

**MEGACABLE REPORTS RESULTS FOR THE THIRD QUARTER 2007**  
**(Amounts in thousand pesos as of September 30, 2007)**

Guadalajara, Jalisco as of December 7, 2007. Megacable Holdings SAB de C.V. ("Megacable"; BMV: MEGA PCO) informs to the investors that today publishes the unaudited combined and consolidated results for the third quarter of 2007.

Megacable ("The Company") is the largest cable operator in Mexico, based on the number of subscribers, and the largest Internet service provider of high-speed cable, according to information from Camara Nacional de Telecomunicaciones por Cable (CANITEC). We believe that we are the second largest provider of services to high-speed Internet, and that our cable network is the largest in Mexico and passes through more houses that of any other cable operator in the country.

Megacable provides Basic cable television and Premier services through analog or digital formats under the brand Megacable and high-speed Internet through our cable network under the brand name of MegaRed. Additionally, through an agreement with the carrier Bestphone, S.A. de C.V. we offer digital telephony services to our customers, both in the residential and business segments, through our cable network under our brand name Megafón. As of September 30, 2007, we offered digital telephony services in 22 of our markets.

Through our subsidiaries we operate a network that, as of September 30, 2007, covered 122 municipalities in 20 states of Mexico.

As of September 30, 2007 the Company had 989,954 cable subscribers, 326,129 Internet subscribers and 76,279 telephony subscribers, including subscribers acquired with the acquisitions of IRA, Imatel and Tlalnepantla, which added 44 localities in 8 different states.

On November 15, 2007 the regulatory agency Comision Federal de Competencia (COFECO) granted Megacable authorization for the acquisition of 100% of the equity of Acotel, SA de C.V. and subsidiaries without any condition.

Therefore and according to the purchase agreement subscribed on August 7, 2007 where an estimated of 190,000 cable subscribers, 36,000 internet subscribers and 12,000 digital telephony subscribers were acquired, with this the total subscribers of Megacable at the end of the third quarter of 2007 would have been at least with Acotel 1,180,000 cable subscribers, 362,000 Internet subscribers and 88,000 telephony subscribers. With this acquisition, the Megacable total cities coverage will increase to 150 in 23 states, including the cities of Toluca, Leon, Cabo San Lucas, among others.

On November 20, 2007 Acotel's incorporation with Megacable began.

On December 4, 2007 Megacable, S.A. de C.V. subsidiary of Megacable Holding, S.A.B. de C.V., suscribed with Teléfonos de México S.A.B. de C.V. the Agreement for Local Telephony Interconnection, which includes a commitment for the delivery and activation schedule of the telephony interconnection agreed between both companies. This schedule includes in an initial stage 20 (twenty) cities where Megacable already operates. The remaining cities will be interconnected at the most by the end of the second week of February 2008.

As of today, Megacable offers this service through an agreement with the carrier named Bestphone, S.A. de C.V. in 22 cities of México. With this agreement, the Company will begin to offer the telephony service in a direct way the telephony service to its subscriber in those municipalities where were not been able for a lack of interconnection; as well as in those places where the service is through the Bestphone, S.A. de C.V. agreement.

## Operating Data

MEGACABLE HOLDINGS, S.A.B. DE C.V. (FORMERLY TELEHOLDING, S.A. DE C.V.) COMBINED WITH MEGA CABLE, S.A. DE C.V. AND SUBSIDIARIES AND MCM HOLDING, S.A. DE C.V. AND SUBSIDIARIES  
OPERATING DATA FOR THE NINE MONTHS ENDED IN SEPTEMBER 2007 AND 2006

	2007	2006	Variation	
	As of September 30,	As of September 30,	Amount	Percentage
<b>Subscribers</b>				
Cable television	989,954	776,049	213,905	28%
HSD Internet	326,129	256,991	69,138	27%
Digital telephony	76,279	22,114	54,165	245%
RGU's (1)	1,392,362	1,055,154	337,208	32%
Unique customers (2)	1,022,140	805,211	216,929	27%
RGU's/ Unique customers	1.36	1.31	0.05	4%
<b>ARPU (3)</b>				
Cable television	242.23	248.56	( 6.34)	(3%)
HSD Internet	254.53	304.15	( 49.62)	(16%)
Digital telephony	197.87	159.15	38.72	24%
Average unique customers	355.77	354.50	1.26	0.4%
Monthly Adjusted EBITDA (4) / Unique customers	189.98	165.78	24.20	15%
Monthly Adjusted EBITDA / RGU's	123.20	123.09	0.11	0.1%
<b>CHURN</b>				
Cable television	3.2%	4.4%	-	(27%)
HSD Internet	3.5%	3.3%	-	6%

- (1) RGU's or revenue generating units are defined as unique services provided by our cable television, HSD Internet and digital telephony segments.
- (2) Unique customers are defined as unique subscribers for services provided by our cable television, HSD Internet and digital telephony segments. While a single residential customer might subscribe for cable television, HSD Internet and digital telephony services, that customer would be counted as only one unique customer.
- (3) ARPU, or average revenue per unit, per unique customer is defined as the revenue for our cable television, HSD Internet and digital telephony segments earned for the period divided by the number of months in the period divided by the average number of subscribers for the period.
- (4) The Monthly Adjusted EBITDA is the result of adding to the Companies net income, the depreciation and amortization, the net result of comprehensive financing, other net income, special items and non-recurrent expenses (income), total income tax and asset tax, total employee statutory benefits, the effect of associated companies and minority interest, as well as MCM's EBITDA.

Unique subscribers as of September 30, 2007 increased by 27% compared with the same period of last year. Monthly ARPU of average unique subscribers as of September 30, 2007 had a slightly increase by 0.4% compared with the same period of year 2006, as a result of the

acquisitions in the third quarter of 2007 which have a slightly lower monthly ARPU than Megacable's average, as well as an increase of Internet and telephony packages services offered with a lower rate, aimed at middle and lower socioeconomic levels. The increase of the digital telephony ARPU, in a specific way, has grown in comparison with the previous period of 2006 because of launching promotions.

The EBITDA of unique subscribers increased in this nine-month 2007 and 2006 comparative period a 15%.

The CHURN in the cable segment decreased by 1.2 percentage points at the end of the third quarter of 2007 compared with same period of last year due to an atypical situation arising from the cancellation of subscribers that contracted the service for the Soccer World Cup in 2006. In the case of Internet it grew by 0.2 percentage points in the same period mentioned due mostly to the addition of subscribers of low socioeconomic levels.

As of September 30, 2007 the Company had a cable network of approximately 18,700 kilometers, of which 705 kilometers were built during this period. Our network at the end of the third quarter covered approximately 2,726,000 homes passed. With the addition of Acotel's kilometers the total amount of the network raises to approximately 22,100 km and the total number of homes passed to approximate amount of 3,246,000.

## COMBINED AND CONSOLIDATED FINANCIAL RESULTS

The combined and consolidated results that are included in this bulletin release are presented according to the Mexican Financial Reporting Standards ("NIF"), applicable as of January 1, 2006, so the results as of September 2006 have been adjusted in thousands of pesos with purchasing power as of September 30, 2007. The Income Statement for the third quarter of 2007 compared with the same period of 2006, and the Income Statement for the nine months ended in September 30, 2007 and 2006, are presented below:

MEGACABLE HOLDINGS, S.A.B. DE C.V. (FORMERLY TELEHOLDING, S.A. DE C.V.) COMBINED WITH MEGA CABLE, S.A. DE C.V. AND SUBSIDIARIES AND MCM HOLDING, S.A. DE C.V. AND SUBSIDIARIES  
INCOME STATEMENT FOR THE THIRD QUARTER OF 2007 AND 2006  
Figures stated in thousands of constant pesos of September 30, 2007

	<u>2007</u>	<u>2006</u>	Variation
	3er Quarter (Not audited) (Thousands of Mexican pesos)	3er Quarter	
Services revenue	\$ 1,007,889	860,241	17%
Cost of services	<u>244,610</u>	<u>255,314</u>	(4%)
Gross profit	<u>763,280</u>	<u>604,927</u>	<u>26%</u>
Operating and general expenses	379,221	300,257	26%
Other (income), net	( 18,550)	( 20,645)	(10%)
Comprehensive financing results, net	11,085	( 64,074)	(117%)
Equity in income of associated companies	108	( 168)	(164%)
Special items (1)	<u>21,763</u>	<u>8,798</u>	<u>147%</u>
Income before taxes and minority interest	<u>369,653</u>	<u>380,759</u>	(3%)
Income tax	( 152,125)	<u>56,807</u>	(368%)
Income before minority interest	521,778	323,952	61%
Minority interest	<u>30</u>	<u>3,734</u>	(99%)
Net income of the year	<u>\$ 521,748</u>	<u>320,217</u>	<u>63%</u>

MEGACABLE HOLDINGS, S.A.B. DE C.V. (FORMERLY TELEHOLDING, S.A. DE C.V.) COMBINED WITH MEGA CABLE, S.A. DE C.V. AND SUBSIDIARIES AND MCM HOLDING, S.A. DE C.V. AND SUBSIDIARIES  
INCOME STATEMENT FOR THE NINE MONTHS ENDED FOR 2007 AND 2006  
Figures stated in thousands of constant pesos of September 30, 2007

	<u>2007</u>	<u>2006</u>	
	As of September 30, (Not audited) (Thousands of Mexican pesos)		Variation
Services revenue	2,891,115	2,499,581	16%
Cost of services	<u>674,390</u>	<u>650,763</u>	4%
Gross profit	<u>2,216,725</u>	<u>1,848,818</u>	<u>20%</u>
Operating and general expenses	1,042,153	960,519	8%
Other (income), net	( 34,771)	( 30,910)	12%
Comprehensive financing results, net	33,819	40,747	(17%)
Equity in income of associated companies	754	6,219	(88%)
Special items (1)	<u>21,763</u>	<u>8,798</u>	<u>147%</u>
Income before taxes and minority interest	<u>1,153,007</u>	<u>863,445</u>	<u>34%</u>
Income tax	<u>( 175,420)</u>	<u>68,338</u>	<u>(357%)</u>
Income before minority interest	1,328,427	795,107	67%
Minority interest	<u>90</u>	<u>16,281</u>	<u>(99%)</u>
Net income of the year	<u>1,328,337</u>	<u>778,826</u>	<u>71%</u>

(1) Effective January 1, 2007, the Company adopted NIF B-3 "Statement of Income" which incorporates, among other things, a new approach to classify income, costs and expenses as ordinary and non-ordinary activities. NIF B-3 requires that employees profit sharing be classified as ordinary expense rather than income tax, and eliminates special and extraordinary items; special items are now classified as other income or expense within ordinary activities, and extraordinary items as non-ordinary activities. In addition, under NIF B-3 equity in income of affiliates is presented as ordinary income or expenses right after comprehensive financial results.

### Services revenue per segments

	<u>2007</u>	<u>2006</u>	<u>Variation</u>		<u>2007</u>	<u>2006</u>	<u>Variation</u>	
	As of September,	As of September,	Amount	Percentage	3er Quarter	3er Quarter	Amount	Percentage
Cable television	1,903,226	1,693,691	209,535	12%	673,391	579,216	94,175	16%
HSD Internet	689,405	640,914	48,491	8%	223,754	220,346	3,408	2%
Digital telephony	91,711	7,039	84,672	1203%	37,481	6,554	30,926	472%
Others	<u>206,773</u>	<u>157,937</u>	<u>48,836</u>	<u>31%</u>	<u>73,264</u>	<u>54,124</u>	<u>19,139</u>	<u>35%</u>
<b>Total</b>	<u>2,891,115</u>	<u>2,499,581</u>	<u>391,534</u>	<u>16%</u>	<u>1,007,889</u>	<u>860,241</u>	<u>147,649</u>	<u>17%</u>

## **Services revenue**

Revenues in the third quarter of 2007 increased by 17% compared with the same period of year 2006, which represented an amount of Ps.147,649 thousand. The revenues accrued as of September 2007 increased by 16% compared with same period of 2006, which amounts to Ps.391,534 thousand. The cumulative income for the segment of digital telephony as of September 30, 2007 accounted for 3% of the total combined revenue of this year compared with 0.3% of the same period in 2006.

This increase in the nine months ended in September 30, 2007 was mainly due to an increased of 213,905 (28%) cable subscribers, 69,138 (27%) of Internet subscribers and 54,165 (245%) of telephony subscribers. The organic increase in cable subscribers of the Company, without the acquired subscribers from IRA, Imatel and Tlalnepantla, was 15%. In addition, the cable service rate had a 4.0% nominal weighted average increase, and the internet service rate had a 3.9% nominal weighted average increase. The telephony service rate did not have an increase.

The segment of "Others", includes MCM, Metrocarrier, Videorola and MMDS, represented as of September 30, 2007 the 7% of the combined revenue, an increase of 1% of participation in relation with the same period of last year.

## **Cost of services**

The most significant components of our cost of services are the programming costs, advertising and promotion, drops, Internet links, telephone interconnection and other costs. Internet links and telephone interconnection until June 30, 2007 were classified under Operating and General Expenses, this reclassification on the financial statements is due to the fact that both Internet and telephony segments have become more relevant and their costs are due to the subscriber growth and generated income for these services.

The cost of services in the third quarter of 2007 decreased by 4% compared with the same period of year 2006, equivalent to Ps. 10,704 thousand. The decrease in cost of services mainly reflects a decrease in the cost of advertising and promotion of 14%, because during the third quarter of 2006 we devoted higher resources for the launching campaign of Megafón, in the other hand the remaining costs were stabled with minimal growth.

The cost of interconnection in the third quarter of 2007 represented an increase of 100% compared with the same period of 2006, the telephony service began its commercialization in the third quarter of last year, and only in the city of Guadalajara. For the same period of 2007, this service was offered in 22 cities.

## **Operating and general expenses**

Operating and general expenses increased by 26% in the third quarter of 2007 compared with same period of last year, which amounts to Ps. 78,964 thousand. Operating and general expenses accrued as of September 2007 increased 8% compared with the same period of 2006, equivalent to Ps. 81,634 thousand.

The increase in the third quarter is mainly due to an increase in labor cost, which was 36% higher in 2007 than in the same period of last year reflected by an increase in the number of employees of the Company, which grew by just over 13% due mainly by organic growth and acquisitions, coupled with a wage increase of 4.5% as well as other related accounts (IMSS, INFONAVIT, fringe benefits, etc.). In addition, sales commissions increased 35% by a combination of new sales and the effect of double and triple play selling commission.

In relation with the Maintenance costs that increased by 77% at the end of the third quarter of 2007 over the same period last year, is due primarily to an increase in our network kilometers, acquired networks and annual maintenance policies for the Internet and telephony services, which were not provisioned in last year's third quarter, in 2006 this maintenance policies were recorded until the fourth quarter.

## **Special items**

The special items reflect the net depreciation not amortized by Comunicatec, when this company suspended its operations and when it was merged with another of Megacable's subsidiaries in the same way without operation, this depreciation accounted in the balance was sent to the income statement as an expense as special item.

## **Net income for the year**

The net income for the period as of September 2007 compared to 2006 grew by 71%,

## Adjusted EBITDA

	<u>2007</u>	<u>2006</u>
	As of September 30,	As of September 30,
	(Not audited)	
	(Thousands of Mexican pesos as of September 30, 2007)	
Plus income before taxes and minority interest	1,153,007	863,445
Plus special items	21,763 0	8,798
Plus equity in income of associated companies	754 0	6,219
Plus comprehensive financing results, net	33,819 0	40,747
Combined depreciations and amortizations		
Less MCM Holding depreciations and amortizations	23,754	27,665
Plus depreciations and amortizations of cable operations	265,890	242,659
Plus non recurrent items	95,685	16,808
Less MCM operating income (loss)	3,293	( 17,893)
<b>Adjusted EBITDA (1) for cable operations</b>	<b>1,543,871</b>	<b>1,168,904</b>
<b>Adjusted EBITDA (2) Margin for cable operations</b>	<b>56.4%</b>	<b>48.8%</b>

- (1) The Adjusted EBITDA is the result of adding to the Companies net income, the depreciation and amortization, the net result of comprehensive financing, other net income, special items and non-recurrent expenses (income), total income tax and asset tax, total employee statutory benefits, the effect of associated companies and minority interest, as well as MCM's EBITDA.
- (2) The Adjusted EBITDA Margin does not include MCM income, that as of September 30, 2007 was of 133,676 thousands and for the same period of 2006 was of 102,416 thousands.

The adjusted EBITDA as of September 30, 2007 increased by 32% compared with the same period of 2006. The margin of the adjusted EBITDA as of September 30, 2007 was 56.4% compared to 48.8% of the same period last year, despite the fact that the acquisitions in the third quarter of Ira, Imatel and Tlanepantla have a lower monthly ARPU and operating margins. On the other hand, the increase in the margin is primarily reflected by an increase in Internet and telephony revenues over the total service revenues and whose operating margins are higher than the video segment.

## Balance Sheet

MEGACABLE HOLDINGS, S. A. B. DE C.V. (FORMERLY TELE HOLDING, S.A. DE C.V.) COMBINED WITH MEGA CABLE, S. A. DE C. V. AND SUBSIDIARIES AND MCM HOLDING, S.A. DE C.V. AND SUBSIDIARIES		
<u>COMBINED BALANCE SHEETS</u>		
Figures stated in thousands of constant pesos of September 30, 2007		
	At September 30, 2007 (No auditado)	At September 30, 2006 (a)
<u>Assets</u>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 3,815,166	\$ 1,578,017
Customers and other accounts receivable, net	133,909	84,065
Value added tax recoverable	141,184	104,345
Notes receivable, net	10,244	56,776
Affiliated and associated companies, net	304	30,620
Inventories	<u>83,269</u>	<u>49,349</u>
Total current assets	4,184,076	1,903,172
INVESTMENT IN SHARES OF ASSOCIATED COMPANIES	46,291	47,338
PROPERTY, SYSTEMS AND EQUIPMENT, NET	3,221,755	2,668,919
GODWILL, NET	1,601,897	957,197
PREOPERATING EXPENSES, NET	27,189	9,247
OTHER ASSETS	<u>69,534</u>	<u>41,317</u>
Total assets	<u>\$ 9,150,742</u>	<u>\$ 5,627,190</u>
<u>Liabilities and stockholders' equity</u>		
<b>CURRENT LIABILITIES:</b>		
Trade accounts payable	\$ 233,564	\$ 223,606
Bank loans- short term portion	-	280,226
Affiliated and associated companies	43,601	39,198
Accumulated expenses and other liabilities	<u>321,460</u>	<u>445,625</u>
Total current liabilities	<u>598,625</u>	<u>988,655</u>
<b>LONG TERM LIABILITIES:</b>		
Bank loans	5,054,398	1,961,586
Labor obligations	48,306	42,954
Deferred income tax	64,268	91,829
Deferred credits, net	<u>31,266</u>	<u>267,309</u>
Total long-term liabilities	<u>5,198,238</u>	<u>2,363,678</u>
CONTINGENCIES AND COMMITMENTS	-	-
Total liabilities	<u>5,796,863</u>	<u>3,352,333</u>
<b>STOCKHOLDERS' EQUITY</b>		
Capital stock	<u>987,923</u>	<u>987,923</u>
Additional paid-in capital	<u>4,923</u>	<u>4,923</u>
Cumulative effect of deferred income taxes	<u>(48,160)</u>	<u>(48,160)</u>
Surplus in the restatement of stockholders' equity	<u>30,619</u>	<u>29,831</u>
Retained earnings:		
Prior years	1,049,508	125,969
For the year	<u>1,328,336</u>	<u>1,083,941</u>
	<u>2,377,844</u>	<u>1,209,910</u>
Minority interest	<u>730</u>	<u>90,429</u>
Total stockholders' equity	<u>3,353,879</u>	<u>2,274,856</u>
Total liabilities and stockholders' equity	<u>\$ 9,150,742</u>	<u>\$ 5,627,189</u>

(a) The combined general balance sheet as of December 31, 2006 has been taken from the audited combined financial statements to that date, but it does not include all the information and the footnotes required by Bulletin NIF A-3 "Needs of the users and objectives of the financial statements".

### **Long term liabilities and cash and cash equivalents**

As of September 30, 2007 Megacable, S.A. de C.V., a subsidiary of Megacable Holdings, S.A.B. de C.V. has a credit facility of \$460 million dollars, of which 50% is reflected in pesos. The proceeds from the mentioned syndicated bank loan were applied for the acquisition of Acotel and for the debt financing substitution of Megacable Holdings S.A.B. de C.V.

Due to the fact that as of September 30, 2007, the acquisition of Acotel was awaiting approval by the COFECO, the total acquisition and shares representing 100% of that company was deposited into an "escrow " account.

In the initial public offering done in November 6, 2007, the Company obtained Ps. 2,158 millions after the fees payment, and including the amount collected for the exercise of the green shoe option. This collected amount was applied for the payment of bank debt reaching the amount of \$200 million dollars.

**Megacable Holding, S.A.B. de C.V.**  
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