MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31, 2014

THOUSAND OF EUROS

THE SPANISH ECONOMY IN 2015

Information on economic performance at the date of the preparation of these financial statements indicates that during 2015, Spain was one of Europe's fastest-growing economies, and the clear leader among large economies in the zone, several of which were quite stagnant quarter after quarter.

This positive trend, which is estimated at 3.2% inter-annually during 2015 in GDP terms (practically double the average in Europe), reflects the smooth road to economic recovery which began last year.

The global outlook, with definitive data for the year still not available, growth is forecasted at 3.1%, a figure which is nearly identical to that of the Spanish economy, and which is quite indicative of its improvement during the year vs the other countries. Based on the above, growth indicators for advanced economies predict a 1.9% growth for the year, while the EU will only grow 1.6%.

The United States should grow around 2.4%, which is in line with 2014, and is rather disheartening, especially as regards the less dramatic than expected improvement observed during the second half of the year.

Worth mentioning is the economic performance of emerging countries which have dropped 6 decimal points' growth during the year; China is a case apart, due to the size of its market, its significance to the global economy, idiosyncrasies, and its terribly opaque financial markets, while both Russia and Latin America (notably Brazil) are entering negative growth territory as a result of the combination of a drop in demand and raw materials, and the unprecedented plummeting price of oil, which without a doubt represents one of the most relevant matters during 2015, whose consequences on the overall trend of world economy still remains to be seen.

In effect, the past year was marked by the uncertainties surrounding the Chinese market, which finally led to a small cataclysm in the markets and volatility worldwide. The above is indicative of the beginning of a change in China's development model, which was established on the pillars of investment and infrastructures, and now is more dependent on consumption.

Its enormous economy lacking in transparency has unleashed a generalized lack of confidence in the markets, and at the same time has increased volatility and aversion to risk for investors, which was reflected in the generalized drop in stock markets worldwide.

The steep decline in oil prices to levels unheard of over the past 13 years has to a greater or lesser extent fostered and continues to foster social tension in countries whose tax income is dependent on oil to maintain welfare benefits as well as other basic services.

Geopolitical tensions are on the rise in specific areas of the planet (such as Syria, Iraq, Iran, Saudi Arabia, North Korea, etc., which are undoubtedly correlated to the above economic factors), while the current US presidential campaign features a much wider spread in political positioning than in prior election years. The above global economic backdrop is becoming increasingly complex.

As a result of this environment, the year got off to a start with generalized drops in stock exchanges, and steep corrections in nearly every market due to the generalized spiral of securities sales by investors wishing to unburden themselves due to fears that the prevailing risk factors might finally evolve into a new recession. This process continues open as of today's date.

The abrupt corrections in the securities markets are occurring in a context in which the economic performance of the European Union was more dynamic than in prior years, although growth rates (estimated at 1.6% for the year overall) have hardly been spectacular: nearly all the lagging countries, such as France and Italy, seemed to have gained traction, while the United Kingdom is still growing over the Eurozone average.

As mentioned previously, data for Spain available at the date of the preparation of these financial statements indicates that the GDP grew 3.2% in 2015, which is nearly twice the expected rate for Germany, four times over Italy, over 2.5 times higher than France, and a third higher than the UK. This figure is not at all bad, although the financial crisis hit Spain with much more force than other European Union members; several more years must pass in order to attain balanced positions recorded in 2007.

In any case, these figures are heartening and should not be dismissed: consumption will overtake the GDP, and serve as a catalyst for greater dynamism in the labor market: although it is still lagging due to a disproportionate 20.9% unemployment rate, 525,000 new jobs were created during the year, shrinking this rate 5 points since its highest point during the first quarter of 2013.

The performance of the Spanish economy in 2015 was boosted by strong tailwinds which simultaneously assisted this recovery: the drop in the price of oil (fantastic news for such an oil-dependent country), tax reductions for companies and individuals, and the continuation of the European Central Bank's expansive monetary policies.

Apart from the steep unemployment rate, there are another two aspects worth mentioning about Spain's economy during the year: its indebtedness vs. other markets (in which public debt surpassed 100% of the GDP at year end), and the deficit of Public administrations which clearly has surpassed European Union commitments.

In this sunny economic scenario, which also has its shadows, the current political uncertainty due to the fragmented and highly-complex result of the General Elections held on December 20, which still have not been resolved; a new government still has not been formed, and indeed, there are few expectations that it will without the need to once again call for elections. Recent encounters between the PSOE (the political party called upon to attempt to reach agreements aimed at investiture) and other parties within the parliamentary scope; however, it is impossible to guess whether a sufficient majority will be attained, or if new elections will be necessary.

Whatever the end result, it is clear that the sooner a new government is formed terminating this current legislative impasse, the better it will be for Spain, since the climate of volatility and uncertainty, as well as the lack of overall political instability is exerting a negative effect.

THE TELEVISION INDUSTRY IN 2015: THE YEAR IN WHICH MANY SECTOR UNCERTAINTIES WERE DISPELLED

As reflected in the 2014 Management Report, the investment in TV advertising investment grew 10.9% during the year, unheard of since prior to the crisis.

According to unofficial data at the date of preparation of these consolidated financial statements, TV advertising grew 6.4% in 2015, which is under 2014 and sequentially reflected a more positive performance at the first half of the year. This is explained by the increasingly demanding comparisons with prior years, and also because TV advertising took off about six months before the overall Spanish economy did, creating a shift in the comparison bases as the cycle progressed.

In any event, once more, TV advertising demonstrated its strength in the overall advertising market, increasing its presence to 40.1%, all despite the growing predominance of online advertising; both platforms are potentially convergent and non-exclusive as regards advertiser penetration targets.

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 downturn, it still posted some of the highest figures in the business. This was a year in which investment showed a remarkable recovery, and is without a doubt an indication of the medium's excellent health 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.

Based on best estimates at the date of the preparation of these financial statements, in 2015 the Company captured 43.4% of the average investment in this medium (2014: 44.2%), which was chiefly thanks to the 2014 World Football Championship.

With regard to the audience, data for the year unequivocally indicate that the Group continues as the indisputable overall leader (31.0%), with a 0.3 point increase with respect to 2014, and even despite a more difficult comparison with the prior year, due to sporting events held then (mainly, the Brazil World Cup). This historic record for a commercial Spanish television channel is 4.2 higher than our main competitor, with just 26.8% for all its channels together.

These data are also very positive for our main channel (Telecinco), which has increased its share of audience 0.3 points, from 14.5% to 14.8%, the pinnacle since 2009. These numbers reflect that our benchmark channel is 1.4 points over its chief competitor, Antena 3, with a 13.4% share during the year.

Cuatro's audience ratings grew 0.5 points during the year (7.2% vs. 6.7% the prior year), thereby making it the year's fastest-growing channel, while the Group's four theme-related channels (Factoría de Ficción, Boing, Divinity, and Energy) registered a cumulative audience share of 9%, just 3 points with respect to our main competitor's channels.

Therefore, during 2015, a tender took place to assign the frequencies withdrawn from the open-air channels (in which our Group had to return two of its nine affected channels), due to a Supreme Court ruling which ordered their return under the tender offer, with the subsequent assignment of channels.

The end result was the assignment of six channels in all, one corresponding to our Group and another to AtresMedia, while the other four (one which is high definition and three standard) were granted respectively to Real Madrid, the Spanish Episcopal Conference, Kiss FM, and Secuoya.

In this new panorama, Mediaset España is consolidated with one more channel than AtresMedia, confirming our position in a stable scenario as regards the number of operators in the sector after a period marked by uncertainty and turmoil caused by the legal proceedings filed against the prior channel assignation scheme, which is without a doubt magnificent news for the sector.

- Comparing the Company's results in 2015 with those of 2014, the following is evident:
- Total operating income rose from 732,666 thousand euros in 2014 to 765,398 thousand euros in 2015, mainly due the increase in advertising revenues, although non-advertising income also performed quite positively.
- Operating expenses went from 678,734 thousand euros in 2014 to 656,164 thousand euros in 2015, with a decrease which can be explained by the continuation of the Company's traditional cost containment policies.

Finally, the net result attributable to the year during 2015 was 167,404 thousand euros vs. 59,963 thousand euros during 2014, which is a very significant improvement, mainly thanks to the recovery of operational margins during the year based on the increase in operating income, and expense control.

DIVIDENDS

In 2015, a total of 36,970 thousand euros in dividends were distributed, charged to 2014 results, as well as another extraordinary dividend amounting to 10,571 thousand euros.

INVESTMENT IN AUDIOVISUAL RIGHTS AND FILM PRODUCTION

The Company 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 Company 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, 2015 was once again an extraordinary year, even when considering that 2014 was exceptional, during which three productions were received with open arms by critics and the public alike:

"Atrapa la Bandera," a film for children in line with the hugely successful "Aventuras de Tadeo Jones," which earned box office income of over 11 million euros, thereby becoming the second-ranked Spanish film in these terms.

"Regresión," Alejandro Amenábar's recent return to the thriller market, is a Spanish-Canadian co-production, featuring an impressive cast of international actors. It has so far earned 9 million euros at the box office, and ranks in fourth place among the year's Spanish films.

"Ocho Apellidos Catalanes:" the incomparable sequel to "Ocho Apellidos Vascos" with the same director ans cast, while also including new comedy talents, with a box office take of 36 million euros. This was the biggest earner during the year (surpassing even "Star Wars: the force awakens"), and is not only the third-ranked filmed in box office terms in Spanish film history, but also the top sequel of all time.

Overall, the Spanish film market was superb, reaching 119 million euros of box office earnings during the year, and attracting 18 million spectators, representing 20% of the market, all thanks to (and said humbly) Telecinco Cinema, which is providing us the energy to continue working at maximum potential, with high optimism and total effort and dedication to continue producing quality films for all audiences. This will continue in a favorable economic environment characterized by a positive trend in consumption (a reduction in VAT applied to theater tickets would greatly assist in this area), leading to a long-expected improvement in the sector.

It is also important to point out that there are projects in the works for 2016 in line with the above successes, and we expect to contribute to helping Spain's cinema business progress further, offering its spectators and critics quality products, thereby helping to bolster its presence nationally and internationally.

To this end, we are collaborating with directors such as Daniel Calpasoro, J.A. Bayona, Alex de la Iglesia, Daniel Monzón, or Paco León among others, on projects such as "Cien Años de Perdón," "Un monstruo viene a verme," "Perfectos Desconocidos," "Marrowbone," "Es por tu bien," "Tadeo Jones y el Secreto del Rey Midas," and "Klki, el amor se hace" etc. which should be on the market in 2016 and 2017.

INTERNET

The Company 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 2015, growing 33.8% in single surfers with respect to 2014.

Telecinco.es was once again the TV website with most views, with an average of 9.8 million monthly visits. Divinity.es, the Group's fashion and celebrity website, reached a record number of viewers, with an average number of users totaling 1.5 million, while Cuatro.com attracted 3.9 million monthly visitors.

Our Group has always pioneered interactivity with viewers through mobile apps related to its most successful programs, registering over 11 million downloads on smartphones and tablets, with the most popular being Mitele (4.5 million), "La Voz" (1.6 million), "Gran Hermano" (2.6 million), Mediaset Sport (0.5 million), and "Moto GP" (0.4 million).

TREASURY SHARES

At December 31, 2015, the Company held 19,476,506 of its own shares, representing 5.32% of share capital in circulation. During the year, 40,686,142 securities were amortized, equivalent to 10% of the share capital, which had been classified as treasury shares.

PAYMENTS TO SUPPLIERS

During 2015, the average payment to the Company'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 Company 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 Company scrupulously meets its commitments with regard to legislation aimed at battling late payments.

MEDIASET ESPAÑA SHARE PRICE PERFORMANCE

After two years of solid advances and one of a transition, during 2015 the European Stock Exchanges were highly volatile, characterized by a rise during the first half of the year, supported by lax ECB monetary policies, while the second half performed poorly due to uncertainties surrounding China's economy as well as those of other emerging countries, which fostered a massive securities dump.

Eurozone indices ranged from the rise of the Milan FTSE MIB (at the top end) at a 12.7% to Spanish IBEX 35 rate (at the bottom), leading to a drop of 7.15% to 9,544 points, with an annual high of 11,866 points on April 13. The previously-mentioned risk factors exerted a negative effect on global markets which, in addition to growing political uncertainty arising from the Catalonian elections and the fragmented political panorama reflected in December's General Elections, were responsible for the considerable hesitancy of investors.

These uneven European level results were in line with the German DAX and the French CAC40, which rose 9.6% and 8.5% respectively, while the UK FT100 ceded 4.9%.

The ascendant US indices halted for the first time in six years, reflecting S&P 500 (-0.7%) and Dow Jones (-2.2%) losses.

Mediaset España's stock market price in 2015 dropped 3.97%, with its listed price at December 31, 2015 of 10.03 euros. The year's minimum was reflected on October 1, with a listed price of 9.69 euros; the maximum was recorded on July 16, when it reached 13.10 euros. The daily average of traded securities was 2,123,756 with an average daily volume of 22,753 thousand euros, with a total traded volume of 5,847.5 million euros, representing a 21% increase over the preceding year.

In terms of stock market capitalization, at December 31 3,672.7 million euros were reached, placing us at the head of Spain's communication media groups, and at a huge distance from our main competitor, and 32% over the sum of the remaining sector companies which are listed on the Spanish stock exchange; in Europe, our Group ranks fourth after ITV, Prosieben, and Mediaset.

Mediaset España ranks 28th among IBEX 35 companies in terms of market cap.

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 Company 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 Company 's risk management policies are described in Note 8.3 of the accompanying 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 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. In 2015, a capital decrease of 40,686,142 securities took place, leaving share capital represented by 366,175,284 shares. 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 and its perspectives, as well as disposable family income and unemployment figures. However, a perspective on how these variables interact must be based on a sufficient period of time; otherwise, results can be misleading.

It therefore seems superfluous to mention that our Company's business in 2016 cannot be extracted from the current macroeconomic environment in which we operate, as well as the correlated figures; we have explained that the economic data for 2015 clearly indicate that Spain is back on track and growing, at the fastest rate in our environment. We must remember, however, that we started out from a worse situation than similar countries, as the impact of the crisis in Spain was comparatively much more devastating, and that the growth is also attributable to external factors (such as the ECB's monetary policies, the price of oil, etc.) the duration of which are not foreseeable.

Authorized economic forecasts consider that the Spanish GDP will reflect a slightly slower growth than during 2015: should predictions prove to be correct, it will be around 3%, and perhaps a bit higher when discussing private consumption, which is the most relevant indicator for open-air TV.

However, at least two factors hovering over the 2016 economic scenario make it necessary to take a cautious view: the volatility of the financial markets, and the crises underway in emerging countries, which pushed the price of raw materials which support their economies downward towards historical minimums. In both cases, these are elements which are quite destabilizing which, at the date of preparation of these financial statements, in terms of probabilities does not seem capable of precipitating a new recession; indeed, they will be present for some time, foreseeably until supply and demand are balanced, especially that of oil.

Developments in China and the determination of whether or not it will be able to make a soft landing during its transition to an economic model based on infrastructures and exports to another based on consumption will without a doubt be one of the axes determining world economics in 2016.

Finally, we must not forget the current political environment in Spain, and the need for a stable government to be formed as soon as possible, with sufficient parliamentary support so as to move forward with growth during recent years: although consolidated, it has not been sufficient to resolve the basic economic issues left behind by the 2008-2013 economic crisis. The underlying issues of Spain's unemployment and public deficit may or may not last, especially in such a turbulent global economic time. We expect and hope that these thorny issues be resolved as soon as possible, and that we can continue on the road to growth without encountering any further bumpy patches.

As regards free-to-air television, we expect that the process of consolidation and normalization in our sector during recent years, in which our Group was a pioneer, to continue apace, most notably now, when as mentioned previously, a stable environment in which six new channels were assigned in the past year.

We expect the advertising cycle to continue apace on the back of the underlying economic growth; in this context, the recovery of advertising sales prices which were seriously affected during the crisis, will continue as a priority.

Available data on TV consumption and its share of the total advertising income pie indicate that after the economic recovery is consolidated, TV advertising revenues will not have suffered from the arrival of new platforms which involve television operators such as ourselves.

Within this context of the concentration and consolidation of operators, the Company '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 consubstantial 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 (which in 2016, will include another member) to gain a better rapport with the audience and serve as a more effective way to present ourselves to our clients.

A final first-line goal is to maintain a solid financial and equity position (while remaining 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, the purchase of treasury shares, 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, 2011. 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 Company'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.

Guarantee or golden parachute clause

Termination of contract by the Company (except for just cause):
(in replacement of legally prescribed severance, unless the latter is higher)

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

Severance scheme:

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

Termination of contract by the Company (except in case of just cause):
An indemnity of one year of gross fixed salary plus legally prescribed severance.

Termination of contract for reason attributable to the Company (except in case of just cause):
18 months of fixed salary (including legally prescribed severance).

Read with the accompanying explanatory notes.

Madrid, February 24, 2016.