



MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31, 2014

EXPRESSED IN THOUSAND OF EUROS

THE SPANISH ECONOMY IN 2014

2014 data for the performance of the Spanish economy indicates that the country is finally emerging from the recession in which it has been immersed since 2008, and that it is now on the road to growth.

As indicated in the Management Report corresponding to last year's notes to the consolidated financial statements, this new direction became gradually evident during the second half of 2013, to become clearer in 2014 as reflected in data supporting the consolidation of a process which we expect will become increasingly solid in upcoming years.

This optimism must not give way to overly triumphant or confident expectations, considering the seriousness of the damages caused by the Great Recession during 2008-2013, as well as other uncertainties (political, economic, energy, etc.) which still hover over the global economic outlook; the trend of events occurring during 2014 might represent the prelude to the sustainable recovery of key economic indicators.

Although available data is still not yet definitive, forecasts indicate that the worldwide growth of the GDP will be around 3.3% in 2014, which is only slightly higher than in 2013, which confirms that there is a high degree of regional volatility and that emerging economies continue without recovering the dynamic aspects which characterized them in prior years.

With respect to the US, 2014 growth is estimated to surpass that of 2013 (2.4% for the year 2014), which is a solid figure, which was also affected negatively by the cold snap hitting the country during the first quarter of the past year; the GDP is expected to rise to over 3% in 2015, which would consolidate the US economy in its role as the developed world's driver of growth.

The GDP growth in the Eurozone during 2014 was under 1% (around 0.8%); although this figure reverses the negative performance of 2012 and 2013, it is clear that the recovery of the continental economy is sporadic, with very uneven performances in the main countries comprising it. While Germany and Spain lead with growth rates of over 1%, France's economy is stalled, while Italy's growth is negative; for the latter countries, this circumstance is indicative that the necessary structural reforms were not implemented with the sufficient determination required by their productive demand models.

With regard to Spain, as mentioned previously, data available during the preparation of these consolidated financial statements reflect that the GDP grew 1.4% during the year, which is a figure which is close to twice that of the European Union average, and quite similar to that of Germany, which continues as the most dynamic of the large economies in the zone, with activity data during the final quarter of the year which is well over the average.

As the year progressed, the growth of Spain's economy was largely based on internal demand rather than external sectors; this was the catalyst for its economic recovery during its initial stages. A key element within internal demand is private consumption - which is a chief parameter for the TV advertising business - which experimented growths which increased as the year progressed, to reach 2.2% overall for the year, which mirrored the positive performance of other variables which are closely linked to the trend of private consumption, such as automobile sales (rising continually since the first months of 2013), or retail trade business, which rose during the first part of the year for the first time since the crisis began.



The rate of unemployment merits special attention: considering figures currently at our disposal, which indicate a 2 point drop (from 25.8% at the end of 2013 to 23.7% a year later), which is a fairly healthy increase. However, we must not lose sight of the fact that the recovery of more reasonable employment levels which are comparable to other countries in our environment still represents the greatest challenge to our economy.

Considering the above, the pertinent question worth asking is: What is the macroeconomic scenario facing Spain in 2015, and what is the general backdrop against which our TV business will move forward?. Based on events taking place in 2014, and macroeconomic trends observed during the first months of the new year, there seems to be a widespread consensus that the Spanish economy will be one of the fastest growing in the Eurozone during the year, with GDP growth rates of approximately 2%; therefore, should predictions come true, Spain will continue growing well over the average of the European Union, and should move forwards to be the fastest growing in the large continental economies.

Against this macroeconomic backdrop, the rise in GDP will mainly be based on internal demand, and not quite as dependent on the external sector as was the case during the initial phases of the economic recovery; forecasts indicate that the contribution of private consumption will be particularly relevant thanks to the increase in families' disposable income thanks to improved general economic conditions, lowering Personal Income Tax rates, and the normalization of financing conditions for families and individuals. Another key factor in the improvement of the Spanish economy will be the new, more expansive economic policies recently set in motion by the ECB, as well as the significant drop in oil prices.

Evidently, our analysis and projections cannot obviate the potential risks surrounding an economic situation whose recovery is still consolidation, and includes both internal factors (degree of recovery of employment, meeting budgetary stability objective, the 2015 election results, etc.), and those which are external in nature (geopolitical tensions, the impact of the reduction of the price of crude oil in exporting countries, the debt of peripheral countries, the impact of monetary policies on both sides of the Atlantic, insufficient growth of emerging economies, etc.).

THE TELEVISION INDUSTRY IN 2014: THE YEAR WHICH FOLLOWED A CRISIS OF UNPRECEDENTED DIMENSIONS

As indicated in the Management Report corresponding to last year's notes to the consolidated financial statements, TV advertising investment shrank 6.2% during the year, although the trend observed during the period indicated that things were looking much better; culminating in a reversal of an interminable sequence of negative increments commencing in 2008 which (with the exception of a brief respite in 2010 with a modest yet ephemeral recovery), caused the TV advertising market to shrink to nearly half its size in five years. In this manner, commencing September, 2013, signs of inter-annual growth were registered, which led to a 5.6% advance in TV advertisement investment in the last quarter with regards to the prior year.

With respect to 2014, according to Infoadex, television advertising increase about 10.9%, meaning that the majority of the increase in overall advertising was thanks to television, which is a clear indicator of the strength of the medium as a communication tool in the eyes of advertisers.

This upward shift is thanks to TV consumption, which is measured in minutes by spectator and day: although it dropped to historic lows during mid-2013, and had clearly been inflated by the economic turndown, it still posted some of the highest figures in the business, pushing the overall global percentage upward in 2014. This was a year in which investment showed a remarkable recovery, and is without a doubt an indication of the strength and notoriety of the medium as a commercial communications tool.

The above increases are mainly the result of the partial recovery of prices which had shot downward, and with little or no hope of continuity with regard to the highs reached in 2007, although it is indeed true that, to a certain degree, during 2014 the degree to which advertising space is used was also increased.

With respect to the Mediaset Group, in 2014 we were able to grow slightly over the market thanks to the substance of our contents and audience, to eventually reach a 44.2% of the investment in the medium at the year end.



With regard to the audience, data for the year unequivocally indicate that the Group continues as the indisputable global leader (30.7%), with a 1.7 increase with respect to 2013, and even despite having to return two channels as a result of the execution of the Supreme Court Sentence annulling this concession. This represents the historic record for a commercial TV group in Spain.

These data are also very positive for our main channel (Telecinco), which has increased its share of audience 1 point, from 13.5% to 14.5%. This is the highest percentage since 2010.

The abovementioned audience data encompasses Cuatro (6.7%) as well as all the second-generation channels (8.8%), which also indicate the strength of our show lineup, which places us at the respectable distance (three points higher) above our main competitor.

Comparing the Company's results in 2014 with those of 2013, we see:

- Total operating income increased from 826,820 thousand euros in 2013 to 932,087 thousand euros in 2014, mainly thanks to the increase in advertising income, although non-advertising income (especially those relating to the cinematographic activity) also performed quite positively.
- Operating income rose from 756,648 thousand euros in 2013 to 787,333 thousand euros in 2014, which is a slight increase basically explained by the broadcast of non-recurring sporting events, which have also contributed to the increase in the audience as well as advertising income.
- Finally, the net result attributable to the year during 2014 was 59,492 thousand euros with regard to the 4,161 thousand euros recognized in 2013, which is a very significant improvement, mainly thanks to the recovery of operational margins during the year based on the increase in operating income.

DIVIDENDS

In 2014, no dividends were distributed, mainly due to the advertising market at the beginning of the year, and the existence of potential investment opportunities which would have made it necessary to have the financial wherewithal in the case, though they did not eventually take place.

INVESTMENT IN RIGHTS AND FILM PRODUCTION

The Mediaset España Group maintained its policy of investing in audiovisual broadcasting rights, carefully selecting the type of rights and content in order to maintain audience figures in the future and provide the most fertile ground for the advertising business. The Group placed special emphasis once again on investment in Spanish series.

Worth highlighting were the activities undertaken by Telecinco Cinema, a wholly owned subsidiary of the Group charged with film production under the legal requirement of TV concessionaires to earmark 3% of operating revenue for Spanish and European film production.

As investment in film production arises from a legal obligation and not a decision made freely by the network, the Group has opted for quality and ambitious projects based on global strategic criteria guiding its activity in this field. Where possible, it opts for productions of a certain size and scope that are apt for international showing bearing in mind market conditions and the Group's financing capacity, as this obligation outweighs the revenues generated, regardless of the trend and without any consideration to costs incurred or margins commanded.

In short, the aim is to combine financial wherewithal, talent, profitability, and opportunities efficiently for our brightest and most promising professionals in order to maximize the return on investment -in light of global conditions, maximum



importance is attached to this- considering that the activity is not voluntary, and to produce films that bring together quality and commercial appeal under the Group's logo.

For Telecinco Cinema, 2014 was a year which can only be described as exceptional, with films in five different genres (comedy, romantic comedy, black humor, action, and documentary) premiered during the year: "Ocho Apellidos Vascos," "Perdona si te llamo amor," "Carmina y Amén," "El Niño," and "Paco de Lucía: la búsqueda," which all reaped huge successes on both a critical and popular success.

"Ocho Apellidos Vascos" is well-known as the film which reached historically-high box office and audience levels as far as national productions are concerned, surpassing 56 million euros in box office sales and 9 million spectators, also obtaining five Goya nominations, and finally winning three.

"Carmina y Amén" multiplied by ten the box office sales it earned with the first film ("Carmina o Revienta"), while also earning a Goya nomination in the "Best new actress" category.

"El Niño" is the second highest-grossing film during 2014, with nominations in 16 Goya Award categories, eventually winning four.

Finally, "Paco de Lucía: la búsqueda" was the highest-grossing documentary during the year, and won this Goya category as well as two other nominations.

In summary, this has been a spectacular year, with another one right on its heels in which Telecinco Cinema aspires to do its best to provide the best we have to offer, renewing our commitment to ensure that the industry and its public are in tune, and to solidify the base of our film production segment abroad. Filmmakers such as Enrique Gato, Alejandro Amenábar, Emilio Martínez Lázaro, Daniel Calparsoro, and J.A. Bayona, among others, are collaborating on new projects: "Atrapa la bandera", "Tadeo Jones y el secreto del Rey Midas", "Regresión", "Ocho Apellidos Vascos 2ª parte", "Cien años de perdón", or "Un monstruo viene a verme", all which will be premiered in 2015 and 2016.

For the overall film sector, 2014 was an excellent year both in attendance as well as in sales, reaching 127 million euros in box office sales, and 21.2 million spectators, with a 25.7% share of the market, which is a percentage surpassing any the past 37 years. Telecinco Cinema was a key player in attaining this success, which is a source of pride and satisfaction, while also reaffirming our commitment to working with the same energy and enthusiasm to produce quality work which is accessible to all publics.

INTERNET

The Group considers Internet a strategically important current and future activity.

Based on this premise, it is important to highlight the fact that the Mediaset websites performed magnificently in 2014, growing 57.3% in sole browsers with respect to 2013; Telecinco.es was once again the TV website with most views, rising 49.1% with respect to the monthly average in 2013. Divinity.es is the fashion portal which features society celebrities, reaching record numbers of visits during the year, close to three million sole visitors during the last month of the year.

With regard to the video on demand sector, data for Mediaset products increased 67.8% with respect to 2013, while Mitele.es, the Group's video platform, continues the upward trajectory of this app which already has registered three million downloads.

Based on OJD data, as well as figures provided by Comscore, the Group is still the undisputed leader among audiovisual communication groups.



TREASURY SHARES

At December 31, 2014, the Group held 39,284,862 of its own shares, representing 9.66% of share capital.

PAYMENTS TO SUPPLIERS

During 2014, the average payment to the Group's national suppliers was 77 days. This difference is notable when compared to the maximum stipulated by payment arrears regulations, and is exclusively due to the rigorous control exercised by the Group with regard to mercantile and tax requirements to be met by invoices received, meaning that they are not paid until the incidents detected have not been resolved. The Group scrupulously meets its commitments with regard to legislation aimed at battling late payments.

MEDIASET ESPAÑA SHARE PRICE PERFORMANCE

After two consecutive years of progress, the European stock exchanges underwent a transition in 2014 in which volatility increased notably. In this scenario, the IBEX 35 was the best-performing index, with a rise of 3.7% based on the effect on Spanish equity funds of the positive opinions of analysts on the macroeconomic outlook for 2015.

As far as European Stock Markets are concerned, the German DAX rose 2.7%, reaching new historic highs nearly every month, to attain 10,087.12 points on December 5. The other leading European stock exchanges performed less brilliantly: the Italian FTSEMIB only grew 0.2% while the French CAC40 and the UKFT 100 fell 0.5% and 2.7%, respectively.

Indices in North American markets registered record monthly highs, closing the year with sharp rises: the Dow Jones rose 7.5% thereby ending its sixth year high, unparalleled since 1999, while the S&P 500 rose 11.4%, also culminating a six-year positive stretch.

With regard to the stock market trend of Mediaset España, the appreciation of the quoted price in 2014 was 24.5%, which is the best performance within the European communication sector, and eighth in the IBEX35.

Its degree of capitalization increased during the year 837 million euros, reaching 4,250 million euros, unsurpassed since 2008.

The maximum price per share during the year was reached on December 24 (10.60 euros), and the minimum (7.41 euros) was registered on May 15. Total business volume amounted to 4,822.4 million euros, with an increase of over 2,000 million euros as compared to 2,747.2 in 2013, which is 76% more. The volume of securities during the year was 542.3 million, vs. 397.5 in 2013 (an increase of 37%).

Mediaset España's market capitalization is ranked number one nationally among companies in the sector, with an 18% difference with respect to its main competitor, surpassing the overall valuation of all the media companies in Spain, while on a European level it ranks third, moving up a notch as compared to the year before.

CORPORATE GOVERNANCE AND SOCIAL RESPONSIBILITY

Good practice in corporate governance means establishing rules, principles, and incentives at companies that help safeguard the interests of the company and its shareholders, and guarantee greater transparency in management.



Mediaset España's commitment to the regulations and principles of good government has been evident since it first was listed on the market in 2004. Since then, our focus has been on adapting our different regulating bodies to the Code of Good Governance as well as others inexistent until now: our Code of Ethics is obligatory for any natural or legal person collaborating in any and all capacities with us, as well as the Rules of Internal Conduct of Mediaset España Comunicación, S.A. and subsidiaries with regards to the securities market.

This also contemplates a review of the quantitative and qualitative composition of the Board of Directors and the Commissions in order to comply with recommendations in this regard.

Mediaset España Comunicación, S.A. and subsidiaries' Corporate Governance Report, Report on Corporate Responsibility, and Remuneration Policy are approved at its General Shareholders' Meeting, and were verified by independent auditors (PricewaterhouseCoopers) which rated it top among IBEX-35 companies in a study of Corporate Governance compliance, as do other specialized institutions.

HEDGING

The Group uses financial instruments to hedge the impact of foreign exchange differences in connection with transactions (primarily the acquisition of external production rights) denominated in foreign currency. These hedges are designed to offset the impact on the income statement of exchange-rate fluctuations in outstanding amounts payable on these transactions. Specifically, the Group buys foreign currency forward for the amounts payable so as to match the forecast payment dates.

RISK CONTROL

The Group's risk management policies are described in Note 22.4 of the accompanying consolidated financial statements.

RESEARCH AND DEVELOPMENT COSTS

The Group's biggest investments go to the current and future content broadcast by the Group. It does not have a specific R&D department, although innovation is one of our crucial areas of development.

EVENTS AFTER THE REPORTING PERIOD

At the date of preparation of these consolidated financial statements, no significant events have occurred.

CAPITAL STRUCTURE

The Company's share capital before the capital increases carried out in 2010 to acquire Cuatro and 22% of Digital+ amounted to 123,320,928.00 euros, made up of 246,641,856 shares of the same class represented by book entries and with a par value of 0.50 euros each. As a result of the capital increases, the number of shares increased to 406,861,426 of 0.50 euros par value each, taking the total to 203,430,713 euros. All the shares are of the same class and represented by book entries.

The Company's shares are listed on the Madrid, Barcelona, Bilbao, and Valencia stock exchanges. The ISIN code is ES0152503035.

Mediaset España Comunicación, S.A. is a member of the IBEX 35 since January 3, 2005.



BUSINESS OUTLOOK

Our business is mainly dependent on advertising, which in turn is closely and directly linked to private consumption trends, as well as employment. For this reason, in 2015 the Group will not be able to separate itself from the general macroeconomic context in which it carries out its business and its indices; as discussed in this Management Report, figures for 2014 indicate that the Spanish economy is no longer immersed in a recession, but rather is on the road to growth; in 2015, despite prevailing global economic risks, the GDP should continue growing; according to analysts, this could surpass 2%, while in terms of private consumption, this rise might even be more notable in line with the increase in the disposable income of families and individuals.

The free-to-air TV business is in a sector which is consolidating, and in which the Group was a pioneer: it will positively affect its trend in this phase of the consolidation of the advertising cycle, especially with respect to the capacity to recover prices which suffered the brutal impact of the economic crisis during the five-year period from 2008-2013.

Available data on TV consumption and its share of the total advertising income pie indicate that the sector has undergone a crisis brought on by the economic recession; however, now that we are well on the road to recovery, structural factors also remain solid.

Within this context of the concentration and consolidation of operators, the Group's business strategy will be focused on how to maintain its strong lead, in both terms of audience as well as advertising market, while being fully-adapted to the environment which affects income generation as well as its cost structure, in order to facilitate the growth of our margins and cash flows taking advantage of the financial leverage which is substantial in our sector.

As far as its programming lineup is concerned, the Company will continue to support genres which have traditionally been popular; thereby making it the indisputable leader of the market; it will also continue with its strategy of diversification, focusing on the different audience to which the family of channels is tailored. Also, it will endeavor to better position each channel in advertising terms, while remaining cognizant of sporting events which, in an increasingly-fragmented market, are very popular and attract large audiences. All this will take place with close supervision of acquisition costs and attention to advertising opportunities, which are key to obtaining economic benefits, as well as a relevant goal within our programming strategy and commercial operations.

A final first-line goal is to maintain a solid financial and equity position (while remaining virtually debt-free and with positive cash-flow), thereby making it possible to objectively and independently consider operational and business opportunities as they arise within the context of the current ever-changing environment, while bolstering the Group's competitive edge in the face of the high financial leverage which affects the majority of the companies competing in its sector.

Also, once our sector's economic situation seems more normalized, we will maintain our shareholder remuneration policies based on distribution (using the different measures at our disposal, dividends, and others) of surplus cash. It is also important to recall that we are currently in the abovementioned process of complying with the share buyback plan as an effective way to remunerate our shareholders.

SHAREHOLDER AGREEMENTS

Throughout 2014, side agreements in force declined. These side agreements were included in the "Significant Event" notice filed by the Company with the National Securities Exchange Commission (CNMV) on February, 8, 2014. Prisa Television was entitled to appoint two members to the Mediaset Board of Directors (vs. 8 Mediaset members); it would also be allowed to keep one director on the Board as long as it holds minimum of 5% of Mediaset's share capital. Prisa Television also had the right for some of its representatives on the Mediaset Board of Directors to hold certain positions within this organ or other commissions while Prisa Television would maintain its investment in Mediaset higher than 10% (a non-executive vice president; a member of the executive committee; a member of the audit and compliance commission, and a member of the naming and the Appointments and Remuneration Committee).

Throughout 2014, Prisa Television reduced its shareholding in Mediaset to below 5% of its share capital, which meant that such side agreements were rendered totally without effect.



RULES GOVERNING THE APPOINTMENT AND REPLACEMENT OF DIRECTORS AND THE AMENDMENT OF THE COMPANY'S BYLAWS

A. Appointment and removal of directors.

Article 41 of the Company bylaws:

1. Directors shall be appointed pursuant to a resolution of the shareholders at the General Meeting, adopted in accordance with the requirements of article 102 of the Spanish Corporation Law.
2. Notwithstanding the foregoing, the designation of directors through the proportional system referred to in article 137 of the Spanish Corporation Law is duly safeguarded.
3. In the event of a vacancy during the term for which the directors were appointed, the Board may co-opt a shareholder to occupy the position until the earliest General Meeting.

Article 54 of the Company bylaws:

1. Directors shall be appointed for a period of five years and may be re-elected for one or more subsequent terms of equal length. The appointment shall lapse at the end of the term once the subsequent General Meeting has been held or at the end of the legal term established for calling the Annual General Meeting.
2. The appointment of directors designated by cooptation shall be deemed to have been made and the directors shall exercise their functions up to and including the date of the next General Meeting, without prejudice to the shareholders' powers of ratification at the General Meeting.
3. Independent directors may exercise their functions for a maximum period of twelve (12) years and may not be re-elected after such period except subject to a favorable report by the Appointments and Remuneration Committee.

Article 55 - Removal of directors

1. Directors shall cease to hold office when so determined at the General Meeting, when they notify the Company of their resignation or decision to stand down or when the term for which they were appointed elapses. In the latter case, the resignation shall be effective from the date of the earliest General Meeting.
2. Directors shall tender their resignation to the Board of Directors and the Board shall accept their resignation if deemed appropriate in the following situations: (a) when they reach the age of 70; (b) when they retire from the executive positions to which their appointment as directors was associated; (c) when they are involved in any applicable situations of incompatibility or prohibition; (d) when they have been seriously reprimanded by the Appointments and Remuneration Committee for having infringed their duties as directors; and (e) when their continuity as directors jeopardizes the Company's interests or adversely affects its prestige and reputation or when the reasons for which they were appointed cease to exist (e.g. when proprietary directors dispose of their ownership interest in the company).
3. Directors who stand down from the Board prior to the end of their mandate must submit a letter to all the members of the Board explaining the reasons for vacating office. The Company shall also notify the Spanish National Securities Market Commission (CNMV) of the resignation in a significant event filing and explain the reasons in the annual Corporate Governance Report.



B. Amendments to the Company's bylaws.

Article 34. - Adoption of resolutions

1. Resolutions shall be adopted at Annual General Meetings or at Extraordinary General Meetings with the majorities required under the Spanish Corporation Law. Every voting share present or duly represented at the General Meeting shall carry one vote.
2. The majority required to approve resolutions shall be one half plus one of the voting shares present or duly represented at the General Meeting, except for the instances stipulating larger majorities, provided for in Law or these bylaws.

POWERS OF DIRECTORS AND, SPECIFICALLY, POWERS TO ISSUE OR BUY BACK SHARES

These powers are regulated firstly in the Company's bylaws and secondly in the internal code of conduct.

A. Article 37 of the bylaws regulates management and supervisory powers as follows:

1. Except for matters reserved solely to General Meeting, the Board of Directors is the Company's highest decision-making body.
2. The Board of Directors has all the powers required to manage the Company. However, the management of the Company's ordinary business shall generally be entrusted to the steering committees and to the management team and the Board of Directors shall focus on establishing the Company's general strategy and exercising general supervisory functions. In any case, decisions on the following matters are the exclusive reserve of the Board of Directors and may not be delegated:
 - a) Authorization for issue of the financial statements, management report, and proposed distribution of profit, and the consolidated financial statements and Group management report.
 - b) Appointment of directors by co-optation and proposals to the General Meeting for the appointment, ratification, re-election, or removal of directors.
 - c) Designation and re-election of internal positions on the Board of Directors and members of committees.
 - d) Establishment of the remuneration of the members of the Board of Directors, to be proposed by the Appointments and Remuneration Committee.
 - e) Payment of interim dividends.
 - f) Announcements relating to any takeover bids launched for the securities issued by the Company.
 - g) Approval and amendment of the Board of Directors' Regulations governing internal organization and functions.
 - h) Authorization for issuance of the annual Corporate Governance Report.
 - i) Exercise of the powers delegated by the shareholders in general meeting when powers of substitution have not been established and the performance of any duties entrusted by the shareholders in general meeting.



- j) Conclusion of any agreement or establishment of any legal relationship between the Company and any shareholders (or companies belonging to the same group as the shareholder) with ownership interests of over five per cent and of an amount in excess of 13,000,000 euros.
- k) Conclusion of any agreement or establishment of any legal relationship between the Company and any third party valued at over 80,000,000 euros.
- l) Approval of annual budgets and, if applicable, strategic plans.
- m) Oversight of investing and financing policy.
- n) Oversight of the shareholder structure of the Mediaset España Group.
- o) Approval of corporate governance policy
- p) Oversight of corporate social responsibility policy.
- q) Approval of the remuneration policy for executive directors for their executive functions and the main terms that their contracts must fulfil.
- r) Performance evaluation of the Company's executive directors.
- s) Monitoring, following a prior report of the Audit and Compliance Committee, of the risk control and management policy, and the internal information and control systems.
- t) Approval of Company policy on treasury shares.
- u) Staying abreast of the removal and appointment of senior executives, and their contract terms.
- v) Approval at the proposal of the Audit and Compliance Committee, of the financial information that the Company must publish periodically.
- w) Approval of the creation or acquisition of ownership interests in special-purpose entities or companies domiciled in countries or territories considered to be tax havens and any transactions or operations of a similar nature which, due to the complexity thereof, may adversely affect the Group's transparency.
- x) Authorization, following a favorable report of the Audit and Compliance Committee, of the related-party transactions that Mediaset España Comunicación, S.A. may perform with directors or persons related to the directors or to significant shareholders, except for those which fulfil the following conditions: (i) they are applied en masse to a group of customers and in accordance with standard terms and conditions, (ii) they are performed at prices established in general terms by the supplier of the service or on an arm's length basis, (iii) the related amount does not exceed 1% of Mediaset España Comunicación's annual revenue. The directors affected by related-party transactions which, due to the nature thereof, are subject to vote by the Board of Directors, shall not attend the meeting and may not vote or delegate their vote.
- y) Any other matters that the Board of Directors Regulations reserve for handling by the Board in full.

The powers reserved for the Board of Directors, except those that legally or statutorily cannot be delegated, are vested in the Executive Committee and the two chief executive officers, Paolo Vasile and Giuseppe Tringali.



B. Section 9 of the in-house Code of Conduct of Mediaset España Comunicación, S.A. and its Group governing its dealings in the securities markets sets out the rules applicable to transactions in treasury shares, specifically providing the following:

9.1. Definition of treasury share transactions falling under the remit of the securities market code of conduct

Transactions with treasury shares shall be deemed to be those engaged in with shares issued by Telecinco Group companies and derivative instruments whose underlying is the aforementioned shares.

These transactions may be undertaken:

- a) Directly by the Company or by other Mediaset España Group companies.
- b) Indirectly, through third parties with an explicit or implicit mandate.
- c) By third parties without a mandate but acting to the same end.

9.2. Policy on treasury shares

Within the scope of the authorization given at the General Meeting, the Company's Board of Directors shall be responsible for drawing up specific plans for the acquisition or disposal of treasury shares.

9.3. General principles guiding trading in treasury shares

Trading in treasury shares shall conform to the following principles:

9.3.1. Compliance with regulations

All Affected Persons are obliged to know and comply with the applicable internal regulations and procedures.

9.3.2. Purpose

The overriding objective of trading in treasury shares is to provide investors with the adequate market liquidity and depth for its securities, and to minimize any possible temporary imbalances arising between market demand and supply. Under no circumstances shall trading be engaged in with a view to intervening in the free formation of prices.

9.3.3. Transparency

Transparency in dealings with the stock exchange supervisory and regulatory bodies in connection with treasury share transactions shall be monitored.

9.3.4. Insider information

Under no circumstances may persons who have had access to insider information on the related securities and instruments trade in treasury shares.

9.3.5. Neutrality in price formation

Intervention shall be neutral and under no circumstances may a dominant position be held in the market.



9.3.6. Brokerage

The Mediaset España Group companies shall channel all trading in Company shares through a limited number of market members. Prior to any trading the Company shall inform the CNMV in a confidential manner of the designated member and also of any replacement thereof. In the event that a framework agreement is executed with any market member governing treasury share dealing, a confidential copy thereof shall be furnished to the CNMV and to the stock exchange governing bodies.

9.3.7. Counterparty

The Mediaset España Group companies shall refrain from buying or selling Company shares where the counterparty is any of the following persons or entities: (i) Telecinco Group companies, (ii) the directors thereof, (iii) their significant shareholders, or (iv) interposed persons of any of the above. Similarly, the Mediaset España Group companies may not simultaneously hold purchase and sale orders for Company shares.

9.3.8. Restrictions

Trading in Company shares shall not be engaged in during processes related to public offerings, takeover bids, mergers or other similar corporate operations unless expressly provided for in the prospectus for the transaction in question. The Company shall also refrain from trading in treasury shares during the closed periods established in article 4.3.4 of the Code of Conduct.

9.3.9. Amendment

In the event of the urgent need to protect the interests of the Mediaset España Group and its shareholders, the chief executive officer or the director of regulatory compliance may agree to temporarily amend or suspend the application of the foregoing regulations, of which the Board of Directors and the CNMV shall be informed.

9.4. Stock option plans

Notwithstanding the foregoing, the rules established in articles 9.1 to 9.3 of the Code shall not apply with respect to the acquisition of treasury shares to be subsequently granted to the beneficiaries of the Company's stock option plans approved by the Board of Directors, or to the other trading in treasury shares entered into by the Company within the framework of a share buyback program. The aforementioned transactions shall be executed taking into account the particular characteristics thereof, the manner and the specific features established by the Board of Directors when approving the plans, which shall comply with the conditions established in the regulations implementing article 81.4 of the Securities Market Law.

9.5. Designation and functions of the department responsible for the management of treasury shares

The Management Control Department shall be responsible for managing treasury shares.

9.5.1. Special duty of confidentiality

The persons that form part of the Management Control Department assume special confidentiality commitments with respect to treasury share strategy and trading.

9.5.2. Duties

The Department shall be responsible for:

- a) Managing the treasury shares in accordance with the general principles established in the Code of Conduct and those determined by the Mediaset España Group's managing bodies.



- b) Overseeing the performance of the Telecinco's shares and informing the director of regulatory compliance of any significant changes in the share price which cannot reasonably be attributed to market movements.
- c) Keeping a record of all treasury share trades ordered and executed for consultation by the director of regulatory compliance, the Board of Directors or any other persons designated by the Board.
- d) Establishing relationships with any supervisory bodies as necessary to correctly comply with the provisions of this Code.
- e) Preparing a report on the Department's activities quarterly or whenever so required.
- f) Notifying the director of regulatory compliance of any significant incident arising from the management of the treasury shares.

SIGNIFICANT AGREEMENTS THAT WOULD COME INTO FORCE, BE AMENDED OR EXPIRE IN THE EVENT OF A CHANGE OF CONTROL AT THE COMPANY

There are no significant agreements subject to a change in control at the Company.

AGREEMENTS BETWEEN THE COMPANY AND ITS DIRECTORS AND MANAGERS THAT PROVIDE FOR SPECIAL INDEMNITIES

The following table itemizes the only instances of special indemnification schemes outstanding between the Company and its directors and managers.

Position	Guarantee or golden parachute clause
General Manager	<p>Termination of contract by the Company (except for just cause): (in replacement of legally prescribed severance, unless the latter is higher)</p> <p>Termination between 04/24/02 and 12/31/07: 24 months' salary Termination between 2008 and 2011: 18 months' salary Termination thereafter: 12 months' salary</p>
General Manager	<p>Severance scheme:</p> <p>a) Voluntary redundancy: accrual per annum: fixed annual salary + annual bonus/13.5, so that total compensation is equivalent to the total years worked, b) Justified or unjustified dismissal: legally prescribed severance + severance set out in a) above</p>
Division Manager	<p>Termination of contract by the Company (except in case of just cause):</p> <p>An indemnity of one year of gross fixed salary plus legally prescribed severance.</p>
Manager	<p>Termination of contract for reason attributable to the Company (except in case of just cause):</p> <p>18 months of fixed salary (including legally prescribed severance).</p>