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**ANNUAL REPORT ON REMUNERATION POLICY FOR THE  
DIRECTORS AND SENIOR MANAGERS OF GESTEVISIÓN  
TELECINCO, S.A. FOR 2009**

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**Madrid, 24 February 2010**



## **I. INTRODUCTION.**

In accordance with the provisions of Article 37.2 of the Articles of Association of GESTEVISIÓN TELE CINCO, S.A. (hereinafter the “Company”), the Board of Directors is responsible for approving the Remuneration Policy for the Directors and the main conditions for the contracts of Executive Directors.

The Report on Remuneration Policy for Directors prepared and sent to the Board of Directors by the Appointments and Remuneration Committee has been used in order to establish this policy, according to Section 5.1.K) of the Regulations of the Appointments and Remuneration Committee.

Each and every member of the Board of Directors has actively participated in approving the Report, under the direction and coordination of its Chairman, and the comments and suggestions made by all of them were taken into consideration.

## **II. OBJECTIVE.**

The main purpose of the remuneration policy for Directors is that they receive competitive remuneration in line with remuneration paid on the market by companies of a similar size and nature.

Likewise, this policy aims to pay the Directors remuneration consistent with their dedication to the Company, in order to encourage the motivation and retention of the most qualified professionals.

For this purpose, and pursuant to Article 56.3 of the Articles of Association, the remuneration policy shall take into consideration the responsibility and level of commitment involved in the role to be carried out by each Director.

In the case of Independent Directors, this policy also aims to pay them a remuneration offering incentives for their dedication to and continuance in the Company without compromising their independence.

Finally, the remuneration of Executive Directors is also linked to the performance of the Company, so as to achieve the Directors’ adequate involvement in corporate matters.

## **III. REMUNERATION OF DIRECTORS AS MEMBERS OF THE BOARD OF DIRECTORS.**

In accordance with the provisions of Article 56 of the Articles of Association and Section 28 of the Regulations of the Board of Directors, the remuneration of Directors in their capacity as members of the Board of Directors is structured as follows:

- Fixed annual amount: Directors shall receive a fixed annual remuneration according to their position and duties and in line with the remuneration paid on the market by companies of a similar size and nature, i.e., according to market standards.

- Per diem allowances for attendance and representation: Directors are entitled to receive per diem allowances for attendance both for the meetings of the Board of Directors and the meetings of the Board of Directors' Committees to which they belong.
- Moreover, the Chairman of the Board of Directors, who is not an Executive Director, shall receive supplementary remuneration in view of his/her special dedication to the Company and, particularly, in view of his/her duties of representation of the Company, pursuant to the provisions of Article 56.3 of the Articles of Association.

The Annual General Meeting shall fix the maximum amount of money that Telecinco is to pay the Directors as a whole as a fixed annual amount and per diem allowances for attendance, to be updated on an annual basis according to the increase in the consumer price index as published by the Instituto Nacional de Estadística (Spain's National Statistics Institute), as long as this amount is not changed by the Annual General Meeting.

At the Annual General Meeting held on 1st April 2009, it was resolved to fix the maximum amount of money that the Company was to pay the Directors as a whole for the year 2009 as (i) fixed annual remuneration and (ii) per diem allowances for attendance at EUR 1,800,000.

This resolution was approved by 180,315,883 votes for (99.865%), 115,792 votes against (0.064%), 128,957 abstentions (0.071%) and 14,630 blank votes (0.000%).

In turn, the Board of Directors is in charge of fixing the exact amount of money to be paid within this limit and distributing it among the different Directors.

As shown below, the amount of money paid to the Directors as a whole in 2009 as fixed annual remuneration and per diem allowances for attendance totals one million three hundred and eight thousand euros (EUR 1,308,000), an amount lower than the limit fixed by the Annual General Meeting.

#### **IV. REMUNERATION OF DIRECTORS FOR PERFORMANCE OF EXECUTIVE FUNCTIONS.**

Irrespective of the remuneration that the Executive Directors may receive as members of the Board of Directors, they shall also receive remuneration for performing executive functions. This remuneration, according to the provisions of Article 56.2 of the Articles of Association and Section 28 of the Regulations of the Board of Directors, shall be made up of:

- A fixed annual remuneration according to the services and responsibilities assumed by such Directors and in line with the remuneration paid on the market by companies of a similar size and nature.
- A variable remuneration according to the economic performance of the Company, achievement of objectives established in the Budget, as well as the dedication, performance and contribution of the Directors with respect to the results obtained and the achievement of such objectives.

This remuneration may never consist of a share in the Company's profits.

- Benefits: The remuneration of Executive Directors shall be supplemented by such social security and life insurance systems as may be appropriate and relevant, in line with those established on the market by other companies of a similar size and nature.

These benefits may additionally include shares or share options, the granting of which shall be effected by the Annual General Meeting, pursuant to Article 56.5 of the Articles of Association.

## **V. OPTION RIGHTS ON COMPANY SHARES.**

Article 56.5 of the Articles of Association provides that the remuneration of the Directors mentioned above may be supplemented by shares or options on such shares or remunerations pegged to the value of the shares. The Annual General Meeting is in charge of deciding whether the remuneration is to be supplemented according to the provisions above.

At the Annual General Meeting held on 1st April 2009, it was resolved to approve a remuneration system for Executive Directors and Senior Managers of the Consolidated Group, pegged to the value of the Company shares, as well as to the revenues of the Group and the specific objectives fixed for each individual beneficiary, specifying the maximum number of shares to be considered in order to fix the incentive to be paid to the beneficiaries. The limit was fixed at the equivalent of 1% of the Company's share capital. Moreover, pursuant to a decision taken at the Annual General Meeting, (i) no more than 25% of this 1% may be assigned to the Executive Directors; and (ii) the Company may not increase its share capital to cover the Remuneration System.

This resolution was approved by 163,974,938 votes for (90.815%), 16,203,036 votes against (8.974%), 380,975 abstentions (0.211%) and 16,313 blank votes (0.000%).

## **VI.- INDIVIDUAL REMUNERATION RECEIVED BY THE DIRECTORS DURING THE YEAR 2009.**

1.- In accordance with the provisions mentioned above, for the year 2009 the Board of Directors set the fixed annual amount to be paid to the Directors at SIXTY THOUSAND EUROS (EUR 60,000), and the per diem allowances for attendance of the meetings of the Board of Directors and Committees at THREE THOUSAND EUROS (EUR 3,000); and SIX THOUSAND EUROS (EUR 6,000) for the relevant Chairmen.

The sum of the amounts actually accrued as fixed annual remuneration and per diem allowances totalled, as mentioned above, one million three hundred and eight thousand (1,308,000) euros; an amount within the limit of one million eight hundred thousand (1,800,000) euros approved at the Annual General Meeting.

2.- The amount received by the Chairman of the Board of Directors during the year 2009 pursuant to Article 56.3 of the Articles of Association, in view of his/her special dedication to the Company and, particularly, in view of his/her duties of representation of the Company, totalled six hundred ninety-seven thousand nine hundred thirty-nine (697,939) euros.

3.- The amount received by the two Chief Executive Officers of the Company during the year 2009 as fixed annual remuneration totalled one million four hundred and nineteen thousand ninety-five (EUR 1,419,095) euros, and the variable remuneration totalled six hundred and sixty-six thousand nine hundred and twenty (EUR 666,920) euros.

4.- The itemised remuneration received by each one of the Directors during the year 2009 is as follows:

➤ **Mr Alejandro Echevarría Busquet**

<b>2008</b>		<b>2009</b>	
Board fixed remuneration:	60,000	Board fixed remuneration:	60,000
Per diem allowances for attendance:	60,000	Per diem allowances for attendance:	54,000
Supplementary remuneration:	688,302.56	Supplementary remuneration:	695,604.56
Total:	808,302.56	Total:	809,604.56
Share option rights awarded:	33,625	Share option rights awarded:	16,812
Share option rights exercised:	0	Share option rights exercised:	0

In the year 2007 the amount of the remuneration received totalled 1,480,049.52 euros, which is broken down as follows: 60,000 as Board of Directors fixed remuneration, 60,500 as per diem allowances for attendance; 1,359,549.52 euros as supplementary remuneration. 67,250 share option rights were awarded and none was exercised.

➤ **Mr Paolo Vasile - Chief Executive Officer**

<b>2008</b>		<b>2009</b>	
Board fixed remuneration:	60,000	Board fixed remuneration:	60,000
Per diem allowances for attendance:	30,000	Per diem allowances for attendance:	27,000
Fixed remuneration:	719,386.86	Fixed remuneration:	729,694.50
Variable remuneration:	333,460	Variable remuneration:	333,460
Bonuses:	0	Bonuses:	0 (*)
Remuneration in kind:	40,314.10	Remuneration in kind:	45,770.13
Total:	1,183,160.96	Total:	1,195,924.63
Share option rights awarded:	67,250	Share option rights awarded:	33,625
Share option rights exercised:	0	Share option rights exercised:	0

(\*) Mr Vasile has not received any bonuses since year 2007.

In 2007 the amount he received totalled 2,337,661.87 euros, broken down as follows: 60,000 as Board of Directors fixed remuneration; 30,250 as per diem allowances for attendance; 494,974.32 as fixed remuneration; 617,500 as variable remuneration; 1,100,000 as bonus; 34,937.55 as payment in kind. 134,500 share option rights were awarded and none was exercised.

➤ **Mr Giuseppe Tringali - Chief Executive Officer**

<b>2008</b>		<b>2009</b>	
Board fixed remuneration:	60,000	Board fixed remuneration:	60,000
Per diem allowances for attendance:	30,000	Per diem allowances for attendance:	27,000
Fixed remuneration:	680,005.85	Fixed remuneration:	689,399.87
Variable remuneration:	333,460	Variable remuneration:	333,460
Bonuses:	0	Bonuses:	0(*)
Remuneration in kind:	40,560.64	Remuneration in kind:	39,183.17
Total:	1,144,026.79	Total:	1,149,043.04
Share option rights awarded:	67,250	Share option rights awarded:	33,625
Share option rights exercised:	0	Share option rights exercised:	0

In 2007, the remuneration totalled 2,329,921.67 euros, broken down as follows: 60,000 as Board of Directors fixed remuneration; 30,250, as per diem allowances for attendance; 494,933.13 as fixed remuneration; 617,500 as variable remuneration; 1,100,000 as bonus; 42,238.54 as payment in kind. 134,500 share option rights were awarded and none was exercised.

(\*) Mr Tringali has not received any bonuses since 2007.

➤ **Mr Massimo Musolino**

<b>2008</b>		<b>2009</b>	
Board fixed remuneration:	40,000	Board fixed remuneration:	60,000
Per diem allowances for attendance:	12,000	Per diem allowances for attendance:	18,000
Total:	52,000	Total:	78,000
Share option rights awarded:	30,500	Share option rights awarded:	15,250
Share option rights exercised:	0	Share option rights exercised:	0

➤ **Mr Alfredo Messina**

<b>2008</b>		<b>2009</b>	
Board fixed remuneration:	60,000	Board fixed remuneration:	60,000
Per diem allowances for attendance:	24,000	Per diem allowances for attendance:	27,000
Total:	84,000	Total:	87,000

In 2007, the remuneration totalled 87,500 euros, broken down as follows: Board of Directors fixed remuneration: 60,000; per diem allowances for attendance: 27,500 euros.

➤ **Mr Fedele Confalonieri**

<b>2008</b>		<b>2009</b>	
Board fixed remuneration:	60,000	Board fixed remuneration:	60,000
Per diem allowances for attendance:	57,000	Per diem allowances for attendance:	42,000
Total:	117,000	Total:	102,000

In 2007, the remuneration totalled 95,750 euros, broken down as follows: Board of Directors fixed remuneration: 60,000; per diem allowances for attendance: 35,750 euros.

➤ **Mr Marco Giordani**

<b>2008</b>		<b>2009</b>	
Board fixed remuneration:	60,000	Board fixed remuneration:	60,000
Per diem allowances for attendance:	30,000	Per diem allowances for attendance:	33,000
Total:	90,000	Total:	93,000

In 2007, the remuneration totalled 87,500 euros, broken down as follows: Board of Directors fixed remuneration: 60,000; per diem allowances for attendance: 27,500 euros.

➤ **Mr Pier Silvio Berlusconi**

<b>2008</b>		<b>2009</b>	
Board fixed remuneration:	60,000	Board fixed remuneration:	60,000
Per diem allowances for attendance:	0	Per diem allowances for attendance:	0
Total:	60,000	Total:	93,000

In 2007, the remuneration totalled 67,250 euros, broken down as follows: Board of Directors fixed remuneration: 60,000; per diem allowances for attendance: 2,750 euros.

➤ **Mr Giuliano Adreani**

<b>2008</b>		<b>2009</b>	
Board fixed remuneration:	60,000	Board fixed remuneration:	60,000
Per diem allowances for attendance:	57,000	Per diem allowances for attendance:	51,000
Total:	117,000	Total:	111,000

In 2007, the remuneration totalled 109,500 euros, broken down as follows: Board of Directors fixed remuneration: 60,000; per diem allowances for attendance: 49,500 euros.

➤ **Mr Ángel Durández Adeva**

<b>2008</b>		<b>2009</b>	
Board fixed remuneration:	60,000	Board fixed remuneration:	60,000
Per diem allowances for attendance:	42,000	Per diem allowances for attendance:	33,000
Total:	102,000	Total:	93,000

In 2007, the remuneration totalled 98,500 euros, broken down as follows: Board of Directors fixed remuneration: 60,000; per diem allowances for attendance: 38,500 euros.

➤ **Mr Miguel Iraburu Elizondo**

<b>2008</b>		<b>2009</b>	
Board fixed remuneration:	60,000	Board fixed remuneration:	60,000
Per diem allowances for attendance:	18,000	Per diem allowances for attendance:	15,000
Total:	78,000	Total:	75,000

In 2007, the remuneration totalled 106,750 euros, broken down as follows: Board of Directors fixed remuneration: 60,000, per diem allowances for attendance: 46,750 euros.

➤ **Mr Borja de Prado Eulate – Independent Director/Chairman of the Appointments and Remuneration Committee**

<b>2008</b>		<b>2009</b>	
Board fixed remuneration:	60,000	Board fixed remuneration:	60,000
Per diem allowances for attendance:	42,000	Per diem allowances for attendance:	39,000
Total:	102,000	Total:	99,000

In 2007, the remuneration totalled 76,500 euros, broken down as follows: Board of Directors fixed remuneration: 60,000; per diem allowances for attendance: 16,500 euros.

➤ **Mr José Ramón Álvarez-Rendueles - Independent Director/Chairman of the Audit and Compliance Committee**

<b>2008</b>		<b>2009</b>	
Board fixed remuneration:	60,000	Board fixed remuneration:	60,000
Per diem allowances for attendance:	51,000	Per diem allowances for attendance:	48,000
Total:	111,000	Total:	108,000

In 2007, the remuneration totalled 79,250 euros, broken down as follows: Board of Directors fixed remuneration: 60,000; per diem allowances for attendance: 19,250 euros.

➤ **Ms Helena Revoredo Delvecchio (\*)**

**2009**

Board fixed remuneration: 45,000  
Per diem allowances for attendance: 12,000  
Total: 57,000

➤ **Mr Mario Rodríguez Valderas (\*)**

**2009**

Board fixed remuneration: 45,000  
Per diem allowances for attendance: 12,000  
Total: 57,000  
Share option rights: 9,000

(\*) Directors Revoredo and Rodríguez were appointed on 1st April 2009.



- No Director has received any fixed remuneration or per diem allowances for being a member of other Group companies' Boards of Directors.
- As in the previous year, at the close of 2009, the Company had not granted any advance or loan to any of its Directors.
- Regarding social security systems, the Company has only purchased life insurance covering against disability or death and medical insurance for the Chief Executive Officers at an annual cost of EUR 39,966.78 euros, 36,495.44 in 2008. These items have been included under “Remuneration in kind”.
- No contributions were made to pension funds or plans in favour of any of the members of the Board of Directors this year.

5.- Following the resolution adopted by the Annual General Meeting held on 1st April 2009, Directors were granted a total of 108,312 option rights on company shares, of which 67,250 were granted to Executive Directors and 16,812 to the Chairman of the Board of Directors as follows:

- a) Mr Alejandro Echevarría: during the year 2009 he has been granted 16,812 share option rights, equivalent to 16,812 shares, exercisable from 29th July 2012 until 28th July 2014 and whose settlement shall be made against delivery of the securities after paying a price fixed at EUR 6.29.
- b) Mr Paolo Vasile: during the year 2009 he has been granted 33,625 share option rights, equivalent to 33,625 shares, exercisable from 29th July 2012 until 28th July 2014 and whose settlement shall be made against delivery of the securities after paying a price fixed at EUR 6.29.
- c) Mr Giuseppe Tringali: during the year 2009 he has been granted 33,625 share option rights, equivalent to 33,625 shares, exercisable from 29th July 2012 until 28th July 2014 and whose settlement shall be made against delivery of the securities after paying a price fixed at EUR 6.29.
- d) Mr Massimo Musolino: during the year 2009 he has been granted 15,250 share option rights, equivalent to 15,250 shares, exercisable from 29th July 2012 until 28th July 2014 and whose settlement shall be made against delivery of the securities after paying a price fixed at EUR 6.29.
- e) Mr Mario Rodríguez Valderas: during the year 2009 he has been granted 9,000 share option rights, equivalent to 9,000 shares, exercisable from 29th July 2012 until 28th July 2014 and whose settlement shall be made against delivery of the securities after paying a price fixed at EUR 6.29.

(\*). However, since only one (consolidated Ebit) out of the three conditions (free cash flow and advertising revenues) on which the accrual of all share option rights initially granted was dependent has been fulfilled in 2009, the share option rights initially granted have been reduced.

Thus, the figures regarding the rights initially awarded to Mr Echevarría, Mr Vasile, Mr Tringali, Mr Musolino and Mr Rodríguez and the final figures are as follows:

	Share option rights initially awarded	Share option rights finally awarded
Alejandro Echevarría	67,520	16,812
Paolo Vasile	134,500	33,625
Giuseppe Tringali	134,500	33,625
Massimo Musolino	61,000	15,250
Mario Rodríguez Valderas	36,000	9,000

Finally, it should be noted that no option rights were exercised in 2009.

#### **VII.- EXPECTED REMUNERATION OF DIRECTORS FOR THE YEAR 2010.**

1.- Regarding the year 2010, the Board of Directors, at the proposal of the Appointments and Remuneration Committee, has resolved to keep the amount of the fixed annual remuneration to be received by each Director at SIXTY THOUSAND EUROS (EUR 60,000) and the per diem allowances for attendance of the meetings of the Board of Directors and Committees in THREE THOUSAND EUROS (EUR 3,000), which increase to SIX THOUSAND EUROS (EUR 6,000) for the relevant Chairmen.

2.- Regarding the remuneration for Executive Directors, the scheme followed during the year 2009 mentioned above shall be maintained and the amounts payable will be adjusted to the changes in the consumer price index.

As in previous years, the accrual and quantification of the variable remuneration will be dependent on the degree of achievement of the Company's Budget for the year 2010, particularly as regards the following three variables: gross advertising sales, Group consolidated Ebit and free cash flow.

#### **VIII.- REMUNERATION POLICY, STRUCTURE AND AMOUNTS RECEIVED BY SENIOR MANAGERS.**

Remuneration of senior managers at Grupo Telecinco comprises (i) a fixed salary, (ii) an annual variable salary, (iii) deferred bonuses and (iv) payment in kind.

- Fixed salary: Corresponding to the amount agreed for each case in the corresponding contracts. Salary rises are approved every year, and over the past years they have been in line with the increase in CPI of the previous year. That is, salary rises take place the year after without back pay.
- Annual variable salary: Comprises a bonus target corresponding to a percentage on fixed salary which varies depending on professional categories. As for the final amount to be received, it can increase, decrease or even not be received depending on compliance with targets. These targets can be:

1. Company targets, which represent between 50% and 80% of the total, depending on the different job positions.
  2. Individual targets (Managing Director or Director) which represent between 20% and 50%.
  3. In order to receive any amount, at least one of the two company targets must be met.
  4. The final bonus could increase depending on performance.
- Deferred bonuses: Paid in April 2009. It was a one-off plan approved in 2006, which served a double purpose: to reach accrued economic targets corresponding to years 2006, 2007 and 2008, and to secure the loyalty of senior managers participating in the plan, since they had to be members of staff until 30 April 2009 in order to benefit.
- Payment in kind: Corresponding to the valuation of the following concepts:
1. Company car, with category or costs depending on the job title.
  2. Medical insurance for the senior manager and his/her spouse and children.
  3. Life and disability insurance, with different capitals guaranteed depending on the position.
  4. On-account payment for Personal Income Tax in connection with remunerations in kind (company car and life insurance).

The amounts received by Telecinco's senior managers in 2009 are as follows:

Mr Manuel Villanueva de Castro	Managing Director, Content
Mr Massimo Musolino	Managing Director, Operations
Mr Luis Expósito Rodríguez	Head of the HR and Services Division
Mr Eugenio Fernández Aranda	Head of the Technology Division
Mr Mario Rodríguez Valderas	Secretary General
Mr Javier Uría Iglesias	Head of the Economic and Financial Division
Ms Patricia Marco Jorge	Head of the Television Division, Telecinco and DTT
Mr Leonardo Baltanás Ramírez	Head of the Content Production Division
Mr Ghislain Barrois	Head of the Cinema and Rights Acquisition Division
Ms Mirta Dragoevich Fraerman	Head of the Communications and External Relations Division

Total: 5,551,028 euros (\*)

(\*) Gross amounts.

The amounts corresponding to retributions of Telecinco's and the main companies of the group's senior managers in 2009 were the following:

COMPANY	GRADE	EXECUTIVE
Telecinco	Managing Director	Villanueva de Castro, Manuel
Telecinco	Head of Division	Expósito Rodríguez, Luis

Telecinco	Head of Division	Fernández Aranda, Eugenio
Telecinco	Head of Division	Rodríguez Valderas, Mario (January-March 2009)
Telecinco	Head of Division	Uría Iglesias, Fco. Javier
Telecinco	Head of Division	Marco Jorge, Patricia
Telecinco	Head of Division	Baltanás Ramírez, Leonardo
Telecinco	Head of Division	Barrois, Ghislain
Telecinco	Head of Division	Dragoevich Fraerman, Mirta
Telecinco Cinema	Managing Director	Agustín Regañón, Álvaro
Atlas España	Managing Director News Programmes	Piqueras Gómez, Pedro
Atlas España	Head of New Business Division	Bautista Pérez, Jesus M <sup>a</sup>
Publiespaña	Managing Director	Silvestroni, Giuseppe
Publiespaña	Managing Director	Alum López, Francisco
Publiespaña	Director, Special Initiatives	Jiménez Rodríguez, Miguel Ángel
Publiespaña	Commercial Director	Villa Alegre, José Luis
Publiespaña	Director of Corporate Marketing	García Herrero, Lázaro
Publiespaña	Commercial Director	Mayor Tonda, Gaspar
Publiespaña	Director, Sales Operations and Services.	Panizza Mieza, Cristina
Publiespaña	Director, Media Buyers	Madrid del Olmo, Julio
Publimedia	Managing Director	Chiriatti, Salvatore
<b><u>TOTAL</u></b>		<b><u>9,161,553 (*)</u></b>

(\*) Gross amounts.

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