



According to the provisions of Section 82 of the Spanish Securities Market Act No. 24/1988 of 28th July, “GESTEVISIÓN TELECINCO, S.A.” reports the following

### **REGULATORY ANNOUNCEMENT**

At a meeting held on 24 February 2010, the Board of Directors of “GESTEVISIÓN TELECINCO, S.A.” unanimously agreed to prepare a Supplementary Management Report, as per Section 116 bis of the Spanish Securities Market Act, which is provided in full below:

#### **SUPPLEMENTARY MANAGEMENT REPORT, AS PER SECTION 116 bis OF THE SECURITIES MARKET ACT, PREPARED BY THE BOARD OF DIRECTORS OF “GESTEVISIÓN TELECINCO, S.A.”**

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##### **Item One. Share Capital Structure.**

The Share Capital of the Company is EUR 123,320,928.00 divided into 246,641,856 book-entry shares of the same class and with a nominal value of EUR 0.5.

The shares of the Company are listed on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia. The ISIN Code is ES0152503035.

Since 3rd January 2005, Gestevisión Telecinco, SA has been one of the companies listed on the IBEX 35.

##### **Item Two. Restrictions on Transferability of Shares.**

There are no limitations to the free transferability of shares, except for those provided for in Section 19 and 21 of the Private Television Act nº 10/1988 of 3 May, which are reproduced below:

###### **Section 19:**

1. Any individual or corporation who owns, either directly or indirectly, at least 5% of the capital or the voting rights in a public television service concessionaire may not have a significant stake in another public television service concessionaire having the same coverage and the same geographical footprint.

Individuals and corporations may simultaneously own shareholdings or voting rights in different companies holding public television service concessions at a national level.

However, for companies holding public television service concessions at a national level, individuals and corporations may not acquire a significant stakes in more than one concession when the average audience share of the channels operated under the national concessions exceed 27% of the total audience over the twelve month period prior to the acquisition.

Exceeding the above percentage after the acquisition of another significant stake will not be taken into account when applying the provisions of Sections 17.2 and 21 bis of the said Act.

Similarly, individuals or corporations not included in the previous paragraph and who, directly or indirectly, own at least 5% of the capital or the voting rights in a company holding a public television service concession at a regional level may not have a significant stake in another company holding a public local television service concession in the same region when the population of the territories covered by its broadcasts exceeds 25% percentage the region's total.

Under no circumstances may significant shareholdings or voting rights be owned in companies holding a public television service concession at a national, regional and local level in the event these concessions simultaneously coincides at a point where the broadcast is received.

2. No public television service concessionaires may own a significant stake in another company with the same status under the circumstances stated in the previous paragraph.

3. In all cases, individuals or corporations who own, either directly or indirectly, at least 5% of the capital or the voting rights in a public television service concessionaire, as well as public television service concessionaires, may not appoint, either directly or indirectly, any member to the management bodies of more than one public television service concessionaire, except for the cases in which significant stakes in said companies are allowed, pursuant to the provisions contained in paragraphs 1) and 2) in this Section.

4. For the purposes of this section, any stake of at least 5% of the capital or of the voting rights shall be considered a significant stake.

5. For the purposes of this section, all the shares or securities owned or acquired by entities belonging to the same group, as well as those owned and acquired by persons acting on their own behalf but representing a corporation, either as part of a concerted action or of a joint decision, shall be considered to be owned by the same individual or corporation, as defined in Section 4 of Spanish Securities Market Act No 24/1988 of 28 July.

Unless the contrary is proved, it will be understood that they are acting on behalf of a corporation or as part of a concerted action in the following cases:

- a. Between shareholders and/or corporations linked by any cross-shareholding pacts or agreements affecting capital or voting rights.
- b. Between individuals and/or corporations bound by any kind of agreement or pact aimed to adopt or block actions which may have a significant impact on the business strategy of a company in which they own a direct or indirect stake.
- c. Between an entity's shareholders and/or holders of voting rights who can effectively control a company through the joint exercise of their voting rights, based on the existence of common interests favouring a joint action in order to avoid a mutually detrimental effect or achieve a mutually beneficial outcome by exercising their rights in the investee company.
- d. Between parent and/or subsidiary companies of competitor groups having interests in each other.
- e. Between shareholders or holders of voting rights linked or bound by any kind of pact or agreement with a view to jointly and decisively managing the timing, definition or coordination of the business strategy, the commercial strategy in terms of design, management, pricing, promotion activities and advertising campaigns, as well as the management of facilities and resources.
- f. The existence of such pacts or agreements between shareholders or holders of voting rights and a third party will imply, directly or indirectly, the existence of a concerted action between the shareholders or holders of voting rights who have entered the said pacts or agreements with the said third party.
- g. Between shareholders or holders of voting rights who have been in a similar situation in the past so that a common interest can still be inferred.

In all cases, both shareholders' ownership of shares and other securities, as well as the voting rights assigned by any kind of securities, will be taken into account.

6. The Secretariat of State for Telecommunications and Information Society, or, as applicable, the relevant regional authority is empowered to take the necessary actions to enforce the limits imposed by this section as part of its duties.

7. In order to determine the population living in the territory covered by broadcasts, the latest population register published by the Spanish National Statistics Institute will be used as reference.

8. This section will be understood notwithstanding the provisions included in the applicable industry regulations.

9. Shareholdings or voting rights owned by individuals or corporations from countries not part of the European Economic Area which are acquired in public television service concessionaires after the entry into force of this Act will be subject to the reciprocity principle.

In the event shareholdings or voting rights owned by individuals or corporations from countries not part of the European Economic Area are increased after the date on which this Act entered into force, the total shareholding in the corporation holding the concession shall be lower than 50%.

10. No individual or corporation shall acquire a significant stake or voting rights in more than one public television service concession:

a) When national public television service concessions own rights to the use of the public radio spectrum which overall exceed the technical capacity corresponding to two multiple channels.

b) When regional public service television concessions own rights to the use of the public radio spectrum which overall exceed the technical capacity corresponding to one multiple channel.

11. In order to safeguard the plurality of information, individuals or corporations who own all or part of a national public television service concession may not acquire a significant shareholding or voting rights in another concession when this results in the existence of less than three concessions.

#### Section 21:

1. Any individual or corporation with the intention of acquiring, either directly or indirectly, a significant shareholding in the capital of a concessionaire shall previously notify the Ministry of Public Works and Development of such intention, including the percentage of the shareholding, the terms and conditions of the acquisition and the maximum term within which the transaction is expected to be completed.

A significant shareholding in a concessionaire providing essential television service shall mean a share reaching, either directly or indirectly, at least 5% of the capital or of the voting rights related to the shares of the entity.

2. Any individual or corporation with the intention of increasing their shareholding, either directly or indirectly, so that their percentage in the capital or voting rights reaches or exceeds any of the following percentages: 5, 10, 15, 20, 25, 30, 35, 40 and 45 percent shall also previously notify the Ministry of Public Works and Development of such intention, under the terms of paragraph 1 above.

3. The Ministry of Public Works and Development shall have a maximum term of three months as from the date on which the relevant information is entered on any of the registers of the Department, to notify the acceptance or, if applicable, the refusal of the intended acquisition.

The refusal may be based on lack of transparency of the structure of the group to which the acquiring entity will belong or the existence of links between the potential acquirer and any other concessionaire providing essential television service that may impair the principle of non-concentration inspiring this Act.

4. The acquisition shall be completed within a maximum term of one month after its acceptance.

5. The provisions of this Section shall be without prejudice to the provisions on significant shareholdings contained in the Spanish Securities Market Act (Ley 24/1988, de 28 de julio, del Mercado de Valores).

6. Once the acquisition has been completed pursuant to the prior notice procedure set forth hereinabove, such acquisition shall be notified by the acquirer to the Ministry of Public Works and Development, which shall cause its registration with the Special Register of Concessionaires. The transferor shall also notify the Ministry of Public Works and Development of any transfer of shares in the concessionaire entailing the decrease of one of the shareholding percentages included in paragraph 2 above, in order for the Ministry of Industry to cause its registration.

Any notice of acquisition or transfer referred to in this paragraph shall be given within a month after such acquisition or transfer is completed.

### **Item Three. Significant Stakes in the Share Capital.**

Since the shares of Telecinco are held in book-entry form and thus an entity other than the Company is in charge of the register of shareholders, it is not possible to detail the ownership structure, but merely indicate the shareholdings legally deemed as significant, which on the issue date of this report were as follows:

<b>Name</b>	<b>Direct shareholding %</b>	<b>Indirect shareholding %</b>	<b>Total %</b>
BERLUSCONI, SILVIO	0.000	35.560	35.560
MEDIASET INVESTIMENTI S.P.A.	50.100	0.000	50.100
TWEEDY BROWNE COMPANY LLC	0.000	5.291	5.291
TWEEDY BROWNE GLOBAL VALUE FUND	3.150	0.000	3.150
HARRIS ASSOCIATES L.P.	0.000	5.159	5.159

**Item Four. Restrictions on Voting Rights.**

There are no restrictions, either statutory or under the Articles of Association, on the exercise of voting rights. Each share shall carry one vote.

**Item Five. Shareholders' Agreements.**

There are no shareholders' agreements currently in effect.

**Item Six. Rules Applicable to the Appointment and Replacement of Members of the Board of Directors and the Amendment of the Articles of Association of the Company.**

A. Rules applicable to the appointment and replacement of Directors.

Article 41 of the Articles of Association:

1. Directors shall be appointed by resolution at the Annual General Meeting, taken in accordance with the requirements set forth in Section 102 of the Public Limited Companies Act.
2. Notwithstanding the foregoing, the appointment of Directors through the proportional system included in Section 137 of the Public Limited Companies Act shall also apply.
3. Should vacancies arise during the term of office the directors were appointed for, the Board may appoint persons for these posts from among the shareholders until the first Annual General Meeting takes place.

Article 54 of the Articles of Association:

1. Directors shall be appointed for a term of five years, and may be re-elected one or more times for terms of such duration. Upon the expiration of such term, the appointment shall terminate, once the next Annual General Meeting has been held or the legal term to call the ordinary Annual General Meeting has expired.
2. Co-opted Directors shall be deemed appointed and shall hold office until the date on which the first Annual General Meeting is held, inclusive, irrespective of the powers of ratification of the Annual General Meeting.
3. Independent Directors may hold office for a maximum term of twelve (12) years and may not be re-elected after the expiration thereof, unless by means of a favourable reasoned report by the Appointments and Remuneration Committee.

Article 55. Removal of Directors

1. A Director shall cease to hold office when this is decided at the Annual General Meeting, when the Director gives notice of its resignation to the Company or upon the expiration of the term for which the Director was appointed. In the last case, the termination shall become effective on the date on which the first Annual General Meeting is held.
2. Directors must offer to resign from the Board of Directors and if considered necessary, formalise their resignation in the following cases: (a) when the Director reaches the age of 70; (b) upon termination of the executive positions to which his/her appointment as Director was associated; (c) when the Director is covered by one of the applicable incompatibility or prohibition events; (d) when the Appointments and Remuneration Committee issues a serious warning for infringing their duties as directors; and (e) when the Director's continuance in the Board of Directors may put the interests of the Company at risk or adversely affect the credit and reputation of the Company or when the reasons for which the Director was appointed have ceased to exist (for example when a Director representing substantial shareholders disposes of its shareholding in the Company).
3. When a Director voluntarily resigns before the expiration of his/her term of office, he/she shall send all the members of the Board of Directors a letter explaining the reasons for the resignation. Additionally, the Company shall give notice of such resignation to the Spanish Securities Market Commission (Comisión Nacional del Mercado de Valores) as a regulatory announcement and explain the reasons for the resignation in the Annual Corporate Governance Report.

B. Rules applicable to the amendment of the Articles of Association of the Company.

Article 34. Approving Resolutions.

1. The Annual General Meeting, either ordinary or extraordinary, shall adopt its resolutions by the majorities required by the Public Limited Companies Act. Each voting share, either present or through representation at the Annual General Meeting, shall have the right to one vote.
2. The majority necessary to adopt a resolution shall consist of one half plus one of the shares present with the right to vote, either personally or through a representative, at the Annual General Meeting. The foregoing applies unless provisions of the Law, the Articles of Association or this Regulation provide for a greater majority.

**Item Seven. Powers of the Board of Directors and, particularly, Powers relating to the Issue or Buyback of Shares.**

The relevant rules are included, in the first place, in the Articles of Association of the Company and, in the second place, in its Internal Code of Conduct.

- A. As regards the Articles of Association, Article 37 governs the powers of administration and supervision as follows:
1. Except for the matters reserved for the Annual General Meeting, the Board of Directors shall be the highest decision-making body of the Company.
  2. The Board of Directors shall have all the necessary powers to manage the Company. Nonetheless, as a general rule it shall entrust the management of ordinary business of the Company to the appointed bodies and the management team, and shall focus on the definition of the Company's overall strategy and general supervisory functions. In any case, the Board of Directors shall reserve, and may not delegate, decisions regarding the following matters:
    - a) Formulation of the annual financial statements, the management report and the profits distribution proposal as well as the consolidated financial and management reports.
    - b) Appointment of co-opted directors and bringing forward to the Annual General Meeting proposals in relation to the appointment, ratification, re-election or dismissal of directors.
    - c) Designation and renewal of internal appointments of the Board of Directors and of Committee members.



- d) Determination of Directors' remuneration in accordance with the proposal of the Appointments and Remuneration Committee.
- e) Interim dividend payments.
- f) Issuing statements on any tender offer affecting securities issued by the Company.
- g) Approval and amendment of the Regulations of the Board of Directors governing its organization and internal operations.
- h) Formulation of the Annual Corporate Governance Report.
- i) Exercising the authorities delegated by the Annual General Meeting when the option for delegation is not available and exercise of any functions charged to it at the Annual General Meeting.
- j) Entering into any contract or formation of any legal relationship between the Company and a shareholder (or company belonging to the same group as the shareholder) holding more than five per cent and that is valued at more than 13,000,000 euros.
- k) Entering into any contract or formation of any legal relationship between the Corporation and a third party valued at more than 80,000,000 euros.
- l) Approval of the annual budgets and the strategic plan, if applicable.
- m) Approval of the investment and financing policy.
- n) Supervision of the Telecinco Group corporate structure.
- o) Approval of the Corporate Governance policy.
- p) Supervision of the Corporate Social Responsibility policy.
- q) Approval of the remuneration policy for Executive Directors based on their executive functions and of their main contractual obligations.
- r) Performance evaluation of the Company's Executive Directors.
- s) Compliance with risk control and management policies as well as internal information and control systems as stipulated by the Audit and Compliance Committee report.

- t) Approval of the Company's treasury stock policy.
- u) Information about the removal and appointment of senior management as well as their contractual terms.
- v) Approval of financial information that the Company must periodically publish at the request of the Audit and Compliance Committee.
- w) Approval of the creation or purchase of holdings in special-purpose entities or located in countries or territories designated as tax havens, as well as any transaction or operation of a similar nature that, due to its complexity, may undermine the Group's transparency.
- x) Authorisation, with approval from the Audit and Compliance Committee, of related-party transactions completed by Telecinco with directors or related individuals or majority shareholders with the exception of those who comply with the following conditions: (i) are wholly dedicated to a group of clients and effected according to standard conditions, (ii) are effected at prices established by the supplier of the service or at market prices, (iii) where the amount does not exceed 1% of Telecinco's annual revenues. Directors affected by related-party transactions that are subject to a vote by the Board of Directors because of their characteristics, will not attend the meeting and shall have no right to vote thereon nor to delegate their vote.
- y) Any other issues that the Regulations of the Board of Directors reserves for that body as a whole.

The powers of the Board of Directors, except for the ones that, pursuant to law or the Articles of Association may not be delegated, shall be vested in the Executive Committee and the two joint Chief Executive Officers, Paolo Vasile and Giuseppe Tringali.

B. Regarding the Internal Code of Conduct (ICC) of "Gestevisión Telecinco, S.A." and its Group of companies regarding stock market activities, paragraph 9 sets forth the rules applicable to the treasury stock transactions as follows:

**9.1. *Definition of treasury stock transactions subject to the ICC***

Treasury stock transactions shall mean transactions involving shares issued by entities of Grupo Telecinco and derivative instruments whose underlying instrument are such shares.

The transactions may be carried out:

- (i) Directly by the Company or other companies belonging to Grupo Telecinco.
- (ii) Indirectly through third parties on an express or implied agency basis.
- (iii) By third parties that are not agents but act with the same objectives.

## **9.2. *Treasury Stock Policy***

Within the scope of the authority granted by the Annual General Meeting, the Board of Directors of the Company shall be in charge of formulating specific plans for the acquisition or disposal of treasury stock.

## **9.3. *General Principles of Action in Treasury Stock Transactions***

The treasury stock management shall be subject to the following principles of action:

### **9.3.1. Regulatory compliance**

All the persons involved are under the obligation to know and comply with such regulations and internal procedures as may be applicable.

### **9.3.2. Objective**

The main purpose of treasury stock transactions is to provide investors with adequate volumes of liquidity and depth of securities and minimize any possible imbalance between supply and demand on the market. Under no circumstances shall the purpose of such transactions be to intervene in the free pricing process.

### **9.3.3. Transparency**

Transparency in the relationships with supervisors and governing bodies of markets regarding treasury stock transactions shall be ensured.

### **9.3.4. Non-use of Privileged Information**

On no account shall the persons with access to Privileged Information about Securities and Instruments Affected carry out treasury stock transactions.

### **9.3.5. Pricing Neutrality**

Transactions shall be neutral; dominant positions on the market are not allowed under any circumstances.

### **9.3.6. Intermediary**

The companies that are part of Grupo Telecinco shall channel all their transactions involving shares of the Company through a limited number of market members. Before any trading transaction is conducted, the Company shall give the CNMV notice, on a confidential information basis, of the member appointed, as well as any replacement thereof. If any contract regulating the treasury stock trading is signed with any market member, a copy of such contract shall be confidentially sent to the CNMV and the relevant Governing Bodies.

### **9.3.7. Counterparty**

The companies that are part of Grupo Telecinco may not carry out any transactions involving the purchase or sale of shares of the Company in which the counterparty is any of the following individuals or entities: (i) companies of Grupo Telecinco; (ii) its Directors; (iii) its significant shareholders or (iv)

intermediaries for any of the above. Similarly, the Telecinco Group companies may not simultaneously keep purchase and sales orders for shares of the Company.

#### **9.3.8. Limitation**

During processes involving the public offering or takeover bid of shares of the Company, mergers or other similar corporate dealings, no transactions involving such shares shall be carried out, unless otherwise provided for in the relevant transaction prospectus. Moreover, the Company may not carry out treasury stock transactions during the closed periods mentioned in Section 4.3.4 herein.

#### **9.3.9. Amendment**

In urgent cases and in order to protect the interests of Grupo Telecinco and its shareholders, the Chief Executive Officer or the Regulatory Compliance Group (RCG) may resolve to amend or suspend on a temporary basis the application of the preceding rules, which shall be reported to the Board of Directors and the CNMV.

### **9.4. *Stock option plans***

Notwithstanding the foregoing, the rules contained in Sections 9.1 to 9.3 of this Code shall not be applicable to transactions involving the acquisition of the Company's treasury stock for its subsequent transfer to the beneficiaries of option plans involving Company shares (Stock Option Plans) approved by the Board of Directors, or any other transactions carried out by the Company involving own shares within the framework of a share buyback programme. Such transactions shall be conducted according to the specific characteristics of this type of transactions, in such a way and with such characteristics as may be established by the Board of Directors upon approving such plans, which shall meet the conditions contained in the provisions implementing Section 81.4 of the Spanish Securities Market Act.

### **9.5. *Appointment and Duties of the Department in charge of Treasury Stock Management***

The Management Department shall be in charge of the treasury stock management.

#### **9.5.1. Special Obligation of Confidentiality**

The members of the Management Department shall assume a special obligation of confidentiality regarding the treasury stock strategy and transactions.

#### **9.5.2. Functions**

The Department shall be in charge of:

- (i) Managing treasury stock according to the general principles established herein and such principles as may be determined by the governing bodies of Grupo Telecinco.

- (ii) Monitoring changes in Grupo Telecinco's securities, notifying the RCG of any significant variance in quotation that may not be reasonably attributable to the market shifts.
- (iii) Keeping a record of all the treasury stock transactions ordered and carried out available to the RCG and the Board of Directors or any such persons as may be appointed by the Board of Directors.
- (iv) Establishing such relationships with supervisory entities as may be necessary for the proper implementation of the provisions of this Code.
- (v) Preparing a report, on a quarterly basis or whenever required, on the department's activities.
- (vi) Notifying the RCG of any significant incident in treasury stock management.

**Item Eight. Significant Resolutions subject to Changes in the Controlling Stake of the Company.**

There is no significant resolution subject to changes in the controlling stake of the Company.

**Item Nine. Corporate Resolutions involving Special Compensation for Governing and Management Officers.**

The only cases in which there is a special compensation system for the Board of Directors or the senior management of the Company are presented hereunder:

Position	Clause, Guarantee or Parachute
Managing Director	Termination of contract at the request of the Company (except in case of fair dismissal): (replacing the legal compensation applicable, unless such compensation is higher) Termination between 24/04/02 and 31/12/07: 24 months of salary Termination between 2008 and 2011: 18 months of salary Termination during the following years: 12 months of salary
Managing Director	Compensation system: a) Voluntary termination: accrued amount per year: fixed salary per year + bonus per year/13.5; the total compensation is the sum of the years of work. b) Fair or unfair dismissal: legal compensation + compensation fixed in a)
Managing Director	Termination of contract for reason attributable to the Company or suspension, modification or limitation of duties on the part of the Company - the officer will receive the higher of the following options: a) Compensation starting on EUR 1,020,000, decreasing on a monthly basis in EUR 34,000 Euros, during the 30 months following the signature

	(30/01/2006) until reaching zero. b) Compensation equivalent to 12 months of salary in effect.
Head of Division	Termination of contract at the request of the Company (except in case of fair dismissal): Compensation equivalent to the annual gross fixed remuneration plus the legal compensation applicable.
Director	Termination of contract for reason attributable to the Company (except in case of dismissal declared fair): 18 months of fixed remuneration (including the legal compensation applicable).

**Mario Rodríguez Valderas**  
**Secretary General and Secretary of the Board**