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CIE REPORTS 1999 THIRD QUARTER AND NINE MONTHS FINANCIAL AND OPERATING RESULTS

Mexico City, October 25, 1999, Corporacion Interamericana de Entretenimiento, S.A. de C.V. ("CIE" or "the Company"), the leading live entertainment company in Latin America (BMV: CIEB, CIEL), announced today its financial and operating results for the third quarter and the nine month period ended September 30, 1999. All figures are expressed in millions of Pesos as of September 30, 1999, unless otherwise specified, and are prepared in accordance with Mexican Generally Accepted Accounting Principles ("Mexican GAAP"). Certain amounts stated in this press release may differ due to rounding.

Highlights for the Quarter

- **Revenues up 34% to Ps. 678 for the quarter, and 47% up to Ps. 1,866 for the nine month period,**
- **EBITDA up 50% to Ps. 179 for the quarter, and 49% up to Ps. 469 for the nine month period.**

Revenues for the quarter increased 34% to Ps. 678, compared with total revenues of Ps. 507 recorded during the third quarter of 1998. For the quarter, revenues by division were as follows: the entertainment division increased by 39% to Ps. 466, the commercial division increased by 40% to Ps. 128, and the services division increased 3% to Ps. 83, compared to the third quarter of 1998.

The following table is a breakdown of the Company's revenue participation per division.

Revenue Participation Percentages by Division:

	3Q1999	3Q1998	Accumulated 1999	Accumulated 1998
Entertainment	69%	66%	69%	67%
Commercial	19%	18%	18%	16%
Services	12%	16%	13%	17%
Total	**100%**	**100%**	**100%**	**100%**

Entertainment Division

Revenues increased to Ps. 466 during the third quarter of 1999, from Ps. 335 for the third quarter of 1998. This increase was primarily due to:

1. a higher volume and greater diversity of live entertainment events promoted and produced in Mexico and abroad during the quarter, compared to the same period in 1998. This included a great variety of international and domestic musical concerts, several cultural and family events, as well as special and sporting events, jointly with new theatre productions and film distributions. In particular, it is worth mentioning the 85 presentations of diverse *Disney on Ice* Shows in Mexico, Brazil and Uruguay during the quarter (a brief description of these activities is later described in the Operations Section of this report).; and
2. an increase in entrance ticket sales and *per-capitas* in the Company's amusement parks in Mexico, as a result of a higher number of visitors driven by the summer season, new rides and attractions as well as the presentation of various local artists.

Commercial Division

Revenues increased to Ps. 128 during the third quarter of 1999, from Ps. 91 reported during the third quarter of 1998. This increase was primarily due to the following:

1. a higher volume of rotational advertising on soccer fields in Mexico, including revenues derived from the Company's alliance with Grupo Interticket during the first quarter of 1999, which included 8 additional soccer teams;
2. an increase in the amount of billboard advertising on pedestrian overpasses, which increased from 40 operating overpasses at September 30, 1998, to 72 at September 30, 1999; and, to a lesser extent,
3. an increase in the sale of event-related merchandising and food and beverages in Mexico and Argentina, due to the increased volume of events.

Services Division

Revenues increased to Ps. 83 during the third quarter of 1999, from Ps. 81 for the third quarter of 1998. This increase was primarily due to a greater number of tickets sold during the quarter.

Gross profit increased 27% for the third quarter in 1999 to Ps. 278, which compares favorably to the Ps. 219 recorded in the same period for 1998. Gross margin was 41.0%, as compared to the 43.3% gross margin recorded during the third quarter of 1998. The adjustment in gross margin is mainly attributable to a lower level of costs -as a percentage of revenues- recorded during the third quarter of 1998, which resulted from the reclassification of certain depreciation amounts from cost of sales to operating expenses. However, the gross margin for the nine-month period in 1999 was 41.6%, which compares favorably with the 40.5% recorded in the nine-month period for 1998.

Operating income for the third quarter of 1999 increased 37%, to Ps. 140, compared with an operating income of Ps. 102 recorded in same quarter of 1998, which is principally the result of the 34% revenue growth during the period. Operating margin for the third quarter of 1999 was 20.7%, an increase of approximately 50 basis points versus the 20.2% operating margin recorded during the same quarter of 1998.

As a percentage of sales, operating expenses decreased to 20.3% for the third quarter of 1999 from 23.1% in the third quarter of 1998, largely due to the effects of the reclassification of certain depreciation amounts from cost of sales to operating expenses during the third quarter of 1998, as explained earlier.

Operating cash flow (earnings before interest, taxes, depreciation and amortization or "EBITDA") increased 50%, to Ps. 179, as compared to Ps. 119 reported during the third quarter of 1998. This increase is mainly due to the higher operating income, as previously mentioned, jointly with an increase of 126% in charges for depreciation and amortization, which resulted from (i) a higher asset-base, and (ii) the amortization of stock-based compensation expenses in the period.

For the third quarter of 1999, integral cost of financing (ICF) increased by Ps. 53, to Ps. 73. The principal reason for this increase was:

- a change in foreign exchange to a Ps. 9 million loss during the third quarter of 1999 from a Ps. 14 million gain during the same period of 1998, resulting mainly from the effects of variations in the exchange rates on the Company's U.S. dollar position, which in certain periods was a net asset position; and
- a higher interest expense, which increased by 60%. This increase was due to additional borrowings during the last twelve months to finance capital expenditures, pre-operating expenses and working capital. As a result, the Company's outstanding debt increased to Ps. 1,514 at September 30, 1999, from Ps. 724 at September 30, 1998.

The increase in the Company's debt reflects its growth-stage momentum, heavily driven by the development of new projects and strategic acquisitions, which has also resulted in a substantial growth of its fixed-asset base. These key projects are expected to produce enough critical-mass over the medium-term to generate higher returns per investment.

During the quarter, the Company recorded Ps. 3 gain as other financial operations, as compared to a Ps. 18 loss during the third quarter of 1998. The gain in the 1999 third quarter was principally the result of an adjustment made to certain expense provisions, which were made early in the year, and which were lower than expected.

Minority interest for the period was Ps. 15, compared to Ps. 1 recorded during the third quarter of 1998. This important increase is mainly due to higher profit-sharing to minority partners, including operations and/or associations entered in during the first nine months of 1999. However, it is worth mentioning that minority interest during the period decreased compared to the second quarter of 1999, as a result of the Company's acquisition of the remaining 30% of CIE-R&P by the end of that quarter.

Net income for the quarter was Ps. 45 million, from the Ps. 38 million reported during the third quarter of 1998. Net income for the 1999 period was impacted by a higher ICF, which was partially offset by the revenue and operating income increases.

Balance Sheet

CIE's total assets at September 30, 1999 were Ps. 5,130, which are 67% higher compared with total assets of Ps. 3,073 at September 30, 1998. As a result of the Company's use of proceeds from its debt and equity issuances, as previously explained, a Ps. 1,122 increase was recorded in deferred assets, which is mainly explained by pre-operating expenses, including those derived from:

1. the development of the *Hipodromo de Las Americas* Racetrack project, which includes, among others, expenses for employees and administrative staff that have been working in the development of the project, as well as expenses and several consulting services from specialized companies that are contributing to the master project and its start-up process;

2. costs to-be-amortized which include, among others, rotational advertising rights for soccer teams;
3. promotional and administrative expenses derived from the initiation of several new projects, including the film production and distribution project, the development of the theatrical circuit, as well as the Company's penetration of the Brazil, Colombia and Spain entertainment markets; and
4. other expenses, coupled with the restatement of some of the previously mentioned expenses, adjusted to Pesos as of September 30, 1999.

In addition, the goodwill amortization derived from the purchase of Grupo Magico, RAC, Publitop and the Buenos Aires Zoo during the year, also contributed to the increase in deferred assets. In addition, a Ps. 262 increase in property, plants and equipment was recorded due to the incorporation of new fixed assets primarily by the pedestrian overpasses and the amusement park businesses during the period.

Other important increases of Ps. 212 and Ps. 158 were recorded in trade receivables and other account and document receivables, respectively, reflecting the Company's organic and acquisition-driven growth during the last twelve months.

Total liabilities at September 30, 1999 were Ps. 2,437, a 78% increase as compared with total liabilities at September 30, 1998. The overall increase in liabilities was primarily due to a Ps. 790 increase in short-term and long-term bank and capital market loans, as a result of the Company's strategy to finance its working capital needs through the issuance of debt and equity, as mentioned above. However, and as a result of CIE's objective to substitute high-cost, Peso-denominated debt with lower-cost, US Dollar-denominated debt, 69% of the Company's debt became U.S. dollar-denominated by the end of the quarter.

Stockholders' equity increased by 58% to Ps. 2,693 at September 30, 1999, as compared to Ps. 1,700 recorded at September 30, 1998. This important increase was mainly due to (i) a Ps. 1,102 increase in the "premium on the issuance of capital stock" which is primarily due to a capital increase of 30 million series B shares, through a preemptive rights subscription and a public offering in both, the international and the national markets, which was completed in August 3, 1999. Through this offering, the Company raised Ps 735. (ii) a Ps. 250 mandatory convertible bonds in 15 million "L" shares, which matured in June, 1999. In addition, an increase in accumulated net income of Ps 169 and a Ps. 110 increase in minority interest, also contributed to stockholders' equity increase.

1999 Nine Month Period ("the period")

Revenues for the period in 1999 were Ps 1,866, which are 47% higher as compared with revenues of Ps 1,271 recorded during the same period in 1998. This increase was due to 51%, 67% and 11% increases in revenues in the Entertainment, Commercial and Services Divisions, respectively. These increases are principally attributable to:

1. an internal growth in various entertainment operations, as CIE has sought to provide a more diverse offering of live entertainment events produced in Mexico and abroad, jointly with the consolidation, during the second quarter of 1998, of the operations of CIE-R&P, S.A., which at the time was a joint venture company established with the largest live entertainment promoter in Argentina and Chile;
2. an increase in gate receipts and *per-capitas* expenditures at CIE's amusement parks in Mexico and Colombia, primarily as a result of the park improvements undertaken;

3. higher volumes of rotational advertising space at soccer stadiums in Mexico and Brazil, as mentioned earlier, coupled with the marketing of billboard advertising on pedestrian overpasses; and
4. an increase in automated ticketing sales and related advertising resulting from a higher volume of live entertainment events, an increase in TicketMaster outlets and the launching of the TicketMaster OnLine operation.

Gross profit increased 51% for the period, to Ps. 776, which compares favorably to the Ps. 515 recorded in the same period for 1998. Gross margin was 41.6%, as compared to the 40.5% gross margin recorded during the nine-month period of 1998. The improvement in gross margin was primarily due to:

- economies of scale, achieved primarily as a result of the 100% RAC merger and the establishment of CIE-R&P, for the management, production and promotion of events, through the elimination of redundancies with other CIE's entertainment subsidiaries;
- a shift in the mix towards higher operating expenses and a lower cost of sales resulting from the Company's incursion into the amusement park, radio and zoo businesses in late 1997 and in 1998; and
- a higher level of vertical integration.

Operating margin for the nine month period of 1999 was 19.7%, which compares with the 20.5% recorded during the same period in 1998. This decrease was principally due to the combined effect of (i) the shift in costs mix towards higher operating expenses and lower sales costs, as explained earlier, and (ii) the recording of stock-based compensation expenses in the period.

Operating cash flow or ("EBITDA") increased 49%, to Ps. 469, as compared to Ps. 315 reported during the period of 1998. This increase is mainly due to the higher operating income, jointly with an increase of 89% in charges for depreciation and amortization, which resulted from (i) a higher asset-base and (ii) the amortization of stock-based compensation expenses in the period, as explained above.

ICF increased 200% to Ps. 184 during the period, from Ps. 61 reported for the same period of the previous year. This increase was due to a 116% increase in interest expense, from Ps. 114 in the period of 1998, to Ps. 246 in the same period for 1999 and was primarily attributable to:

- a higher level of indebtedness during 1999 for the financing of acquisition and joint venture activities, and
- higher interest rates on Peso-denominated debt during the period in 1999 as compared to the period in 1998.

During the period, the Company recorded a Ps. 26 gain in other financial operations, as compared to a Ps. 10 loss during the same period of 1998. The gain in the period was principally the result of (i) a registration of recoverable taxes, mainly value added and income taxes, jointly with an extraordinary income recorded by MakePro, CIE's commercial arm in charge of marketing the advertising, sponsorships and signage for the Company's venues and events; and (ii) an adjustment made during the third quarter to certain expense-provisions, which were made early in the year, and which were lower than expected.

Minority interest for the period of 1999 was Ps. 61, as compared to Ps. 23 recorded during the period of 1998. This increase is mainly due higher profit-sharing to minority partners, including operations and/or associations entered in during the first nine months of 1999.

Net income for the nine month period was Ps. 112, from Ps. 117 reported during the same period of 1998. The 5% decrease was principally driven by the higher ICF and by profit sharing to minority partners previously-mentioned. Consolidated net income for the period in 1999 was Ps. 173, a 23% increase as compared with consolidated net income of Ps. 140 recorded during the same period in 1998.

Operations Report for the Third Quarter of 1999

The following report covers CIE's most important operations activities for the third quarter of 1999 as well as a Year 2000 readiness update:

Operations Highlights

- Increased volume of operations in the entertainment, commercial and services areas
- Vertical integration and sinergies within subsidiaries
- Globalization of operations via expansion of the Company's business formula
- Talented team with a global business orientation
- Significant advances on the Year 2000 Issue and implementaiton of information technologies

I. Entertainment

Include securing, producing and promoting live entertainment events, the operation of entertainment venues and amusement parks, and the production and distribution of feature-length films.

- ***Music Concerts*:** The promotion and production of concerts in Mexico and Latin America of various artists and musical groups continued its dynamic development during the third quarter of 1999. Included among the many performers are the international artists, Jamiroquai, Yes and Semisonic as well as the following Latin artists and musical groups: Chayanne, Banda El Recodo, Charlie García, Divididos, Flans, Gustavo Cerati, La Castañeda, Botellita de Jeréz and Memphis la Blusera.

- ***Cultural and Special Events*:** During the quarter CIE's Mexico City productions included the interactive Spanish mega-event, *Fausto versión 3.1*, as well as family shows such as Disney on Ice's *The Little Mermaid*, which sold the most tickets of any of the Company's Mexican entertainment productions, as well as *Hercules*, which debuted in Uruguay. The Mexican production of *Solo para Mujeres,* or Only For Women, completed a tour throughout 19 cities in Mexico, as well as a stellar performance in Las Vegas, Nevada.

- ***Corporate Events*:** CIE continued to diversify this area with various events including the debut of the *Mercedes Benz 2000* models and the inauguration of various new stores of the Mexican retailer, *Suburbia*.

- ***Sports Events:*** The Company's main development event for the quarter was the wrestling event named *Ruleta de la Muerte*, or Roulette of Death. In addition, two of the main Mexican soccer teams faced each other in *Estrellas del Milenio*, or Stars of the Millennium, in the cities of Los Angeles, Houston and Chicago.

- ***Theatre Events:*** *Rent*, the famous Broadway musical, continues its successful run in Mexico City and is scheduled to also play Argentina, Spain and Brazil. Preparations continue for the staging of Andrew Lloyd Weber's *The Phantom of the Opera*. Disney's *The Beauty and the Beast* moves to Spain after presenting in the Opera Theater of Buenos Aires, and is to begin presenting in December 1999. *Les Miserables* is also expected to debut in Argentina in March 2000. All of these productions contribute to the ongoing consolidation of CIE's theatrical circuit in Latin America and Spain.

- ***Amusement Parks:*** The Company continues to reach major achievements in Mexico that resulted in increases in the number of visitors during the months of July and August. These include the recently-introduced attractions *The House of Terror* as well as appearances by major young artists such as Ragazzi, Martín, Litzy and Kahló. In Argentina, the Buenos Aires Zoo saw a favorable increase in the number of visitors mainly due to winter vacations in South America and new features.

- ***Films:*** CIE featured and obtained rights to distribute various independent films, including the international hit "*El Coronel no Tiene Quien le Escriba*" or *No One Writes to the Colonel,* a film adaptation of the novel by Colombian author, Gabriel García Márquez.

II. Commercial

Include the organization and promotion of commercial fairs and exhibitions, sales of event sponsorships, naming rights for certain entertainment venues and the sale of advertising space, concessions, food, beverages and souvenirs, at the Company's venues and events.

- ***Sponsorships, Advertising Space and Rotational Advertising:*** CIE continued to successfully market sponsorships and advertising space in the Company's entertainment venues as well as for events in Mexico, Argentina, Chile and Brazil. In the rotational advertising business, the Company continued to take advantage of its advertising rights during professional soccer matches in Mexico and Brazil.

- ***Pedestrian Overpasses:*** The third quarter was a high growth period as the Company diversified its advertiser base for the 72 overpasses located in highly-populated suburban areas in the states of Mexico, Nuevo Leon, Jalisco and Tamaulipas.

- ***Commercial Fairs and Expositions:*** CIE organized and promoted *Expo-Transporte* in the city of Guadalajara, the largest expo of makers and distributors of automobiles and cargo vehicles in Latin America. In the City of Querétaro the Company also organized the *Congress of Work-Related Medicine and Surgery*.

- ***Food, Beverages and Souvenirs:*** The Company developed an intensive sales campaign for *Bacardí and Company* aimed at stimulating responsible consumption of the product throughout Mexico.

III. Services

Encompassing computer automated and internet ticket sales via the Ticketmaster System, as well as telemarketing activities such as telephone sales services for third parties and technical support and customer service.

- ***Automatic Ticket Sales*:** 4 new entertainment venues related to sports, popular and folkloric events as well as 4 new ticket sales centers were added to the Ticketmaster System located in the cities of Mexico City and Monterrey. During the third quarter of the year, Ticketmaster On-line provided users with an increasing level of information regarding events, venues and services, such as interactive chat rooms featuring artists, digitized video and souvenir sales.

- ***Telemarketing:*** New contracts with Bancomer and American Express (in addition to those existing), and the establishment of COMPAQ's Customer Service Center.

IV. The Year 2000 Problem

The Year 2000 problem relates to some computers, software and other equipment that includes programming codes in which calendar year data is abbreviated to only two digits. As a result of this design, some of these systems could fail to operate or produce correct results if “00” is interpreted to mean 1900, rather than 2000. These problems are widely expected to increase in frequency and severity as the year 2000 approaches.

CIE has initiated a company-wide program to identify and address the impact of the Year 2000 on its operations. This program includes steps to:

1. identify hardware, equipment issues, each item of firmware and each software application that will require modification or replacement to correctly process and store dates and date-related data prior to and after January 1, 2000;
2. develop a strategy and cost estimates, with the participation of specialized consultants, for any such required modification or replacement (and a contingency plan and cost estimate in the event any or all such modifications or replacements are not implemented on a timely basis);
3. implement such corrective action plan; and
4. test and evaluate the modified or replaced application internally and verify resolution of Year 2000 problems externally.

CIE has successfully completed 95% of the above-detailed program. However, the Company will continue its activities in order to satisfactorily finalize these as well as any additional activities with the objective of eliminating any risk to the information for the Year 2000.

State of Readiness

The program is focused on five key functional areas. These areas involve hardware, softaware and equipment located in:

- CIE’s headquarter offices in Mexico City;
- the Palacio de los Deportes in Mexico City;
- amusement parks;
- theaters and stadiums; and
- CIE-R&P offices in Argentina.

Third-Party Issues

In general, CIE’s suppliers have made available either Year 2000 compliant versions of their offerings or new compliant products as replacements of discontinued goods. In most cases, the compliance status of the product in question is based on supplier information, which remains subject to testing and verification activities by us. Currently, the Company does not anticipate that such delays will have any material impact on its ability to achieve Year 2000 compliance within the desired timeframes. The Company is unable to determine the Year 2000 readiness of most key utilities and similar services providers or the likelihood that those providers will successfully handle the Year 2000 transition.

Contingency Plans

The Company is developing a contingency plan in order to address any type of unexpected delays in corrective activities and it is also developing a corporate contingency plan to ensure that core business functions and key support processes are in place in the event of external, internal or supply chain failures. Most of these plans were completed, and the Company expects to complete a 100% by the end of 1999.

Costs

From the inception of the Year 2000 project through September 30, 1999, the Company has incurred expenses of approximately US$ 285,000. It is estimated that total costs at the close of 1999, to resolve the Year 2000, will reach US$ 500,000, of which US$ 300,000 will be used to prepare CIE's equipment and software applications. In the event that such corrective action is not implemented on a timely basis in whole or in part, up to US$ 200,000 will be used to implement the above mentioned contingency plans. Due to the complexity of the program and the possible risks that may not have been identified, there may be a variation in the actual costs.

Risks

The failure to correct a material Year 2000 problem could cause an interruption or failure of CIE's normal business functions or operations, which could have a material adverse effect on CIE's reputation, results of operations, liquidity or financial condition. Due to the inherent uncertainty with other problems with the Year 2000 issue that are essentially out of the Company's control, including, for example, the availability of telecommunications providers towards the end of the year 2000, at this time it is not possible to determine the probability of a significant impact on the Company's operating results, liquidity or financial condition. It is expected that in case there may be an interruption or service failure that may result in real or perceived problems for the Year 2000, be they in or out of the Company's control, it may be liable to third parties.

These estimates and conclusions contain certain declarations referring to the future and are based on the best possible estimates for future events as per management. The risks that may prevent the conclusion of the plan include the capacity to discover and correct in a timely manner possible year 2000 problems, which may affect specific systems and the ability of suppliers to make their systems Year 2000-compliant.

In order to determine the levels of readiness for the Year 2000, the Company has established communication with its clients and suppliers, as well as third parties. However, CIE is not able to ensure that these are adequately prepared and that they will not in some way affect regular business. For this, the Company has developed a contingency plan that is expected to be completed in November 1999.

The Company considers that the effects of the Year 2000 on the Country's financial system could results in financing restrictions and may affect the availability of cash in general, which may or may not affect CIE's operations.

<u>Other issues</u>

Based on CIE's international expansion and, in particular, its objective to consolidate as a leading presence in the Spanish and Portuguese-speaking markets, the Company seeks to integrate the best-fitted providers of services, with a regional presence and a global vision. In that regard, CIE has entered into a business relationship with Pricewaterhouse Coopers (PWC), which includes the auditing services for the Company's 1999 results and future fiscal and interim periods. GOSSLER, S.C. – NEXIA Int., which has been providing auditing services for the Company since 1995, will continue working with CIE, in various consulting areas.

Company Description

CIE is the largest live entertainment holding company in Latin America with growing operations in the markets of Mexico, Argentina, Brazil, Chile, Colombia, Spain and the latin market located in the United States.

Located in Mexico City, the Company's main operations consist of the promotion of live events, the operation of entertainment venue and amusement parks, and the organization and administration of fairs and expositions. In addition, the Company operates computerized ticket sales for its own entertainment events as well as for third parties and develops telemarketing sales programs for clients.

CIE maintains strategic alliances and co-investments with Walt Disney Theatrical Worldwide Inc., Ticketmaster Co., Sitel Co. Via these alliances, CIE has been able to produce first-rate theatrical productions, as well as benefiting form the reputation, technologies and operating experience of its many partners.

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Explanatory note: Statements included in this report regarding CIE's business outlook and anticipated financial/operating results, or regarding CIE's growth potential, constitute forward-looking statements and are based on management expectations regarding several factors which are outside of CIE's control including, among others, the economic conditions in Mexico and in the countries where CIE operates.