | | | | | | | | | | | |
| Income from continuing operations available to common shareholders | | 6,760,300 | | 1,246,779 | | 6,865,699 | | 1,305,558 | | 6,673,204 | | 1,305,066 |
| Net income available to common shareholders | | 6,760,300 | | 1,246,779 | | 6,865,699 | | 1,305,558 | | 6,673,204 | | 1,305,066 |
| Weighted average number of common shares outstanding | | 2,451,792 | | 52,916,036 | | 2,399,453 | | 52,916,036 | | 2,364,642 | | 52,916,036 |
| Basic earnings per share (continuing operations) | Ps. | 2.76 | Ps. | 0.02 | Ps. | 2.86 | Ps. | 0.02 | Ps. | 2.82 | Ps. | 0.02 |
| Basic earnings per share (net income) | Ps. | 2.76 | Ps. | 0.02 | Ps. | 2.86 | Ps. | 0.02 | Ps. | 2.82 | Ps. | 0.02 |
| **Diluted EPS** | | | | | | | | | | | | |
| Dilutive potential shares | | 47,354 | | | | 40,018 | | | | 41,675 | | |
| Total diluted weighted average common shares outstanding | | 2,499,146 | | 52,916,036 | | 2,439,471 | | 52,916,036 | | 2,406,317 | | 52,916,036 |
| Diluted earnings per share (continuing operations) | Ps. | 2.71 | Ps. | 0.02 | Ps. | 2.81 | Ps. | 0.02 | Ps. | 2.77 | Ps. | 0.02 |
| Diluted earnings per share (net income) | Ps. | 2.71 | Ps. | 0.02 | Ps. | 2.81 | Ps. | 0.02 | Ps. | 2.77 | Ps. | 0.02 |

***Presentation in the Financial Statements Consolidated Balance Sheets***

To provide a better understanding of the differences in accounting standards, the table below presents the condensed consolidated balance sheet as of December 31, 2007 and 2008, in a format consistent with the presentation of condensed consolidated balance sheets under U.S. GAAP, and after reflecting the adjustments described in (a) to (o) above:

| | December 31, 2007 | December 31, 2008 |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | Ps. 25,479,541 | Ps. 33,583,045 |
| Temporary investments | 1,825,355 | 8,321,286 |
| Trade notes and accounts receivable, net | 17,294,674 | 18,199,880 |
| Other accounts and notes receivable, net | 2,536,803 | 2,231,562 |
| Due from affiliated companies | 195,023 | 161,821 |
| Transmission rights and programming | 3,154,681 | 3,343,448 |
| Inventories | 833,996 | 1,612,024 |
| Current deferred taxes | 2,313,598 | 2,598,374 |
| Other current assets | 653,260 | 1,105,871 |
| Total current assets | 54,286,931 | 71,157,311 |
| Non-current assets: | | |
| Derivative financial instruments | 53,527 | 2,316,560 |

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| | December 31, 2007 | December 31, 2008 |
|---|---|---|
| Transmission rights and programming | 3,737,976 | 4,676,006 |
| Investments | 7,322,304 | 3,321,107 |
| Property, plant and equipment, net | 25,140,243 | 30,177,799 |
| Goodwill, net | 4,952,171 | 7,689,647 |
| Intangible assets, net | 3,478,849 | 5,073,126 |
| Deferred taxes | 3,906,544 | 3,443,548 |
| Financial instruments | 765,777 | |
| Other assets | 83,745 | 111,213 |
| **Total assets** | Ps. 103,728,067 | Ps. 127,966,317 |

| | December 31, 2007 | December 31, 2008 |
|---|---|---|
| **LIABILITIES AND STOCKHOLDERS EQUITY** | | |
| Current liabilities: | | |
| Current portion of long-term debt | Ps. 488,650 | Ps. 2,283,175 |
| Current portion of satellite transponder lease obligation | 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 |
| Current deferred taxes | 1,579,727 | 1,539,708 |
| Accrued interest | 307,814 | 439,777 |
| Other accrued liabilities | 1,815,877 | 2,293,806 |
| Due from affiliated companies | 127,191 | 88,622 |
| Total current liabilities | 26,704,024 | 32,050,046 |
| Non-current liabilities: | | |
| Long-term debt | 25,307,163 | 36,679,889 |
| Derivative financial instruments | 84,413 | 604,650 |
| Satellite transponder lease obligation | 1,035,134 | 1,172,857 |
| Customer deposits and advances | 2,665,185 | 589,369 |
| Other long-term liabilities | 2,500,757 | 3,690,776 |
| Deferred taxes | 5,021,717 | 5,732,310 |
| Pension and seniority premiums | 174,653 | 637,872 |
| **Total liabilities** | 63,493,046 | 81,157,769 |
| Commitments and contingencies | | |
| Controlling interest | 36,579,859 | 41,539,204 |
| Noncontrolling interest | 3,655,162 | 5,269,344 |
| **Total stockholders equity** | 40,235,021 | 46,808,548 |
| **Total liabilities and stockholders equity** | Ps. 103,728,067 | Ps. 127,966,317 |

***Cash flow information***

Through December 31, 2007, Mexican FRS Bulletin B-12 issued by the MIPA specified the appropriate presentation of the statements of changes in financial position. Under Bulletin B-12, the sources and uses of resources were determined based upon the differences between beginning and ending financial statement balances in Mexican Pesos of constant purchasing power. In addition, the inflation-adjusted statement of changes in financial position included certain non-cash items such as monetary gains and losses, unrealized foreign currency translation gains or losses and net effect of foreign investment hedges. Effective January 1, 2008, Mexican FRS NIF B-2, Statement of Cash Flows requires a statement of cash flows as a part of a full set of financial statements in place of a statement of changes in financial position. Under NIF B-2, restatement of financial statements for years provided before 2008 is not required; therefore, under Mexican FRS, the Group presents statements of changes in financial position for the years ended December 31, 2006 and 2007. Under U.S. GAAP, SFAS No. 95, Statement of Cash Flows ( SFAS 95 ), a statement of cash flows is required, which presents only cash movements and excludes non-cash items.

The Group considers all highly liquid temporary cash investments with original maturities of three months or less, consisting primarily of short-term promissory notes (Mexican Pesos and U.S. dollars in 2006, 2007 and 2008) of Mexican financial institutions, to be cash equivalents.

The following is a statement of cash flows under U.S. GAAP basis in constant Mexican Pesos with the effects of inflation on cash and cash equivalents stated separately in a manner similar to the concept of presenting the effects of exchange rate changes on cash and cash equivalents as prescribed by SFAS No. 95:

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| | 2006 | 2007 | 2008 |
|---|---|---|---|
| Operating activities: | | | |
| Net income under U.S. GAAP | 8,917,296 | 9,167,691 | 9,049,366 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Equity in losses of affiliates | 624,843 | 774,356 | 1,049,934 |
| Depreciation and amortization | 3,024,800 | 3,304,581 | 4,427,287 |
| Amortization of deferred debt refinancing | (31,396) | (31,420) | (31,574) |
| Impairment adjustments | 93,464 | | 182,500 |
| Pension plans and seniority premiums | 76,600 | (23,739) | 5,467 |
| Deferred income tax | 1,823,790 | 125,968 | 428,161 |
| (Gain) loss on disposal of investment | (19,556) | 822,671 | |
| Write-down of held-to-maturity debt security | | | 405,111 |
| Derivative financial instruments | (1,532,111) | 140,398 | (895,734) |
| Unrealized foreign exchange gain, net | (339,650) | 139,064 | 4,981,960 |
| Employee stock option plans | 243,882 | 140,517 | 222,046 |
| Maintenance reserve | 2,744 | 3,949 | 18,062 |
| (Income) loss from monetary position | (58,543) | 542,533 | |
| Changes in operating assets and liabilities: | | | |
| (Increase) decrease in: | | | |
| Trade notes and accounts receivable and customer deposits and advances, net | (1,367,269) | (1,651,317) | (1,395,961) |
| Inventories | (112,827) | (32,053) | (375,153) |
| Transmission rights, programs and films and production talent advances | 495,475 | (1,882,412) | (1,053,008) |
| Other accounts and notes receivable and other current assets | (1,152,498) | (528,894) | (391,399) |
| Increase (decrease) in: | | | |
| Trade accounts payable | 518,440 | 937,012 | 1,577,231 |
| Other liabilities and taxes payable | 320,708 | 116,801 | 1,727,626 |
| Pension plan and seniority premiums | 13,760 | 40,833 | (81,314) |
| Net cash provided by operating activities | 11,541,952 | 12,106,539 | 19,850,608 |
| Financing activities: | | | |
| Issuance of Senior Notes due 2037 | | 4,500,000 | |
| Issuance of Senior Notes due 2012 | | 2,481,521 | |
| Issuance of Senior Notes due 2018 | | | 5,241,650 |
| Prepayment of Senior Notes due 2013 (Sky) | (3,034,536) | | (122,886) |
| Repayment of Mexican peso debt | | | (480,000) |
| Satellite transponder lease payments | | | (97,696) |
| Other increase (decrease) in debt | 3,631,565 | (1,054,007) | 1,231 |
| Derivative financial instruments | | | (346,065) |
| Repurchase of capital stock | (3,224,515) | (3,948,331) | (1,112,568) |
| Sale of repurchased shares | 587,263 | 99,771 | |
| Dividends paid | (1,161,839) | (4,506,492) | (2,229,973) |
| Noncontrolling interest | 113,607 | 1,032,659 | (332,029) |

| | | | |
|---|---|---|---|
| Net cash (used for) provided by financing activities | (3,088,455) | (1,394,879) | 521,664 |
| Investing activities: | | | |
| Temporary investments | (826,920) | (915,818) | (5,208,287) |
| Due from affiliated companies, net | (894,658) | 262,170 | (89,826) |
| Investments | (2,829,030) | (5,184,797) | (1,982,100) |
| Disposition of investments | 125,172 | 437,990 | 109,529 |
| Disposition of held-to-maturity investments | | | 874,999 |
| Investments in property, plant and equipment | (2,887,888) | (2,977,154) | (5,099,631) |
| Proceeds from sale of shares of Univision | | 11,821,932 | |
| Acquisitions, net of cash acquired | | (1,975,666) | |
| Investment in goodwill and other intangible assets | (902,707) | (1,762,332) | (1,489,174) |
| Net cash used for investing activities | (8,216,031) | (293,675) | (12,884,490) |

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| | 2006 | 2007 | 2008 |
|---|---|---|---|
| Net increase in cash and cash equivalents | 237,466 | 10,417,985 | 7,487,782 |
| Effect of exchange rate changes on cash and cash equivalents | 7,228 | 22,086 | 131,854 |
| Net increase in cash and cash equivalents upon acquisitions | | 138,261 | 483,868 |
| Effect of inflation on cash and cash equivalents | (616,759) | (560,136) | |
| Cash and cash equivalents at beginning of year | 15,833,410 | 15,461,345 | 25,479,541 |
| Cash and cash equivalents at end of year | Ps. 15,461,345 | Ps. 25,479,541 | Ps. 33,583,045 |

Net cash provided by operating activities reflects cash payments for interest and income taxes as follows:

| | 2006 | 2007 | 2008 |
|---|---|---|---|
| Interest | Ps. 1,894,346 | Ps. 1,905,621 | Ps. 2,529,221 |
| Income taxes and/or assets tax | 1,132,412 | 2,955,115 | 2,657,525 |

***Supplemental disclosures about non-cash activities:***

| | 2006 | 2007 | 2008 |
|---|---|---|---|
| Note receivable related to customer deposits | Ps. 12,406,786 | Ps. 14,753,180 | Ps. 14,383,384 |

***Adoption of new accounting principles***

***SFAS No 160 Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51***

In December 2007, the FASB issued SFAS 160, which clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. This statement is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008 (that is, January 1, 2009, for entities with calendar year-ends). As of January 1, 2009, the Group adopted SFAS No. 160. The presentation and disclosure requirements have been applied retrospectively for all periods presented.

***Fair Value Measurements SFAS No. 157***

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements ( SFAS No. 157 ), which defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS No. 157 defines fair value of as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (the exit price). SFAS No. 157 does not require any new fair value measurements; rather, it applies under other accounting pronouncements that require or permit fair value measurements. The provisions of SFAS No. 157 are to be applied prospectively as of the beginning of the fiscal year in which it is initially applied, with any transition adjustment recognized as a cumulative-effect adjustment to the opening balance of retained earnings.

SFAS No. 157 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under SFAS No. 157 are described below:

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs. (i.e., quoted prices for similar assets or liabilities)

Level 3 Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

In February 2008, the FASB approved FASB Staff Position ( FSP ) No. SFAS 157-2, Effective Date of FASB Statement No. 157 ( FSP No. SFAS 157-2 ), which permits companies to partially defer the effective date of SFAS No. 157 for one year for nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis. FSP No. SFAS 157-2 does not permit companies to defer recognition and disclosure requirements for financial assets and financial liabilities or for nonfinancial assets and nonfinancial liabilities that are remeasured at least annually. In accordance with the provisions of FSP No. SFAS 157-2, the Group has decided to defer the adoption of SFAS No. 157 for one year for nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis.

During the fourth quarter of 2008, both the FASB and the staff of the SEC re-emphasized the importance of sound fair

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value measurement in financial reporting. In October 2008, the FASB issued FASB Staff Position No. SFAS 157-3, Determining the Fair Value of a Financial Asset When the Market for That Asset is Not Active. This statement clarifies that determining fair value in an inactive or dislocated market depends on facts and circumstances and requires significant management judgment. This statement specifies that it is acceptable to use inputs based on management estimates or assumptions, or for management to make adjustments to observable inputs to determine fair value when markets are not active and relevant observable inputs are not available. The Group s fair value measurement policies are consistent with the guidance in FSP No. SFAS 157-3.

The provisions of SFAS No. 157 were adopted by the Group on January 1, 2008. All fair value adjustments at December 31, 2008 represent assets or liabilities measured at fair value on a recurring basis. In determining fair value, the Group s financial instruments are separated into two categories: temporary investments and derivative financial instruments. Fair values as of December 31, 2008 were calculated as follows:

| | U.S. GAAP Balance at December 31, 2008 | Quoted prices in active markets for identical Assets (Level 1) | Internal models with significant observable Inputs (Level 2) | Internal models with significant unobservable Inputs (Level 3) |
|---|---|---|---|---|
| Assets: | | | | |
| Temporary investments | Ps. 8,321,286 | Ps. 7,407,689 | Ps. 913,597 | Ps. |
| Derivative financial instruments | 2,363,148 | | 2,363,148 | |
| Total | Ps. 10,684,434 | Ps. 7,407,689 | Ps. 3,276,745 | Ps. |
| Liabilities: | | | | |
| Derivative financial instruments | Ps. 604,650 | Ps. | Ps. 604,650 | Ps. |
| Total | Ps. 604,650 | Ps. | Ps. 604,650 | Ps. |

**Temporary Investments**. Temporary investments include highly liquid securities, including without limitation debt with a maturity of three months, or over, and up to one year at the balance sheet date, stock and other financial instruments denominated in U.S. dollars and Mexican Pesos (Note 1(d)).

Temporary investments are generally valued using quoted market prices or alternative pricing sources with reasonable levels of price transparency. The types of instruments valued based on quoted market prices in active markets include mostly fixed short-term deposits, equities and corporate fixed income securities denominated in U.S. dollars and Mexican Pesos. Such instruments are classified in Level 1 or Level 2 depending on the observability of the significant inputs.

For positions that are not traded in active markets or are subject to transfer restrictions, valuations are adjusted to reflect illiquidity and/or non-transferability. Such adjustments are generally based on available market evidence. Such instruments are classified in Level 2.

**Derivative Financial Instruments.** Derivative Financial Instruments include swaps, forwards and options (Note 9).

The Group s derivative portfolio is entirely over-the-counter ( OTC ). The Group s derivatives are valued using industry standard valuation models; projecting the Group s future cash flows discounted to present value, using market-based observable inputs including interest rate curves, foreign exchange rates, and forward and spot prices for currencies.

When appropriate, valuations are adjusted for various factors such as liquidity, bid/offer spreads and credit spreads considerations. Such adjustments are generally based on available market evidence. In the absence of such evidence, management s best estimate is used. All derivatives are classified in Level 2.

There were no recurring liabilities measured at fair value in the Group s consolidated financial statements as of December 31, 2008.

***The Fair Value Option for Financial Assets and Financial Liabilities SFAS No. 159***

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities ( SFAS No. 159 ). SFAS No. 159 permits companies, at their election, to measure specified financial instruments and warranty and insurance contracts at fair value on a contract-by-contract basis, with changes in fair value recognized in earnings each reporting period. The election, called the fair value option, will enable some companies to reduce the volatility in reported earnings caused by measuring related assets and liabilities differently, and it is easier than using the complex hedge-accounting requirements in SFAS No. 133, to achieve similar results. Subsequent changes in fair value for designated items will be required to be reported in earnings in the current period. SFAS No. 159 is effective for financial statements issued for fiscal years

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beginning after November 15, 2007 and therefore became effective for the Group as of January 1, 2008. The Group has not elected to measure any eligible items at fair value. Accordingly, the adoption of SFAS No. 159 has not impacted the Group s results of operations and financial position.

***FIN 46(R)-8***

On December 31, 2008, the Group adopted for US GAAP purposes, FIN 46(R)-8 which requires additional disclosures about its involvement with consolidated VIEs.

The table below presents the assets and liabilities of VIEs which have been consolidated on the Group s balance sheet at December 31, 2008, and the Group s maximum exposure to loss resulting from its involvement with consolidated VIEs as of December 31, 2008.

The Group s maximum exposure to loss is based on the unlikely event that all of the assets in the VIEs become worthless and incorporates not only potential losses associated with assets recorded on the Group s balance sheet but also potential losses associated with off-balance sheet commitments such as unfunded liquidity commitments and other contractual arrangements.

| *(In thousands of Mexican Pesos)* | **Sky** | **TuTv** |
|---|---|---|
| As of December 31, 2008 | | |
| Current assets | Ps. 7,324,426 | Ps. 117,654 |
| Non-current assets | 3,811,724 | 2,214 |
| **Total Assets** | Ps. 11,136,150 | Ps. 119,868 |
| Current liabilities | Ps. 2,584,873 | Ps. 44,759 |
| Non-current liabilities | 4,684,520 | |
| **Total Liabilities** | Ps. 7,269,393 | Ps. 44,759 |
| **Maximum loss exposure** | Ps. 6,536,920 | Ps. 59,934 |

The Group did not provide any additional financial support to these VIEs during 2008. Further, the Group does not have any contractual commitments or obligations to provide additional financial support to these VIEs.

***Recently issued accounting standards***

***Business Combination SFAS 141(R)***

In December 2007, the FASB issued SFAS No. 141 (revised 2007), Business Combinations ( SFAS 141 (R) ), which replaces SFAS No. 141, Business Combinations. This statement improves the reporting of information about a business combination and its effects. This statement establishes principles and requirements for how the acquirer will recognize and measure the identifiable assets acquired, the liabilities assumed, and any non-controlling interest in the acquisition. Also, the statement determines the recognition and measurement of goodwill acquired in the business combination or a gain from a bargain purchase, and finally, determines the disclosure requirements to enable users of the financial statements to evaluate the nature and financial effects of the business combination.

SFAS No. 141 (R) will be effective for all business combinations with an acquisition date on or after the beginning of the first annual reporting period after December 15, 2008. An earlier adoption is prohibited. The Group has adopted this pronouncement on January 1, 2009 to be applied in any future business combination.

***Noncontrolling Interests in Consolidated Financial Statements SFAS 160***

The Group adopted SFAS 160 effective January 1, 2009. SFAS 160 establishes new accounting and reporting standards for the noncontrolling interest, previously known as minority interest, in a subsidiary and for the deconsolidation of a subsidiary. This statement clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as a separate component within equity in the consolidated financial statements. Additionally, consolidated net income is to be reported with separate disclosure of the amounts attributable to the parent and to the noncontrolling interests. The Group retroactively restated its consolidated balance sheets, consolidated statements of operations, consolidated statement of stockholders equity and consolidated statements of cash flows as required by SFAS 160.

***Accounting for Transfers of Financing Transactions FSP FAS 140-3***

In February 2008, the FASB issued FASB Staff Position ( FSP ) SFAS 140-3, Accounting for Transfers of Financial Assets and Repurchase Financing Transactions, which amends SFAS No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities ( SFAS140 ) to provide guidance on accounting for a transfer of a financial asset and a repurchase financing. This FSP presumes that an initial transfer of a financial asset and a repurchase financing are considered part of the same arrangement (linked transaction) under SFAS No. 140. However, if certain criteria are met, the initial transfer and repurchase financing shall not be evaluated as a linked transaction and shall be evaluated separately under SFAS 140. This FSP shall be effective for financial statements issued for fiscal years beginning after November 15, 2008, and interim periods within those fiscal years. Earlier application is not permitted. This FSP shall be applied prospectively to initial transfers and repurchase financings for which the initial transfer is executed on or after the beginning of the fiscal year in which this FSP is initially applied. The adoption of this interpretation is not expected to have a material impact on the Group s consolidated financial statements.

***Disclosures about Derivatives Instruments and Hedging Activities SFAS No. 161***

In March 2008, the FASB issued SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities ( SFAS 161 ). This standard amends and is intended to improve financial reporting under SFAS No. 133 by requiring transparency about the location and amounts of derivative instruments in an entity s financial statements. SFAS 161 requires disclosure of how derivative instruments and related hedged items are accounted for under SFAS No. 133 and how derivative instruments and related hedged items affect an entity s financial position, financial performance and cash flows. This statement expands derivative disclosure required by SFAS 133. The Group adopted SFAS 161 effective January 1, 2009. The adoption of this standard is not expected to have a material impact on the Group s consolidated financial statements.

***Determination of the Useful Life of Intangible Assets FSP 142-3***

In April 2008, the FASB issued FASB Staff Position FSP SFAS 142-3, Determination of the Useful Life of Intangible Assets, which amends SFAS No. 142, Goodwill and Other Intangible Assets, to provide guidance on the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142, Goodwill and Other Intangible Assets. The intent of this FSP is to improve the consistency between the useful life of a recognized intangible asset under SFAS 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS 141 (revised 2007), Business Combinations , and other U.S. GAAP standards.

This FSP shall be effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. Early adoption is prohibited. The guidance for determining the useful life of a recognized intangible asset of this FSP shall be applied prospectively to intangible assets acquired after the effective date. The disclosure requirements shall be applied prospectively to all intangible assets recognized as of, and subsequent to, the effective date. The adoption of this interpretation is not expected to have a material impact on the group s consolidated financial statements.

***The Hierarchy of Generally Accepted Accounting Principles SFAS No. 162***

In May 2008, the FASB issued SFAS No. 162, The Hierarchy of Generally Accepted Accounting Principles, ( SFAS 162 ) which identifies the sources of accounting principles and the framework for selecting principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with U.S. GAAP. This statement shall be effective 60 days following the SEC s approval of the Public Company Accounting Oversight Board ( PCAOB ) amendments to AU Section 411, The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles. Any effect of applying the provisions of this Statement shall be reported as a change in accounting principles in accordance with SFAS No. 154, Accounting Changes and Error Corrections ( SFAS 154 ). An entity shall follow the disclosure requirements of that statement, and additionally, disclose the accounting principles that were used before and after the application of the provisions of this statement and the reason why applying this statement resulted in a change in accounting principles. The adoption of SFAS 162 is not expected to have a material impact on the results of operations and financial condition.

***Accounting for Convertible Debt Instruments That May Be Settled In Cash Upon Conversion (Including Partial Cash Settlement) FSP APB 14-1***

In May 2008, the FASB issued FSP No. APB 14-1 ( FSP APB 14-1 ), Accounting for Convertible Debt Instruments That May Be Settled In Cash Upon Conversion (Including Partial Cash Settlement). FSP APB 14-1 changes the accounting treatment for convertible debt instruments that require or permit partial cash settlement upon conversion. The accounting changes require issuers to separate convertible debt instruments into two components: a non-convertible bond and a conversion option. The separation of the conversion option creates an original issue discount in the bond component which is to be amortized as interest expense over the term of the instrument using the interest method, resulting in an increase to interest expense and a decrease in net income and earnings per share. The

Group is currently evaluating the impact FSP APB 14-1 will have on the Group s financial position, results of operations and disclosures.

***Disclosures about Transfers of Financial Assets and Interests in Variable Interest Entities FSP SFAS No. 140-4 and FIN 46(R)-8***

In November 2008, the FASB issued FSP SFAS No. 140-4 and FIN 46(R)-8, Disclosures about Transfers of Financial Assets and Interests in Variable Interest Entities. Enhanced disclosures pursuant to FSP SFAS No. 140-4 and FIN 46(R)-8 will be required of all public entities effective for periods ending after December 15, 2008. The adoption of FSP SFAS No. 140-4 and FIN 46(R)-8 is not expected to have a material impact on the Group s results of operations and financial condition.

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***Employers Disclosures about Postretirement Benefit Plan Assets FSP FAS 132(R)-1***

In December 2008, the FASB issued FSP No. 132 (R)-1 Employers disclosures about Postretirement Benefit Plan Assets (SFAS 132 (R) ), which amends SFAS No. 132 (revised 2003), Employers Disclosures about Pensions and Other Postretirement Benefits, to provide guidance on an employer s disclosures about plan assets of a defined benefit pension or other postretirement plan. This FSP also includes a technical amendment to SFAS 132(R) that requires a nonpublic entity to disclose net periodic benefit cost for each annual period for which a statement of income is presented. The disclosures about plan assets required by this FSP shall be provided for fiscal years ending after December 15, 2009. Upon initial application, the provisions of this FSP are not required for earlier periods that are presented for comparative purposes. Earlier application of the provisions of this FSP is permitted. The technical amendment to Statement 132(R) is effective upon issuance of this FSP. The Group does not expect that the adoption of this statement will materially impact the Group s consolidate financial statements.

***Determining Fair Value when the volume and level of activity for the asset or liability have significantly decreased and identifying transactions that are not orderly FSP SFAS 157-4***

In April 2009, the FASB issued FSP SFAS 157-4 Determining Fair Value when the volume and level of activity for the asset or liability have significantly decreased and identifying transactions that are not orderly ( FSP SFAS 157-4 ). FSP SFAS 157-4 provides additional guidance for estimating fair value in accordance with SFAS 157, when the volume and level of activity for the asset or liability have significantly decreased. This FSP also includes guidance on identifying circumstances that indicate when a transaction is not orderly. It also emphasizes that even if there has been a significant decrease in the volume and level of activity for the asset or liability regardless of the valuation techniques(s) used, the objective of fair value measurement remains the same. FSP SFAS 157-4 shall be effective for interim and annual reporting periods ending after June 15, 2009 and shall be applied prospectively. Early adoption is permitted for periods ending after March 15, 2009. The adoption of this interpretation is not expected to have a material impact in the Group s consolidated financial statements.

***Subsequent Events SFAS 165***

In May 2009, the FASB issued SFAS No. 165, Subsequent Events ( SFAS 165 ), the objective of this statement is to establish general standards of accounting for, and disclosure of, events that occur after the balance sheet date but before financial statements are issued or are available to be issued. In particular, this statement sets forth (i) the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, (ii) the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements and (iii) the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. In accordance with this statement, an entity should apply the requirements to interim or annual financial periods ending after June 15, 2009. The Group does not expect the adoption of this statement will materially impact the consolidated financial statements.

***Accounting for Transfers of Financial Assets an amendment of FASB Statement No. 140 SFAS 166***

In June 2009, the FASB issued SFAS No. 166, Accounting for Transfers of Financial Assets an amendment of FASB Statement No. 140 ( SFAS 166 ), amending the guidance on transfers of financial assets in order to address practice issues highlighted most recently by events related to the economic downturn. The amendments include: (i) eliminating the qualifying special-purpose entity concept, (ii) a new unit of account definition that must be met for transfers of portions of financial assets to be eligible for sale accounting, (iii) clarifications and changes to the derecognition criteria for a transfer to be accounted for as a sale, (iv) a change to the amount of recognized gain or loss on a transfer of financial assets accounted for as a sale when beneficial interests are received by the transferor, and (v) extensive new disclosures. Calendar year-end companies will have to apply SFAS 166 to new transfers of financial assets occurring from January 1, 2010. The Group is currently evaluating the impact this statement will have on the Group s financial position, results of operations and disclosures.

***Amendments to FASB Interpretation No. 46(R) SFAS 167***

In June 2009, the FASB issued SFAS No. 167, Amendments to FASB Interpretation No. 46(R) ( SFAS 167 ). This guidance represents a significant change to the previous accounting rules and it is anticipated it will change the consolidation conclusions for many entities. The standard does not provide for any grandfathering; therefore, FIN

46(R) consolidation conclusions will need to be reassessed for all entities. The amendments include: (i) eliminating the scope exception for qualifying special-purpose entities, (ii) eliminating the quantitative model for determining which party should consolidate and replacing it with a qualitative model focusing on decision-making for an entity s significant economic activities, (iii) requiring a company to continually reassess whether it should consolidate an entity subject to FIN 46(R), (iv) requiring an assessment of whether an entity is subject to the standard due to a troubled debt restructuring and (v) requiring extensive new disclosures. SFAS 167 is effective for a company s first reporting period beginning after November 15, 2009. The Group is currently evaluating the impact this statement will have on the Group s financial position, results of operations and disclosures.

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*Consolidated valuation and qualifying accounts*

| Description | Balance at Beginning of Year | Additions | Deductions | Balance at End of Year |
|---|---|---|---|---|
| **Continuing operations:** | | | | |
| Reserve for damage, obsolescence or deterioration of inventories: | | | | |
| Year ended December 31, 2006 | Ps. 11,900 | Ps. | Ps. (4,932) | Ps. 6,968 |
| Year ended December 31, 2007 | 6,968 | 15,578 | (3,165) | 19,381 |
| Year ended December 31, 2008 | 19,381 | 35,678 | (9,519) | 45,540 |
| Allowances for doubtful accounts(1): | | | | |
| Year ended December 31, 2006 | Ps. 1,304,285 | Ps. 592,523 | Ps. (645,213) | Ps. 1,251,595 |
| Year ended December 31, 2007 | 1,251,595 | 154,955 | (303,684) | 1,102,866 |
| Year ended December 31, 2008 | 1,102,866 | 637,476 | (427,242) | 1,313,100 |

(1) Includes allowances for trade and non-trade doubtful accounts.

**24. Subsequent Events**

On April 30, 2009, the Company s stockholders approved (i) the payment of a dividend for an aggregate amount of up to Ps.5,204,575, which consisted of Ps.1.75 per CPO and Ps.0.014957264957 per share, not in the form of a CPO, which was paid in cash in May 2009; and (ii) the cancellation of approximately 1,421.2 million shares of capital stock in the form of approximately 12.1 million CPOs, which were repurchased by the Company in 2008 and 2009.

In April 2009, Sky paid a dividend to its equity owners in the aggregate amount of Ps.2,000,000, of which Ps.826,669 was paid to its minority equity owners.

In May 2009, the Company repaid a loan at its original maturity in the principal amount of Ps.1,162,460.

On June 2, 2009, the Company entered into an agreement with a U.S. financial institution to assume a loan facility with TVI in the aggregate principal amount of U.S.$50 million. TVI entered into this 5-year term loan facility in December 2007, in connection with the financing of the acquisition of the majority of the assets of Bestel (see Note 2).

On June 3, 2009, the stockholders of Empresas Cablevisión made a capital contribution in cash to increase the capital stock of this Company s subsidiary in the aggregate amount of Ps.3,699,652, of which Ps.1,812,675 was contributed by minority stockholders.

**GRUPO TELEVISA, S.A.B.**

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS**
**As of December 31, 2008 and September 30, 2009**

| | December 31, 2008 | September 30, 2009 |
|---|---|---|
| | (In millions of Mexican pesos) | |
| **ASSETS** | | |
| Current: | | |
| Cash and cash equivalents | Ps. 35,106.1 | Ps. 28,733.8 |
| Temporary investments | 6,798.3 | 4,476.6 |
| | 41,904.4 | 33,210.4 |
| Trade notes and accounts receivable, net of allowance for doubtful accounts of Ps.1,022.5 and Ps.1,359.0, respectively | 18,199.9 | 9,134.1 |
| Other accounts and notes receivable, net | 2,231.5 | 3,796.8 |
| Due from affiliated companies | 161.8 | 106.0 |
| Transmission rights and programming | 3,343.4 | 4,064.7 |
| Inventories | 1,612.0 | 1,441.2 |
| Other current assets | 1,105.9 | 1,486.0 |
| Total current assets | 68,558.9 | 53,239.2 |
| Derivative financial instruments (Note 5) | 2,316.6 | 1,933.2 |
| Transmission rights and programming | 6,324.8 | 6,108.2 |
| Investments | 3,348.6 | 6,058.9 |
| Property, plant and equipment, net (Note 2) | 30,798.4 | 31,236.9 |
| Intangible assets and deferred charges, net | 11,433.8 | 11,413.2 |
| Other assets | 70.7 | 64.4 |
| Total assets | Ps. 122,851.8 | Ps. 110,054.0 |

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

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**GRUPO TELEVISA, S.A.B.**

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS**
**As of December 31, 2008 and September 30, 2009**

| | December 31, 2008 | September 30, 2009 |
|---|---|---|
| | (In millions of Mexican pesos) | |
| **LIABILITIES** | | |
| Current: | | |
| Current portion of long-term debt (Note 3) | Ps. 2,283.2 | Ps. 541.4 |
| Current portion of satellite transponder lease obligation | 138.8 | 147.5 |
| Trade accounts payable | 6,337.4 | 5,806.0 |
| Customer deposits and advances | 18,098.6 | 8,001.6 |
| Taxes payable | 830.1 | 607.2 |
| Accrued interest | 439.8 | 445.7 |
| Employee benefits | 200.0 | 402.3 |
| Due to affiliated companies | 88.6 | 45.5 |
| Other accrued liabilities | 2,293.8 | 2,073.7 |
| Total current liabilities | 30,710.3 | 18,070.9 |
| Long-term debt, net of current portion (Note 3) | 36,679.9 | 35,487.1 |
| Derivative financial instruments (Note 5) | 604.6 | 592.6 |
| Satellite transponder lease obligation, net of current portion | 1,172.9 | 1,031.9 |
| Customer deposits and advances, non current | 589.4 | 820.2 |
| Other long-term liabilities | 3,225.5 | 3,001.7 |
| Deferred income taxes | 2,265.2 | 2,284.4 |
| Retirement and termination benefits | 352.4 | 412.8 |
| Total liabilities | 75,600.2 | 61,701.6 |
| Commitments and contingencies (Note 6) | | |
| **STOCKHOLDERS EQUITY** | | |
| Capital stock issued, no par value (Note 8) | 10,061.0 | 10,019.9 |
| Additional paid-in capital | 4,547.9 | 4,547.9 |
| | 14,608.9 | 14,567.8 |
| Retained earnings: | | |
| Legal reserve | 2,135.4 | 2,135.4 |
| Unappropriated earnings | 19,595.3 | 21,672.1 |
| Net income for the period | 7,803.7 | 4,819.0 |
| | 29,534.4 | 28,626.5 |
| Accumulated other comprehensive income, net | 3,184.0 | 3,267.0 |
| Shares repurchased | (5,308.4) | (4,561.2) |

| | | | | |
|---|---|---|---|---|
| | | 27,410.0 | | 27,332.3 |
| Total controlling interest | | 42,018.9 | | 41,900.1 |
| Noncontrolling interest | | 5,232.7 | | 6,452.3 |
| Total stockholders equity | | 47,251.6 | | 48,352.4 |
| Total liabilities and stockholders equity | Ps. | 122,851.8 | Ps. | 110,054.0 |

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

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## GRUPO TELEVISA, S.A.B.

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME
**For the nine months ended September 30, 2008 and 2009**

| | September 30, 2008 | | September 30, 2009 | |
|---|---|---|---|---|
| | (In millions of Mexican pesos, except per CPO amounts) | | | |
| Net sales (Note 11) | Ps. | 33,500.7 | Ps. | 37,189.1 |
| Cost of sales (excluding depreciation and amortization) | | 15,211.7 | | 16,926.3 |
| Selling expenses (excluding depreciation and amortization) | | 2,648.9 | | 3,123.8 |
| Administrative expenses (excluding depreciation and amortization) | | 2,165.4 | | 2,720.0 |
| Depreciation and amortization | | 3,105.8 | | 3,557.3 |
| Operating income (Note 11) | | 10,368.9 | | 10,861.7 |
| Other expense, net | | 614.1 | | 356.4 |
| Integral cost of financing, net (Note 9) | | 1,330.4 | | 2,056.4 |
| Equity in losses of affiliates, net | | 436.8 | | 590.7 |
| Income before income taxes | | 7,987.6 | | 7,858.2 |
| Income taxes (Note 10) | | 2,217.1 | | 2,240.0 |
| Consolidated net income | | 5,770.5 | | 5,618.2 |
| Noncontrolling interest net income | | 809.2 | | 799.2 |
| Controlling interest net income | Ps. | 4,961.3 | Ps. | 4,819.0 |
| Controlling interest net income per CPO | Ps. | 1.76 | Ps. | 1.71 |
| Weighted average of total equivalent CPOs (in millions) | | 2,367.9 | | 2,365.2 |

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

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**GRUPO TELEVISA, S.A.B.**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
**For the nine months ended September 30, 2008 and 2009**

| | September 30, 2008 | September 30, 2009 |
|---|---|---|
| | (In millions of Mexican pesos) | |
| **Operating Activities:** | | |
| Income before income taxes | Ps. 7,987.6 | Ps. 7,858.2 |
| Adjustments to reconcile income before income taxes to net cash provided by operating activities: | | |
| Equity in loss of affiliates | 436.8 | 590.7 |
| Depreciation and amortization | 3,105.8 | 3,557.3 |
| Impairment of long-lived assets and other amortization | 470.7 | 47.9 |
| Provision for doubtful accounts and write-off of receivables | 196.9 | 621.3 |
| Stock-based compensation | 148.0 | 266.3 |
| Unrealized foreign currency exchange loss (gain), net | 376.5 | (513.8) |
| Derivatives | (52.8) | 509.6 |
| Interest expense | 1,957.4 | 2,149.6 |
| Other, net | 21.1 | 12.5 |
| | 14,648.0 | 15,099.6 |
| Decrease in trade notes and accounts receivable | 8,267.1 | 8,428.6 |
| Increase in transmission rights and programming | (993.1) | (519.2) |
| (Increase) decrease in inventories | (394.8) | 168.3 |
| Increase in other accounts and notes receivable and other current assets | (616.4) | (2,129.6) |
| Increase (decrease) in trade accounts payable | 667.9 | (520.6) |
| Decrease in customer deposits and advances | (9,486.9) | (9,862.4) |
| Increase (decrease) in other liabilities, taxes payable and deferred taxes | 231.2 | (636.1) |
| Increase in retirement and termination benefits | 231.4 | 262.7 |
| Income taxes paid | (2,151.9) | (2,015.3) |
| **Net cash provided by operating activities** | 10,402.5 | 8,276.0 |
| **Investing Activities:** | | |
| Temporary investments | 1,450.6 | (202.7) |
| Due from affiliated companies, net | 40.0 | 66.8 |
| Acquisition of investments | (954.6) | (753.7) |
| Disposition of investments | 106.9 | |
| Disposition of held-to maturity investments | 765.8 | |
| Investment in property, plant and equipment | (3,250.8) | (3,798.9) |
| Disposition of property, plant and equipment | 49.4 | 96.0 |
| Investments in goodwill and other intangible assets | (1,171.2) | (389.0) |
| **Net cash used in investing activities** | (2,963.9) | (4,981.5) |

| | | |
|---|---|---|
| **Financing Activities:** | | |
| Issuance of Senior Notes due 2018 | 5,252.1 | |
| Prepayment of Senior Notes due 2013 (Sky) | (122.5) | |
| Repayment of Mexican Peso debt | (480.0) | (1,162.5) |
| Other repayment of debt | (2.9) | (1,123.3) |
| Satellite transponder lease payments | (72.2) | (102.6) |
| Interest paid | (1,871.3) | (2,143.7) |
| Repurchase and sale of capital stock, net | (1,073.9) | (47.7) |
| Dividends paid | (2,230.0) | (5,183.0) |
| Noncontrolling interest | (332.0) | 342.1 |
| Derivative financial instruments | (340.8) | (154.0) |
| **Net cash used in financing activities** | (1,273.5) | (9,574.7) |
| **Effect of exchange rate changes on cash and cash equivalents** | (4.4) | (92.1) |
| **Net increase (decrease) in cash and cash equivalents** | 6,160.7 | (6,372.3) |
| **Cash and cash equivalents of Cablemás upon consolidation** | 483.9 | |
| **Cash and cash equivalents at beginning of period** | 25,479.5 | 35,106.1 |
| **Cash and cash equivalents at end of period** | Ps. 32,124.1 | Ps. 28,733.8 |

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

**GRUPO TELEVISA, S.A.B.**

**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
**(In Millions of Mexican Pesos, except per CPO and per share amounts)**

## 1. Accounting Policies

The condensed consolidated financial statements of Grupo Televisa, S.A.B. (the Company ) and its consolidated entities (collectively, the Group ), as of September 30, 2009, and for the nine months ended September 30, 2008 and 2009, are unaudited. In the opinion of management, all adjustments (consisting principally of normal recurring adjustments) necessary for a fair statement of the condensed consolidated financial statements have been included therein.

For purposes of these condensed consolidated financial statements, certain information and disclosures, normally included in financial statements prepared in accordance with Mexican Financial Reporting Standards ( Mexican FRS ) and accounting principles generally accepted in the United States ( U.S. GAAP ), have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the Group s consolidated and audited financial statements and notes thereto for the year ended December 31, 2008, which include, among other disclosures, the Group s most significant accounting policies, which have been applied on a consistent basis for the nine months ended September 30, 2008 and 2009.

Effective June 1, 2008, the Group began consolidating the assets, liabilities and results from operations of Cablemás, S.A. de C.V. and its subsidiaries (collectively, Cablemás ) in its consolidated financial statements. Before that date, the Group accounted for its investment in Cablemás by applying the equity method.

As required by Mexican FRS NIF B-10, *Effects of Inflation*, the Group recognized the effects of inflation on its consolidated financial statements through December 31, 2007. Beginning on January 1, 2008, in accordance with Mexican FRS, the Group discontinued recognizing such effects on its consolidated financial statements. Accordingly, the condensed consolidated financial statements for the nine months ended September 30, 2008 and 2009, do not include any adjustments to recognize the effects of inflation for periods subsequent to December 31, 2007.

## 2. Property, Plant and Equipment

Property, plant and equipment as of December 31, 2008 and September 30, 2009, consisted of:

| | December 31, 2008 | September 30, 2009 |
|---|---|---|
| Buildings | Ps. 9,364.6 | Ps. 9,231.8 |
| Building improvements | 1,814.0 | 1,684.4 |
| Technical equipment | 34,293.4 | 36,083.5 |
| Satellite transponders | 1,789.9 | 1,789.9 |
| Furniture and fixtures | 849.0 | 760.3 |
| Transportation equipment | 1,657.4 | 1,662.1 |
| Computer equipment | 2,480.8 | 2,350.3 |
| Leasehold improvements | 1,168.2 | 1,269.3 |

| | | | | |
|---|---|---|---|---|
| | | 53,417.3 | | 54,831.6 |
| Accumulated depreciation | | (28,551.5) | | (30,314.6) |
| | | 24,865.8 | | 24,517.0 |
| Land | | 4,867.6 | | 4,625.9 |
| Construction and projects in progress | | 1,065.0 | | 2,094.0 |
| | Ps. | 30,798.4 | Ps. | 31,236.9 |

Depreciation charged to income for the nine months ended September 30, 2008 and 2009, was Ps.2,774.1 and Ps.3,211.0, respectively.

GRUPO TELEVISA, S.A.B.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 3. Long-Term Debt

As of December 31, 2008 and September 30, 2009, the Group s consolidated long-term debt outstanding was as follows:

| | December 31, 2008 | | September 30, 2009 | |
|---|---|---|---|---|
| **U.S. Dollar debt:** | | | | |
| 8.0% Senior Notes due 2011 | Ps. | 995.8 | Ps. | 971.4 |
| 6.0% Senior Notes due 2018 | | 6,920.0 | | 6,750.5 |
| 6.625% Senior Notes due 2025 | | 8,304.0 | | 8,100.6 |
| 8.5% Senior Notes due 2032 | | 4,152.0 | | 4,050.3 |
| 9.375% Senior Guaranteed Notes due 2015 (Cablemás) | | 2,417.8 | | 2,358.6 |
| Bank loan facility (Empresas Cablevisión) | | 3,114.0 | | 3,037.7 |
| Bank loan facility (Cablemás) | | 692.0 | | 675.1 |
| Other | | 1,154.2 | | 39.6 |
| **Mexican Peso debt:** | | | | |
| 8.49% Senior Notes due 2037 | | 4,500.0 | | 4,500.0 |
| Bank loans | | 6,662.5 | | 5,500.0 |
| Other currency debt | | 50.8 | | 44.7 |
| | | 38,963.1 | | 36,028.5 |
| Less: Current portion | | 2,283.2 | | 541.4 |
| Long-term debt, net of current portion | Ps. | 36,679.9 | Ps. | 35,487.1 |

## 4. Financial Instruments

The carrying amounts of certain financial instruments, including cash and cash equivalents, accounts receivable and accounts payable approximate fair value due to their short maturities. Consequently, such financial instruments are not included in the following table which provides information about the carrying amounts and estimated fair values of other financial instruments that are not measured at fair value in the condensed consolidated balance sheet as of December 31, 2008 and September 30, 2009:

| | December 31, 2008 | | | | September 30, 2009 | | | |
|---|---|---|---|---|---|---|---|---|
| | Carrying Value | | Fair Value | | Carrying Value | | Fair Value | |
| **Assets:** | | | | | | | | |
| Temporary investments | Ps. | 8,321.3 | Ps. | 8,321.3 | Ps. | 8,154.9 | Ps. | 8,154.9 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Held-to-maturity securities | | 809.1 | | 756.0 | | 1,116.5 | | 1,190.0 |
| Available-for-sale investments(1) | | | | | | 2,143.6 | | 2,143.6 |
| **Liabilities:** | | | | | | | | |
| Senior Notes due 2011, 2018, 2025 and 2032 | Ps. | 20,371.8 | Ps. | 17,713.9 | Ps. | 19,872.8 | Ps. | 20,991.6 |
| Senior Notes due 2037 | | 4,500.0 | | 4,129.7 | | 4,500.0 | | 4,040.5 |
| Senior Guaranteed Notes due 2015 (Cablemás) | | 2,417.8 | | 2,070.3 | | 2,358.6 | | 2,565.4 |
| Long-term notes payable to Mexican banks | | 6,662.5 | | 6,846.3 | | 5,500.0 | | 5,741.0 |
| Bank loan facility (Empresas Cablevisión) | | 3,114.0 | | 2,658.3 | | 3,037.7 | | 2,658.5 |
| Bank loan facility (Cablemás) | | 692.0 | | 593.4 | | 675.1 | | 584.2 |

(1) In July 2009, the Group invested U.S.$150.0 million in a telecom and media open-ended fund.

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GRUPO TELEVISA, S.A.B.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

**5. Derivative Financial Instruments and Hedging**

As a matter of policy, the Group uses derivatives for risk management purposes. The Group does not use derivatives for speculative purposes. A key risk management objective of the Group is to mitigate interest rate and currency risk by entering into hedge derivatives.

The following table provides information about the fair value of the Group s derivatives, separating those recorded as accounting hedges and those that are not.

| | September 30, 2009 | | | |
|---|---|---|---|---|
| | **Balance Sheet Location** | **Notional Amount (Millions)** | **Carrying Value** | **Maturity Date** |
| **Derivatives not recorded as accounting hedges:** | | | | |
| **Assets:** | | | | |
| Cablemás forward and cross-currency swaps(a) | Derivative financial instruments | U.S.$175.0/Ps.1,880.4 and U.S.$175.0/ Ps.1,914.9 | Ps. 1,187.2 | November 2015 |
| Cross-currency interest rate swaps(b) | Other accounts and notes receivable, net | U.S.$200.0/Ps.2,165.6 | 9.1 | March 2010 |
| **Derivatives recorded as accounting hedges:** | | | | |
| **Assets:** | | | | |
| Cash flow hedges: | | | | |
| Empresas Cablevisión s cross-currency swaps(c) | Derivative financial instruments | U.S. $225.0/ Ps.2,435.0 | 536.6 | December 2012 |
| Cablemás cross-currency swap(d) | Derivative financial instruments | U.S.$50.0/ Ps.541.3 | 116.7 | December 2012 |
| Cross-currency interest rate swaps(b) | Derivative financial instruments | U.S.$1,200.0/ Ps.15,529.3 | 92.7 | March and May 2011 |
| **Derivatives not recorded as** | | | | |

| | | | | |
|---|---|---|---|---|
| **accounting hedges:** | | | | |
| **Liabilities:** | | | | |
| Sky s interest rate swaps(e) | Derivative financial instruments | Ps. 1,400.0 | 28.9 | April 2016 |
| Cablemás forward and swaption(a) | Derivative financial instruments | U.S.$175.0 Ps.1,914.9 | 563.7 | November 2015 |

(a) In 2005, 2006 and 2007, Cablemás entered into 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

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**GRUPO TELEVISA, S.A.B.**

**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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.1,880.4, 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.1,914.9 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.1,914.9 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). The Group recorded the change in fair value of these transactions in the integral cost of financing (foreign exchange gain or loss). In addition, certain Cablemás office lease agreements include embedded derivatives identified as forwards for obligations denominated in U.S. Dollars. As of September 30, 2009, these agreements were valued at Ps. 15.4. The Group recognizes changes in related fair value as foreign exchange gain or loss in the integral cost of financing (foreign exchange gain or loss).

(b) In order to reduce the adverse effects of exchange rates on the Senior Notes due 2025, 2018 and 2032, during 2005 and 2009, 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 to be made in 2010 and 2011. Under these transactions, the Company receives semi-annual payments based on the aggregate notional amount of U.S.$1,400.0 million as of September 30, 2009, at an average annual rate of 6.80%, and the Company makes semi-annual payments based on an aggregate notional amount of approximately Ps.17,694.9, as of September 30, 2009, at an average annual rate of 7.08%, without an exchange of the notional amount upon which the payments are based. At September 30, 2009, the Company recorded a loss of Ps.10.6 relating to the interest rate swaps not recorded as an accounting hedge, in the integral cost of financing (foreign exchange loss) and a gain of Ps.92.6 relating to the interest rate swaps recorded as an accounting hedge, in consolidated stockholders equity as accumulated other comprehensive income or loss.

(c) In December 2007, in connection with the issuance of its U.S.$225.0 million long-term debt, Empresas Cablevisión entered into a 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 for 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.$225.0 million, in exchange for Ps.2,435.0. At September 30, 2009, 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.517.2 together with an unrealized foreign exchange loss of Ps.580.2 related to the long-term debt, in consolidated stockholders equity as accumulated other comprehensive income or loss.

(d) In December 2007, in connection with the issuance of its U.S.$50.0 million long-term debt, Cablemás entered into a 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 for 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.$50.0 million, in exchange for Ps.541.3. At September 30, 2009, 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.147.2, together with an unrealized foreign exchange loss of Ps.159.7 related to the long-term debt, in consolidated stockholders equity as accumulated other comprehensive income or loss.

GRUPO TELEVISA, S.A.B.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(e) 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.1,400.0. Under this transaction, Sky receives 28-day payments based on an aggregate notional amount of Ps.1,400.0 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).

## 6. Contingencies

On January 22, 2009, the Company and Univision Communications, Inc. ( Univision ) announced an amendment to their program license agreement. In connection with this amendment, Televisa, S.A. de C.V. and Univision agreed to dismiss all claims in the District Court Action with the exception of the Univision Internet Counterclaim.

There are 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.

## 7. Transactions with Related Parties

In August 2009, the Group entered into an agreement with Allen & Company to provide the Group with advisory services related to investment opportunities outside of Mexico. Two of the Group s directors are directors of Allen & Company as well. This agreement was entered into on an arm s length basis. The Group believes that the amounts paid and to be paid under this agreement to Allen & Company are comparable to those paid to third parties for these types of services.

## 8. Stockholders Equity

The controlling interest stockholders equity is analyzed as follows:

| | December 31, 2008 | September 30, 2009 |
|---|---|---|
| Capital stock issued | Ps. 10,061.0 | Ps. 10,019.9 |
| Additional paid-in capital | 4,547.9 | 4,547.9 |
| Legal reserve | 2,135.4 | 2,135.4 |
| Unappropriated earnings | 19,595.3 | 21,672.1 |
| Cumulative gain on equity of associates | 4,177.9 | 4,194.3 |
| Accumulated other comprehensive loss, net | (993.9) | (927.3) |
| Net income for the period | 7,803.7 | 4,819.0 |
| Shares repurchased | (5,308.4) | (4,561.2) |
| Total controlling interest stockholders equity | Ps. 42,018.9 | Ps. 41,900.1 |

As of September 30, 2009, the number of shares issued, repurchased and outstanding is presented as follows (in millions):

| | Issued | Repurchased | Outstanding |
|---|---|---|---|
| Series A Shares | 119,879.0 | 7,930.7 | 111,948.3 |
| Series B Shares | 55,995.4 | 4,046.6 | 51,948.8 |
| Series D Shares | 85,333.7 | 2,688.0 | 82,645.7 |
| Series L Shares | 85,333.7 | 2,688.0 | 82,645.7 |
| | 346,541.8 | 17,353.3 | 329,188.5 |

**GRUPO TELEVISA, S.A.B.**

**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The Company s shares repurchased, by the Company, and the Company s shares acquired by a trust in connection with the Company s long-term retention plan, are presented as a charge to the controlling interest stockholders equity, as of September 30, 2009, as follows (in millions):

| | A, B, D, and L Shares | | | |
|---|---|---|---|---|
| | In the Form of CPOs | Not in the Form of CPOs | Total | Net Cost |
| Repurchase program | 183.7 | | 183.7 | Ps. 75.6 |
| Acquired by a Company trust | 8,801.8 | 8,367.8 | 17,169.6 | 4,006.2 |
| Advances for acquisition of Shares | | | | 479.4 |
| | 8,985.5 | 8,367.8 | 17,353.3 | Ps. 4,561.2 |

The Group accrued in the controlling interest stockholders equity a share-based compensation expense of Ps.148.0 and Ps.266.3 for the nine months ended September 30, 2008 and 2009, respectively, which amounts were reflected in consolidated operating income as administrative expense (see Note 9).

## 9. Integral Cost of Financing

Integral cost of financing for the nine months ended September 30, consisted of:

| | 2008 | 2009 |
|---|---|---|
| Interest expense(1) | Ps. 1,972.9 | Ps. 2,339.9 |
| Interest income | (1,085.9) | (781.0) |
| Foreign exchange loss, net(2) | 443.4 | 497.5 |
| | Ps. 1,330.4 | Ps. 2,056.4 |

(1) Interest expense includes in 2008 and 2009 a net (gain) loss from related derivative contracts of Ps.(43.3) and Ps.90.9, respectively.

(2) Includes in 2008 and 2009 a net loss from foreign currency derivative contracts of Ps.203.7 and Ps.386.4, respectively.

## 10. Income Taxes

The income tax provision as of September 30, was comprised as follows:

| | 2008 | 2009 |
|---|---|---|
| Income taxes, current | Ps. 2,551.9 | Ps. 2,219.1 |
| Income taxes, deferred | (334.8) | 20.9 |
| | Ps. 2,217.1 | Ps. 2,240.0 |

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**GRUPO TELEVISA, S.A.B.**

**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The Group s effective income tax rate for the nine months ended September 30, 2008 and 2009, was 26.3% and 26.5%, respectively.

## 11. Segment Information

Information by segments for the nine months ended September 30, 2008 and 2009, were as follows:

| | Total Revenues | Intersegment Revenues | Consolidated Revenues | Segment Profit (Loss) |
|---|---|---|---|---|
| **September 2008:** | | | | |
| Television Broadcasting | Ps. 14,750.3 | Ps. 312.1 | Ps. 14,438.2 | Ps. 7,025.2 |
| Pay Television Networks | 1,513.2 | 401.2 | 1,112.0 | 948.4 |
| Programming Exports | 1,701.5 | 0.6 | 1,700.9 | 748.6 |
| Publishing | 2,556.2 | 11.7 | 2,544.5 | 382.8 |
| Sky | 6,749.7 | 65.7 | 6,684.0 | 3,331.1 |
| Cable and Telecom | 4,441.8 | 1.4 | 4,440.4 | 1,452.4 |
| Other Businesses | 2,640.9 | 60.2 | 2,580.7 | (79.7) |
| Segments totals | 34,353.6 | 852.9 | 33,500.7 | 13,808.8 |
| Reconciliation to consolidated amounts: | | | | |
| Eliminations and corporate expenses | (852.9) | (852.9) | | (334.1) |
| Depreciation and amortization expense | | | | (3,105.8) |
| Consolidated total | Ps. 33,500.7 | Ps. | Ps. 33,500.7 | Ps. 10,368.9(1) |
| **September 2009:** | | | | |
| Television Broadcasting | Ps. 14,815.1 | Ps. 12.1 | Ps. 14,803.0 | Ps. 6,978.9 |
| Pay Television Networks | 1,994.8 | 746.9 | 1,247.9 | 1,257.4 |
| Programming Exports | 2,080.6 | 8.2 | 2,072.4 | 1,058.2 |
| Publishing | 2,410.7 | 4.3 | 2,406.4 | 189.6 |
| Sky | 7,367.8 | 3.7 | 7,364.1 | 3,334.5 |
| Cable and Telecom | 6,586.8 | 47.9 | 6,538.9 | 2,184.8 |
| Other Businesses | 2,811.9 | 55.5 | 2,756.4 | (99.9) |
| Segments totals | 38,067.7 | 878.6 | 37,189.1 | 14,903.5 |
| Reconciliation to consolidated amounts: | | | | |
| Eliminations and corporate expenses | (878.6) | (878.6) | | (484.5) |
| Depreciation and amortization expense | | | | (3,557.3) |
| Consolidated total | Ps. 37,189.1 | Ps. | Ps. 37,189.1 | Ps. 10,861.7(1) |

(1) Consolidated totals represents consolidated operating income.

**12. Differences between Mexican FRS and U.S. GAAP**

The Group s condensed consolidated financial statements are prepared in accordance with Mexican FRS, which differs in certain significant respects from U.S. GAAP. The principal differences between Mexican FRS and U.S. GAAP as they relate to the Group, are presented below, together with explanations of the adjustments that

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

affect net income and stockholders equity as of December 31, 2008 and September 30, 2009, and for the nine months ended September 30, 2008 and 2009.

***Reconciliation of Net Income***

| | September 30, 2008 | | September 30, 2009 | |
|---|---|---|---|---|
| Controlling interest net income as reported under Mexican FRS | Ps. | 4,961.3 | Ps. | 4,819.0 |
| U.S. GAAP adjustments: | | | | |
| (a) Capitalization of financing costs, net of depreciation | | 100.3 | | 99.4 |
| (b) Deferred costs, net of amortization | | 15.8 | | |
| (c) Deferred debt refinancing costs, net of amortization | | 23.7 | | 23.7 |
| (d) Purchase accounting adjustments: | | | | |
| Amortization of network affiliation agreements | | (4.2) | | |
| Depreciation of fixed assets | | (9.1) | | (9.1) |
| Amortization of other assets | | (3.8) | | (3.8) |
| Amortization of subscribers list | | (117.2) | | (117.2) |
| Impairment of goodwill | | 427.1 | | |
| (e) Production and film costs | | (90.2) | | (87.4) |
| (f) Deferred income taxes and employees profit sharing: | | | | |
| Deferred income taxes | | 73.9 | | 27.8 |
| Deferred employees profit sharing | | 14.3 | | 14.5 |
| (g) Maintenance reserve | | (18.1) | | |
| (h) Noncontrolling interest on U.S. GAAP adjustments | | 7.5 | | |
| Total U.S. GAAP adjustments, net | | 420.0 | | (52.1) |
| Net income attributable to the controlling interest under U.S. GAAP | | 5,381.3 | | 4,766.9 |
| Net income attributable to the noncontrolling interest under U.S. GAAP | | 801.7 | | 799.2 |
| Net income under U.S. GAAP | Ps. | 6,183.0 | Ps. | 5,566.1 |

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

*Reconciliation of Stockholders Equity*

| | December 31, 2008 | September 30, 2009 |
|---|---|---|
| Total stockholders equity under Mexican FRS | Ps. 47,251.6 | Ps. 48,352.4 |
| U.S. GAAP adjustments: | | |
| (a) Capitalization of financing costs, net of accumulated depreciation | (650.9) | (551.5) |
| (c) Deferred debt refinancing costs, net of amortization | (510.3) | (486.6) |
| (d) Purchase accounting adjustments: | | |
| Broadcast license and network affiliation agreements | 119.9 | 119.9 |
| Fixed assets | 30.3 | 21.2 |
| Other assets | 40.5 | 36.7 |
| Goodwill on acquisition of Bay City | (184.1) | (184.1) |
| Goodwill on acquisition of noncontrolling interest in Editorial Televisa | 1,358.4 | 1,358.4 |
| Subscribers list | 208.4 | 91.2 |
| Goodwill on acquisition of noncontrolling interest in Sky | 86.2 | 86.2 |
| (e) Production and film costs | (1,648.7) | (1,736.2) |
| (f) Deferred income taxes and employees profit sharing: | | |
| Deferred income taxes | 699.0 | 697.5 |
| Deferred employees profit sharing | (129.2) | (114.7) |
| (h) Noncontrolling interest | (5,269.3) | (6,488.8) |
| (i) Goodwill and other intangible assets: | | |
| Reversal of Mexican FRS goodwill amortization | 140.4 | 140.4 |
| Reversal of Mexican FRS amortization of intangible assets with indefinite lives | 110.0 | 110.0 |
| (j) Equity method investees: | | |
| OCEN | (2.4) | (2.4) |
| Cablemás | (25.1) | (25.1) |
| (k) Pension plan and seniority premiums | (85.5) | (66.1) |
| Total U.S. GAAP adjustments, net | (5,712.4) | (6,994.0) |
| Controlling interest under U.S. GAAP | 41,539.2 | 41,358.4 |
| Noncontrolling interest under U.S. GAAP | 5,269.3 | 6,488.8 |
| Total stockholders equity under U.S. GAAP | Ps. 46,808.5 | Ps. 47,847.2 |

A summary of the Group s statement of changes in stockholders equity with balances determined under U.S. GAAP as of December 31, 2008 and as of September 30, 2009, is as follows:

**Changes in U.S. GAAP stockholders equity**

| | December 31, 2008 | September 30, 2009 |
|---|---|---|
| Balance at January 1, | Ps. 40,235.0 | Ps. 46,808.5 |
| Net income for the year attributable to the controlling interest | 8,129.8 | 4,766.9 |
| Repurchase of capital stock | (1,251.1) | (75.6) |
| Dividends paid to the controlling interest | (2,230.0) | (5,183.0) |
| Sale of capital stock under stock-based compensation plan | 138.6 | |
| Stock based compensation | 222.0 | 294.2 |
| Result from derivative contracts, net attributable to the controlling interest | | 135.4 |
| Result on acquisition of controlling interest | | (56.2) |
| Other comprehensive income: | | |
| Changes in other comprehensive income of equity investees | (58.1) | 16.3 |
| Foreign currency translation, net of tax | 358.6 | (68.8) |
| Pension and post retirement, net of tax | (350.5) | (10.0) |
| Noncontrolling interest | 1,614.2 | 1,219.5 |
| Balance at December 31, | Ps. 46,808.5 | Ps. 47,847.2 |

As a result of the amendments to the Program License Agreement with Univision Communications, Inc. ( Univision ), the Group is entitled to certain yearly minimum guaranteed advertising of U.S.$66.5 million to be provided by Univision at no cost, commencing in 2009. As of September 30, 2009, this arrangement had no material impact in the U.S. GAAP reconciliation of stockholders equity and net income.

***(a) Capitalization of Financing Costs, Net of Accumulated Depreciation***

Prior to 2007, Mexican FRS allowed, but did not require, capitalization of financing costs as part of the cost of assets under construction. Financing costs capitalized included interest costs, gains from monetary position and foreign exchange losses. Since January 1, 2007, the Group has been applying NIF D-6, Capitalization of financing costs, which is similar to the provisions set forth under U.S. GAAP.

U.S. GAAP requires the capitalization of interest during construction on qualifying assets. In an inflationary economy, such as Mexico, acceptable practice is to capitalize interest net of the monetary gain on the related Mexican Peso debt, but not on U.S. Dollar or other stable currency debt. In both instances U.S. GAAP does not allow the capitalization of foreign exchange losses. No amounts were subject to capitalization under either

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**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

U.S. GAAP or Mexican FRS for any of the periods presented. Rather, the U.S. GAAP net income adjustments reflect the difference in depreciation expense related to amounts capitalized prior to 2003. There have been no significant projects subject to capitalization since then.

***(b) Deferred Costs, Net of Amortization***

Under Mexican FRS, certain development costs (including those related to web site development) and other deferred costs are capitalized and subsequently amortized on a straight-line basis once the related venture commences operations, defined as the period when revenues are generated. In addition, other expenditures which are expected to generate significant and identifiable future benefit are also capitalized and amortized over the expected future benefit period.

Under U.S. GAAP, development and other deferred costs are generally expensed as incurred given that the assessment of future economic benefit is uncertain. In the case of web site development costs, certain costs are capitalized and others expensed in accordance with ASC 350-50, Accounting for Web Site Development Costs (formerly EITF Issue No. 00-2). Consequently, the U.S. GAAP net income reconciliation reflects the write-off, for U.S. GAAP purposes, of the preoperating and other deferred costs (including certain web site development costs) capitalized under Mexican FRS, net of the reversal of any amortization which is reflected under Mexican FRS. Such costs have been fully amortized in September 30, 2008.

***(c) Deferred Debt Refinancing Costs, Net of Amortization***

In 2005, the Group issued Senior Notes due 2025 to fund the Group s tender offers made for any or all of the Senior Notes due 2011, and the Mexican Peso equivalent of UDI-denominated Notes due 2007. In conjunction therewith, under Mexican FRS, premiums paid to the old noteholders were capitalized and are being amortized as an adjustment of interest expense over the remaining term of the Senior Notes due 2025.

For U.S. GAAP purposes, premiums paid by the debtor to the old creditors are to be associated with the extinguishment of the old debt instrument and included in determining the debt extinguishment gain or loss to be recognized. The adjustment to U.S. GAAP net income reflects the reversal of amortization expense recorded under Mexican FRS in such periods.

***(d) Purchase Accounting Adjustments***

In 1996, the Group acquired Bay City Television, Inc. ( Bay City ) and Radiotelevisión, S.A. de C.V. and under Mexican FRS, recognized the difference between the purchase price and net book value as goodwill. For U.S. GAAP purposes, the purchase price was allocated, based on fair values, primarily to the broadcast license, network affiliation agreements, programming and advertising contracts, fixed assets and other assets. Such purchase price adjustments were being amortized over the remaining estimated useful lives of the respective assets. The U.S. GAAP net income adjustment for each of the periods presented herein represents the amortization of the various definite lived intangibles mentioned above for U.S. GAAP purposes.

In 2000, the Group acquired all of the interest owned by a minority shareholder in Editorial Televisa by issuing treasury shares of capital stock. Under Mexican FRS, this acquisition was accounted for as a purchase, with the purchase price equal to the carrying value of the Group s treasury shares at the acquisition date, with related goodwill of Ps.87.8 being recognized. Under U.S. GAAP, this acquisition was also accounted for by the purchase method, with the purchase price being equal to the fair value of the shares issued by the Group. The incremental purchase price adjustment under U.S. GAAP was allocated to goodwill. There is no net income adjustment as goodwill is no longer amortized for either Mexican FRS or U.S. GAAP purposes. The U.S. GAAP stockholders equity adjustment for each of the periods presented reflects the difference in the goodwill carrying value under U.S. GAAP versus Mexican FRS.

**GRUPO TELEVISA, S.A.B.**

**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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.699.9). After this transaction, the Group (i) increased its equity stake in Sky from 52.7% to 58.7%; and (ii) under Mexican FRS, recognized the excess of the purchase price over the carrying value of this minority interest totaling Ps.711.3 within stockholders equity. Under U.S. GAAP, the acquisition of minority interest should be accounted for using the purchase method of accounting. The Group has recognized an intangible asset related to the subscribers list that should be amortized on a straight-line basis over its estimated subscriber period. In addition, the difference between the purchase price and the fair value of the net assets acquired, including identifiable intangible assets, was recorded as goodwill in the amount of Ps.86.2. The U.S. GAAP net income adjustment reflects only the amortization of the subscribers list recognized for U.S. GAAP purposes.

***(e) Production and Film Costs***

Under Mexican FRS, the Group capitalizes production costs related to programs, which benefit more than one period, and amortizes them proportionately over the projected program revenues that are based on the Group s historic revenue patterns for similar types of production. For Mexican FRS purposes, royalty agreements that are not film-specific are considered in projecting program revenues to capitalize related production costs.

Under U.S. GAAP, the Group follows the provisions of the ASC 926, Entertainment-Films (SoP 00-2). Pursuant to ASC 926, production costs related to programs are also capitalized and amortized over the period in which revenues are expected to be generated (ultimate revenues). In evaluating ultimate revenues, the Group uses projected program revenue on a program-by-program basis, taking into consideration secondary market revenue only for those programs where a firm commitment or licensing arrangement exists related to specific individual programs. For U.S. GAAP purposes, royalty agreements that are not film-specific are not considered in the ultimate revenues. Exploitation costs are expensed as incurred. In addition, Mexican FRS allows the capitalization of artist exclusivity contracts and literary works subject to impairment assessments, whereas U.S. GAAP is generally more restrictive as to their initial capitalization and subsequent write-offs.

***(f) Deferred Income Taxes and Employees Profit Sharing***

Under Mexican FRS, the Group applies the provisions of NIF D-4, Income Taxes , which uses the comprehensive asset and liability method for the recognition of deferred income taxes for existing temporary differences.

U.S. GAAP, ASC Topic 740 Income Tax (SFAS No. 109) requires recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between the financial statement and tax bases of assets and liabilities using tax rates in effect for the year in which the differences are expected to reverse.

***(g) Maintenance Reserve***

Under Mexican FRS, it is acceptable to accrue for certain expenses which management believes will be incurred in subsequent periods. Under U.S. GAAP, these costs are expensed as incurred. As of September 30, 2008, related accrual was completely utilized for Mexican FRS purposes.

***(h) Noncontrolling Interest***

This adjustment represents the allocation to the noncontrolling interest of non-wholly owned subsidiaries of certain U.S. GAAP adjustments related to such subsidiaries. As of September 30, 2009, no related adjustments were outstanding.

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**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

As of January 1, 2009, the Group adopted ASC 810-10-65-65-1 (formerly SFAS No. 160 Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51 ) which clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. The presentation and disclosure requirements have been applied retrospectively for all periods presented.

***(i) Goodwill and Other Intangible Assets***

In 2000, the Group acquired a noncontrolling stockholder's entire interest in Editorial Televisa by issuing treasury shares of capital stock. Under Mexican FRS, this acquisition was accounted for as a purchase, with the purchase price equal to the carrying value of the Group s treasury shares at the acquisition date, with related goodwill of Ps.87.8 being recognized. Under U.S. GAAP, this acquisition was also accounted for by the purchase method, with the purchase price being equal to the fair value of the shares issued by the Group, which was greater than the treasury stock carrying value. The incremental purchase price adjustment under U.S. GAAP of Ps.1,358.4 was allocated to goodwill. There is no net income adjustment as goodwill is no longer amortized for either Mexican FRS or U.S. GAAP purposes. The U.S. GAAP stockholders equity adjustment for each of the periods presented reflects the difference in the goodwill carrying value under U.S. GAAP versus Mexican FRS.

The carrying amount of goodwill by segment under U.S. GAAP as of December 31, 2008 and September 30, 2009 were consistent as no triggering impairment events were identified.

***(j) Equity Method Investees***

***Cablemás***

In November 2006, the Group invested U.S.$258 million (Ps.2,944.0) in convertible debentures of Alvafig, an entity created to hold a 49% equity interest in Cablemás. The Group has identified Alvafig as a variable interest entity, and the Group as the primary beneficiary of the investment in this entity. Hence, the assets of Alvafig, consisting of a 49% equity interest in Cablemás, as well as its liabilities and results of operations were included in the consolidated financial statements of the Group for the years ended December 31, 2006 and 2007.

In February 2008, the Group made an additional investment of U.S.$100 million (Ps.1,082.6) 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 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.

For Mexican FRS purposes in 2007, Cablemás recorded a reversal of a goodwill impairment loss previously recognized, as a result of changes in economic conditions affecting its investment. Under U.S. GAAP, reversal of goodwill impairment losses is not allowed. Therefore, the U.S. GAAP stockholders equity adjustment reflects the reversal of the amount of impairment reversed for Mexican FRS purposes.

***(k) Pension Plan and Seniority Premiums***

The components of net periodic pension and seniority premium plan cost for the year ended December 31, calculated in accordance with SFAS No. 87.

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**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

***Additional Disclosure Requirements***

*Presentation in the financial statements Earnings per CPO and per share*

Earnings per CPO and per share under U.S. GAAP are presented in constant Pesos for the nine months ended September 30, 2008 and 2009, as follows:

| | 2008 | | | | 2009 | | | |
|---|---|---|---|---|---|---|---|---|
| | | CPO | | Series A and B Shares | | CPO | | Series A and B Shares |
| **Basic EPS** | | | | | | | | |
| Income from continuing operations available to common shareholders | Ps. | 4,518.5 | Ps. | 862.8 | Ps. | 4,006.2 | Ps. | 760.7 |
| Net income available to common shareholders | Ps. | 4,518.5 | Ps. | 862.8 | Ps. | 4,006.2 | Ps. | 760.7 |
| Weighted average number of common shares outstanding (in millions) | | 2,367.9 | | 52,916.0 | | 2,365.2 | | 52,916.0 |
| Basic earnings per share (continuing operations) | Ps. | 1.91 | Ps. | 0.02 | Ps. | 1.69 | Ps. | 0.01 |
| Basic earnings per share (net income) | Ps. | 1.91 | Ps. | 0.02 | Ps. | 1.69 | Ps. | 0.01 |
| **Diluted EPS** | | | | | | | | |
| Dilutive potential shares (in millions) | | 41.6 | | | | 58.9 | | |
| Total diluted weighted average common shares outstanding (in millions) | | 2,409.5 | | 52,916.0 | | 2,424.1 | | 52,916.0 |
| Diluted earnings per share (continuing operations) | Ps. | 1.88 | Ps. | 0.02 | Ps. | 1.65 | Ps. | 0.01 |
| Diluted earnings per share (net income) | Ps. | 1.88 | Ps. | 0.02 | Ps. | 1.65 | Ps. | 0.01 |

***Cash Flow Information***

Effective January 1, 2008, Mexican FRS NIF B-2, Statement of Cash Flows requires a statement of cash flows as a part of a full set of financial statements in place of a statement of changes in financial position. Under NIF B-2, restatement of financial statements for years provided before 2008 is not required. Under U.S. GAAP, ASC Topic 230 Statement of Cash Flows (formerly SFAS 95), a statement of cash flows is required, which presents only cash movements and excludes non-cash items.

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## NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Group considers all highly liquid temporary cash investments with original maturities of three months or less, consisting primarily of short-term promissory notes of Mexican financial institutions, to be cash equivalents.

| | September 30, 2008 | September 30, 2009 |
|---|---|---|
| **Operating Activities:** | | |
| Net cash provided by operating activities | Ps. 8,531.2 | Ps. 6,132.3 |
| **Investing Activities:** | | |
| Temporary investments | 1,450.6 | (2,358.0) |
| Due from affiliated companies, net | 40.0 | 66.8 |
| Acquisition of investments | (954.6) | (753.7) |
| Disposition of investments | 106.9 | |
| Disposition of held-to maturity investments | 765.8 | |
| Investment in property, plant and equipment | (3,250.8) | (3,798.9) |
| Disposition of property, plant and equipment | 49.4 | 96.0 |
| Investments in goodwill and other intangible assets | (1,171.2) | (389.0) |
| Net cash used in investing activities | (2,963.9) | (7,136.8) |
| **Financing Activities:** | | |
| Issuance of Senior Notes due 2018 | 5,252.1 | |
| Prepayment of Senior Notes due 2013 (Sky) | (122.5) | |
| Repayment of Mexican Peso debt | (480.0) | (1,162.5) |
| Other repayment of debt | (2.9) | (1,123.3) |
| Satellite transponder lease payments | (72.2) | (102.6) |
| Repurchase and sale of capital stock, net | (1,073.9) | (47.7) |
| Dividends paid | (2,230.0) | (5,183.0) |
| Noncontrolling interest | (332.0) | 342.1 |
| Derivative financial instruments | (340.8) | (154.0) |
| Net cash provided by (used in) financing activities | 597.8 | (7,431.0) |
| Effect of exchange rate changes on cash and cash equivalents | (4.4) | (92.1) |
| Net increase (decrease) in cash and cash equivalents | 6,160.7 | (8,527.6) |
| Cash and cash equivalents of Cablemás upon acquisition | 483.9 | |
| Cash and cash equivalents at beginning of period | 25,479.5 | 33,583.1 |
| Cash and cash equivalents at end of period | Ps. 32,124.1 | Ps. 25,055.5 |

***Fair Value Measurements***

The Group adopted ASC 820 in two steps; effective January 1, 2008, the Group adopted it for all financial instruments and non-financial instruments accounted for at fair value on a recurring basis and effective January 1, 2009, for all non-financial instruments accounted for at fair value on a non-recurring basis. Among other things, ASC 820 defines fair value, establishes a consistent framework for measuring fair value and expands disclosure for each major asset and liability category measured at fair value on either a recurring or non-recurring basis.

ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs. (i.e., quoted prices for similar assets or liabilities)

Level 3 Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

**Assets and Liabilities Measured at Fair Value on a Recurring Basis**

| | Balance as of December 31, 2008 | Quoted Prices in Active Markets for Identical Assets (Level 1) | Internal Models with Significant Observable Inputs (Level 2) | Internal Models with Significant Unobservable Inputs (Level 3) |
|---|---|---|---|---|
| Assets: | | | | |
| Temporary investments | Ps. 8,321.3 | Ps. 7,407.7 | Ps. 913.6 | Ps. |
| Derivative financial instruments | 2,363.1 | | 2,363.1 | |
| Total | Ps. 10,684.4 | Ps. 7,407.7 | Ps. 3,276.7 | Ps. |
| Liabilities: | | | | |
| Derivative financial instruments | Ps. 604.7 | Ps. | Ps. 604.7 | Ps. |
| Total | Ps. 604.7 | Ps. | Ps. 604.7 | Ps. |

| | Balance as of September 30, 2009 | Quoted Prices in Active Markets for Identical Assets (Level 1) | Internal Models with Significant Observable Inputs (Level 2) | Internal Models with Significant Unobservable Inputs (Level 3) |
|---|---|---|---|---|
| Assets: | | | | |
| Temporary investments | Ps. 8,154.9 | Ps. 6,110.0 | Ps. 2,044.9 | Ps. |
| Available-for-sale investments | 2,143.6 | | 2,143.6 | |
| Derivative financial instruments | 1,942.3 | | 1,942.3 | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Total | Ps. | 12,240.8 | Ps. | 6,110.0 | Ps. | 6,130.8 | Ps. |
| Liabilities: | | | | | | | |
| Derivative financial instruments | Ps. | 592.6 | Ps. | | Ps. | 592.6 | Ps. |
| Total | Ps. | 592.6 | Ps. | | Ps. | 592.6 | Ps. |

**Assets and Liabilities Measured at Fair Value on a Non-Recurring Basis**

The majority of the Group s non-financial instruments, which include goodwill, intangible assets, inventories, transmission rights and programming and property, plant and equipment, are not required to be carried at fair value on a recurring basis. However, if certain triggering events occur (or at least annually for goodwill and indefinite-lived intangible assets) such that a non-financial instrument is required to be evaluated for impairment, a resulting asset impairment would require that the non-financial instrument be recorded at the lower of historical cost or its fair value.

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## GRUPO TELEVISA, S.A.B.

## NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

*FIN 46(R)-8*

The table below presents the assets and liabilities of VIEs which have been consolidated on the Group s balance sheets as of December 31, 2008 and as of September 30, 2009, and the Group s maximum exposure to loss resulting from its involvement with consolidated VIEs as of the same periods.

| | Sky | TuTv |
|---|---|---|
| As of December 31, 2008 | | |
| Current assets | Ps. 7,324.4 | Ps. 117.7 |
| Non-current assets | 3,811.7 | 2.2 |
| **Total assets** | Ps. 11,136.1 | Ps. 119.9 |
| Current liabilities | Ps. 2,584.9 | Ps. 44.8 |
| Non-current liabilities | 4,684.5 | |
| **Total liabilities** | Ps. 7,269.4 | Ps. 44.8 |
| **Maximum loss exposure** | Ps. 6,536.9 | Ps. 59.9 |

| | Sky | TuTv |
|---|---|---|
| As of September 30, 2009 | | |
| Current assets | Ps. 6,247.2 | Ps. 193.8 |
| Non-current assets | 3,709.8 | 1.4 |
| **Total assets** | Ps. 9,957.0 | Ps. 195.2 |
| Current liabilities | Ps. 1,653.0 | Ps. 35.8 |
| Non-current liabilities | 5,102.8 | |
| **Total liabilities** | Ps. 6,755.8 | Ps. 35.8 |
| **Maximum loss exposure** | Ps. 5,844.7 | Ps. 97.6 |

The Group s maximum exposure to loss is based on the unlikely event that all of the assets in the VIEs become worthless and incorporates not only potential losses associated with assets recorded on the Group s balance sheet but also potential losses associated with off-balance sheet commitments such as unfunded liquidity commitments and other contractual arrangements.

The Group did not provide any additional financial support to these VIEs during 2008 and 2009. Further, the Group does not have any contractual commitments or obligations to provide additional financial support to these VIEs.

***Recently Issued Accounting Standards***

***Accounting for Revenue Arrangements with Multiple Deliverables***

In September 2009, the FASB issued ASU 2009-13, which provides for a new methodology for establishing the fair value for a deliverable in a multiple-element arrangement. When vendor specific objective or third-party evidence for deliverables in a multiple-element arrangement cannot be determined, the Group will be required to develop a best estimate of the selling price of separate deliverables and to allocate the arrangement consideration using the relative selling price method. This guidance will be effective for fiscal years beginning on or after June 15, 2010. The Group is assessing the potential impact of this new guidance on its consolidated financial position and results of operations.

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**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

***Software Revenue Recognition***

In September 2009, the FASB issued ASU 2009-14, which provides for a new methodology for recognizing revenue for tangible products that are bundled with software products. Under the new guidance, tangible products that are bundled together with software components that are essential to the functionality of the tangible product will no longer be accounted for under the software revenue recognition accounting guidance. This guidance will be effective for fiscal years beginning on or after June 15, 2010 and is not expected to have a material impact on the Group s consolidated financial statements.

**13. Subsequent Events**

The Group evaluated subsequent events as of January 28, 2010, which is the date the condensed consolidated financial statements were ready to be issued.

In October 2009, the Mexican Congress approved a tax bill that became effective as of January 1, 2010. The approved tax bill amends and provides for additional changes to several provisions contained within the Mexican tax laws related to income tax, value added tax, excise tax, and tax on cash deposits. The main provisions of the approved tax bill are as follows:

The corporate income tax rate is increased from 28% to 30% for the years 2010 through 2012 and reduced to 29% and 28% in 2013 and 2014, respectively;

New rules for the tax consolidation regime were approved. 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 will has to be paid starting in the sixth year following the fiscal year in which the deferred income tax benefit was received. The payment of this 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. 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;

Effective January 1, 2010, revenues from telecommunications and pay television services (except access to Internet services, interconnection services between public networks of telecommunications and public telephone services) are subject to a 3% excise tax;

Effective January 1, 2010, the excise tax rate on gaming (including bets and drawings) is increased from 20% to 30%. These changes and additional changes to the Mexican tax laws directly affect the Group s Pay Television Networks, Sky and Cable and Telecom segments, and the gaming business within the Group s Other Businesses segment;

The general value added tax rate was increased from 15% to 16%, and the rate on the border region was increased from 10% to 11%. Therefore, beginning January 1, 2010, the Company and its subsidiaries transfer to their clients such tax at a 16% rate for activities such as sale of goods or assets, rendered services and lease of assets; and

The tax on cash deposits was increased from 2% to 3%, and the monthly exemption threshold is reduced so that corporations are not bound to pay the tax on cash deposits for a cumulative amount of fifteen thousand Mexican Pesos per month.

As of January 28, 2010, the Group is in the process of calculating the deferred tax that it will have to pay as of 2010 pursuant to the new rules for the tax consolidation regime, as well as the effect that the Group may have to recognize in its financial statements for 2009. The Group expects that the Mexican authorities will issue certain rules to complement and clarify what has been published thus far. These rules will enable the Group to better determine such effect. These changes in the tax consolidation regime could have a significant negative impact on the Group s financial results. The Group believes that the new provisions for the tax consolidation regime have a retroactive application and, thus, the Group is evaluating whether to challenge the constitutionality of these new provisions.

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**GRUPO TELEVISA, S.A.B.**

**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

In November 2009, the Company issued U.S.$600 million Senior Notes due 2040. The Group intends to use the net proceeds from the issuance for general corporate purposes, including, among other uses, to repay outstanding indebtedness and repurchase the Company s shares, in each case, subject to market conditions and other factors. The Company has agreed to register the underlying securities and is obligated to pay additional interest if either (a) the exchange offer registration statement is not filed with the SEC on or prior to March 30, 2010, (b) the exchange offer registration statement has not been declared effective on or prior to May 29, 2010 or (c) the exchange offer is not consummated or, if required, a shelf registration statement is not declared effective, in either case, on or prior to June 28, 2010.

In December 2009, the Group entered into cross-currency swaps whereby the U.S. Dollar denominated coupon on a notional amount of U.S.$450 million (representing the par value of a portion of our U.S.$600 million Senior Notes due in 2040) was swapped for a Mexican Peso denominated coupon on an equivalent Mexican Peso denominated notional amount (the Swap Transactions ). The Swap Transactions will mature in 2011.

In December 2009, the Company s stockholders approved the payment of a dividend in the aggregate amount of Ps.3,980.8, which consisted of a Ps.1.35 per CPO and Ps.0.011538461538 per share of series A , B , D and L , not in form of a CPO, which was paid in cash in December 2009.

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**GRUPO TELEVISA, S.A.B.**
Avenida Vasco de Quiroga, No. 2000
Colonia Santa Fe
01210 México, D.F., México

**EXCHANGE AGENT,**
**TRUSTEE, REGISTRAR,**
**PAYING AGENT**
**AND TRANSFER AGENT**
The Bank of New York Mellon
101 Barclay Street, Floor 7-E
New York, New York 10286
Attn: Corporate Trust Operations Reorganization Unit
U.S.A.

**LUXEMBOURG PAYING AGENT AND TRANSFER AGENT**

The Bank of New York Mellon (Luxembourg) S.A.
Aerogulf Center
1A Hoehenhof
L-1736 Senningerberg, Luxembourg

**LUXEMBOURG LISTING AGENT**

The Bank of New York Mellon (Luxembourg) S.A.
Aerogulf Center
1A Hoehenhof
L-1736 Senningerberg, Luxembourg

**LEGAL ADVISERS TO GRUPO TELEVISA, S.A.B.**

***As to United States Law:***
Fried, Frank, Harris, Shriver & Jacobson LLP
One New York Plaza
New York, New York 10004
U.S.A.

***As to Mexican Law:***
Mijares, Angoitia, Cortés y Fuentes, S.C.
Montes Urales 505, Piso 3
Colonia Lomas de Chapultepec
11000 México, D.F., México

**AUDITORS OF GRUPO TELEVISA, S.A.B.**

PricewaterhouseCoopers, S.C.
Mariano Escobedo 573
Colonia Rincón del Bosque
11580 México, D.F., México

## PART II

## INFORMATION NOT REQUIRED IN THE PROSPECTUS

### Item 20. Indemnification of Directors and Officers

Under Mexican law, when an officer or director of a corporation acts within the scope of his authority, the corporation will answer for any resulting liabilities or expenses. In addition, the Board of Directors of the Registrant has expressly resolved that the Registrant will indemnify and hold harmless each director or officer of the Registrant against liabilities incurred in connection with the distribution of the securities registered under this Registration Statement on Form F-4, as amended. The Registrant has also entered into indemnification agreements with certain of its officers and directors. Such indemnification agreements provide for the Registrant to indemnify and advance expenses to any officer and/or director a party thereto to the fullest extent permitted by applicable law.

### Item 21. Exhibits and Financial Statement Schedules

### EXHIBIT INDEX

| Exhibit Number | Description |
|---|---|
| 3.1 | English translation of Amended and Restated Bylaws *(Estatutos Sociales)* of the Registrant, dated as of April 30, 2009 (previously filed with the Securities and Exchange Commission as Exhibit 1.1 to the Registrant s Annual Report on Form 20-F for the year ended December 31, 2008 (the 2008 Form 20-F ), and incorporated herein by reference). |
| 4.1 | Indenture relating to Senior Debt Securities, dated as of August 8, 2000, between the Registrant, as Issuer, and The Bank of New York, as Trustee, as amended or supplemented from time to time (previously filed with the Securities and Exchange Commission as Exhibit 4.1 to the Registrant s Registration Statement on Form F-4 (File number 333-12738), as amended (the 2000 Form F-4 ), and incorporated herein by reference). |
| 4.2 | First Supplemental Indenture relating to the 85/8% Senior Notes due 2005, dated as of August 8, 2000, between the Registrant, as Issuer, and The Bank of New York and Banque Internationale à Luxembourg, S.A. (previously filed with the Securities and Exchange Commission as Exhibit 4.2 to the 2000 Form F-4 and incorporated herein by reference). |
| 4.3 | Second Supplemental Indenture relating to the 85/8% Senior Exchange Notes due 2005, dated as of January 19, 2001, between the Registrant, as Issuer, and The Bank of New York and Banque Internationale à Luxembourg, S.A. (previously filed with the Securities and Exchange Commission as Exhibit 4.3 to the 2000 Form F-4 and incorporated herein by reference). |
| 4.4 | Third Supplemental Indenture relating to the 8% Senior Notes due 2011, dated as of September 13, 2001, between the Registrant, as Issuer, and The Bank of New York and Banque Internationale à Luxembourg, S.A. (previously filed with the Securities and Exchange Commission as Exhibit 4.4 to the Registrant s Registration Statement on Form F-4 (File number 333-14200) (the 2001 Form F-4 ) and incorporated herein by reference). |
| 4.5 | Fourth Supplemental Indenture relating to the 8.5% Senior Notes due 2032 between the Registrant, as Issuer, and The Bank of New York and Dexia Banque Internationale à Luxembourg (previously filed with the Securities and Exchange Commission as Exhibit 4.5 to the Registrant s Registration Statement |

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| | on Form F-4 (File number 333-90342) (the 2002 Form F-4 ) and incorporated herein by reference). |
| 4.6 | Fifth Supplemental Indenture relating to the 8% Senior Exchange Notes due 2011 between the Registrant, as Issuer, and The Bank of New York and Dexia Banque Internationale à Luxembourg, S.A (previously filed with the Securities and Exchange Commission as Exhibit 4.6 to the 2002 Form F-4 and incorporated herein by reference). |
| 4.7 | Sixth Supplemental Indenture relating to the 8.5% Senior Exchange Notes due 2032 between the Registrant, as Issuer, and The Bank of New York and Dexia Banque Internationale à Luxembourg (previously filed with the Securities and Exchange Commission as Exhibit 4.7 to the 2002 Form F-4 and incorporated herein by reference). |

| Exhibit Number | Description |
|---|---|
| 4.8 | Seventh Supplemental Indenture relating to the 65/8% Senior Notes due 2025 between Registrant, as Issuer, and The Bank of New York and Dexia Banque Internationale à Luxembourg, dated March 18, 2005 (being concurrently filed with the Securities and Exchange Commission as Exhibit 2.8 to the Registrant s Annual Report on Form 20-F for the year ended December 31, 2004 (the 2004 Form 20-F ) and incorporated herein by reference). |
| 4.9 | Eighth Supplemental Indenture relating to the 65/8% Senior Notes due 2025 between Registrant, as Issuer, and The Bank of New York and Dexia Banque Internationale à Luxembourg, dated May 26, 2005 (being concurrently filed with the Securities and Exchange Commission as Exhibit 2.9 to the 2004 Form 20-F and incorporated herein by reference). |
| 4.10 | Ninth Supplemental Indenture relating to the 65/8% Senior Notes due 2025 between Registrant, as Issuer, The Bank of New York and Dexia Banque Internationale à Luxembourg, dated September 6, 2005 (previously filed with the Securities and Exchange Commission as Exhibit 2.8 to the Registrant s Annual Report on Form 20-F for the year ended December 31, 2005 (the 2005 Form 20-F ) and incorporated herein by reference). |
| 4.11 | Tenth Supplemental Indenture related to the 8.49% Senior Notes due 2037 between Registrant, as Issuer, The Bank of New York and The Bank of New York (Luxembourg) S.A., dated as of May 9, 2007 (previously filed with the Securities and Exchange Commission as Exhibit 2.9 to the Registrant s Annual Report on Form 20-F for the year ended December 31, 2006 (the 2006 Form 20-F ), and incorporated herein by reference). |
| 4.12 | Eleventh Supplemental Indenture relating to the 8.49% Senior Exchange Notes due 2037 between Registrant, as Issuer, The Bank of New York and The Bank of New York (Luxembourg) S.A., dated as August 24, 2007 (previously filed with the Securities and Exchange Commission as Exhibit 4.12 to the Registrant s Registration Statement on Form F-4 (File number 333-144460), as amended (the 2007 Form F-4 ), and incorporated herein by reference). |
| 4.13 | Twelfth Supplemental Indenture relating to the 6.0% Senior Notes due 2018 between Registrant, as Issuer, The Bank of New York and The Bank of New York (Luxembourg) S.A., dated as of May 12, 2008 (previously filed with the Securities and Exchange Commission as Exhibit 2.11 to the 2007 Form 20-F and incorporated herein by reference). |
| 4.14 | Thirteenth Supplemental Indenture relating to the 6.0% Senior Exchange Notes due 2018 between Registrant, as Issuer, The Bank of New York Mellon and The Bank of New York (Luxembourg) S.A., dated as August 21, 2008 (previously filed with the Securities and Exchange Commission as Exhibit 4.14 to the Registrant s Registration Statement on Form F-4 (File number 333-144460), as amended (the 2008 Form F-4 ), and incorporated herein by reference). |
| 4.15 | Fourteenth Supplemental Indenture relating to the 6.625% Senior Notes due 2040 between Registrant, as Issuer, The Bank of New York Mellon and The Bank of New York (Luxembourg) S.A., dated as November 30, 2009. |
| 4.16 | Form of Fifteenth Supplemental Indenture relating to the 6.625% Senior Exchange Notes due 2040 between Registrant, as Issuer, The Bank of New York Mellon and The Bank of New York (Luxembourg) S.A., dated as , 2010. |
| 4.17 | Form of 6.625% Senior Exchange Note (included in Exhibit 4.16). |
| 4.18 | Deposit Agreement between the Registrant, The Bank of New York, as depositary and all holders and beneficial owners of the Global Depositary Shares, evidenced by Global Depositary Receipts (previously filed with the Securities and Exchange Commission as an Exhibit to the Registrant s Registration Statement on Form F-6 (File number 333-146130) (the Form F-6 ) and incorporated herein by reference). |

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| 4.19 | Registration Rights Agreement, dated as of November 30, 2009, between the Registrant and Credit Suisse Securities (USA) LLC. |
| 5.1 | Opinion of Fried, Frank, Harris, Shriver & Jacobson LLP. |
| 5.2 | Opinion of Mijares, Angoitia, Cortés y Fuentes, S.C. |
| 12.1 | Computation of Ratio of Earnings to Fixed Charges. |
| 21.1 | List of Subsidiaries of Registrant. |

| Exhibit Number | Description |
|---|---|
| 23.1 | Consent of Fried, Frank, Harris, Shriver & Jacobson LLP (included as part of its opinion filed as Exhibit 5.1). |
| 23.2 | Consent of Mijares, Angoitia, Cortés y Fuentes, S.C. (included as part of its opinion filed as Exhibit 5.2). |
| 23.3 | Consent of PricewaterhouseCoopers, S.C., independent public accountants. |
| 25.1 | Statement of Eligibility of Trustee on Form T-1. |
| 99.1 | Form of Letter of Transmittal for 6.625% Senior Exchange Notes due 2040. |
| 99.2 | Form of Notice of Guaranteed Delivery for 6.625% Senior Notes due 2040. |
| 99.3 | Form of Letter to Registered Holders and/or Participants of the Book-Entry Transfer Facility. |
| 99.4 | Form of Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees. |
| 99.5 | Form of Letter to Clients. |
| 99.6 | Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 (included in Exhibit 99.1). |

All financial statement schedules relating to the Registrant are omitted because they are not required or because the required information, if material, is contained in the audited year-end financial statements or notes thereto.

**Item 22. Undertakings**

(a) The undersigned registrant hereby undertakes:

(1) to file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) to include any prospectus required by Section 10(a)(3) of the Securities Act 1933;

(ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the Calculation of Registration Fee table in the effective registration statement;

(iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

(2) that, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(3) to remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) to file a post-effective amendment to the registration statement to include any financial statements required by Item 8.A. of Form 20-F at the start of any delayed offering or throughout a continuous offering. Financial statements and information otherwise required by Section 10(a)(3) of the Act need not be furnished, *provided*, that the registrant includes in the prospectus, by means of a post-effective amendment, financial statements required pursuant to this paragraph (a)(4) and other information necessary to ensure that all other information in the prospectus is at least as current as the date of those financial statements.

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(5) that, insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(6) that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant s annual report pursuant to section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan s annual report pursuant to section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(b) The undersigned registrant hereby undertakes: (i) to respond to requests for information that is incorporated by reference into the prospectus pursuant to Items 4, 10(b), 11, or 13 of this form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means, and (ii) to arrange or provide for a facility in the U.S. for the purpose of responding to such requests. The undertaking in subparagraph (i) above includes information contained in documents filed subsequent to the effective date of the Registration Statement through the date of responding to the request.

(c) The undersigned registrant hereby undertakes to supply by means of a post-effective amendment all information concerning a transaction and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

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## SIGNATURES

Pursuant to the requirements of the Securities Act, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Mexico City, Mexico on January 29, 2010.

**GRUPO TELEVISA, S.A.B**

| | |
|---|---|
| Name: Salvi Rafael Folch Viadero | By: /s/ Salvi Rafael Folch Viadero<br>Title: Chief Financial Officer |
| Name: Jorge Lutteroth Echegoyen | By: /s/ Jorge Lutteroth Echegoyen<br>Title: Vice President Corporate Controller |

**KNOW ALL MEN BY THESE PRESENTS**, that each person whose signature appears below constitutes and appoints Salvi Rafael Folch Viadero and Jorge Lutteroth Echegoyen, and each of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution for such person and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement on Form F-4, and to file the same with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully and to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, and any of them, or their substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement on Form F-4 has been signed by the following persons in the capacities and on the date first above indicated:

| Signature | Title |
|---|---|
| /s/ Emilio Fernando Azcárraga Jean<br>Emilio Fernando Azcárraga Jean | Director, Chairman of the Board, President and Chief Executive Officer<br>*(Principal Executive Officer)* |
| /s/ Alfonso de Angoitia Noriega<br>Alfonso de Angoitia Noriega | Director |
| /s/ Pedro Carlos Aspe Armella<br>Pedro Carlos Aspe Armella | Director |
| Alberto Bailleres González | Director |

| | |
|---|---|
| /s/ Julio Barba Hurtado | Director |
| Julio Barba Hurtado | |
| /s/ José Antonio Bastón Patiño | Director |
| José Antonio Bastón Patiño | |

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| Signature | Title |
|---|---|
| /s/ Francisco José Chévez Robelo | Director |
| Francisco José Chévez Robelo | |
| /s/ Manuel Jorge Cutillas Covani | Director |
| Manuel Jorge Cutillas Covani | |
| /s/ José Antonio Fernández Carbajal | Director |
| José Antonio Fernández Carbajal | |
| | Director |
| Carlos Fernández González | |
| /s/ Salvi Rafael Folch Viadero | Chief Financial Officer *(Principal Financial Officer)* |
| Salvi Rafael Folch Viadero | |
| /s/ Bernardo Gómez Martínez | Director |
| Bernardo Gómez Martínez | |
| | Director |
| Claudio X. González Laporte | |
| /s/ Roberto Hernández Ramírez | Director |
| Roberto Hernández Ramírez | |
| | Director |
| Enrique Krauze Kleinbort | |
| | Director |
| Germán Larrea Mota Velasco | |
| /s/ Michael Larson | Director |
| Michael Larson | |
| /s/ Jorge Lutteroth Echegoyen | |

| | |
|---|---|
| Jorge Lutteroth Echegoyen | Corporate Controller *(Principal Accounting Officer)* |
| /s/ Lorenzo A. Mendoza Giménez | Director |
| Lorenzo A. Mendoza Giménez | |
| /s/ Alejandro Jesus Quintero Iñiguez | Director |
| Alejandro Jesus Quintero Iñiguez | |
| /s/ Fernando Senderos Mestre | Director |
| Fernando Senderos Mestre | |
| /s/ Enrique Francisco José Senior Hernández | Director |
| Enrique Francisco José Senior Hernández | |

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## SIGNATURE OF AUTHORIZED REPRESENTATIVE

Pursuant to the requirements of the Securities Act, the undersigned, the duly authorized representative in the United States of Grupo Televisa, S.A.B., has signed this Registration Statement on Form F-4 in the City of Newark, State of Delaware on January 29, 2010.

| Signature | Title |
|---|---|
| /s/ Donald J. Puglisi<br>Donald J. Puglisi | Authorized Representative in the United States |

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