Audit Report

GESTEVISIÓN TELECINCO, S.A.
AND SUBSIDIARIES
Consolidated Annual Accounts and
Consolidated Management Report
for the year ended
December 31, 2008

AUDIT REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS
(Free translation from the original in Spanish)

To the Shareholders of Gestevisión Telecinco, S.A.

We have audited the consolidated annual accounts of Gestevisión Telecinco, S.A., which consist of the consolidated balance sheet at December 31, 2008, the consolidated income statement, the consolidated statement of changes in equity, the consolidated cash flow statement, and the notes thereto for the year then ended, the preparation of which is the responsibility of the directors of the parent company. Our responsibility is to express an opinion on the aforementioned consolidated annual accounts taken as a whole, based upon work performed in accordance with auditing standards generally accepted in Spain, which require the examination, through the performance of selective tests, of the evidence supporting the consolidated annual accounts, and the evaluation of their presentation, of the accounting principles applied, and of the estimates made.

In accordance with Spanish mercantile law, for comparative purposes the parent company's directors have included for each of the headings included in the consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity, consolidated cash flow statement and the notes thereto, in addition to the figures of 2008, those of 2007. Our opinion refers only to the consolidated annual accounts for 2008. On February 28, 2008 other auditors issued their audit report on the 2007 consolidated annual accounts, in which they expressed an unqualified opinion.

In our opinion, the accompanying 2008 consolidated annual accounts give a true and fair view, in all material respects, of the consolidated equity and financial position of Gestevisión Telecinco, S.A. and subsidiaries at December 31, 2008 and the consolidated results of its operations, of the changes in consolidated equity and of the consolidated cash flows for the year then ended, and contain the required information necessary for their adequate interpretation and understanding, in conformity with the international financial reporting standards adopted by the European Union, which are consistent with those applied in the previous year.

The accompanying 2008 consolidated management report contains such explanations as the parent company's directors consider appropriate concerning the situation of Gestevisión Telecinco, S.A.  S.A. and its subsidiaries, the evolution of their business and other matters, and is not an integral part of the consolidated annual accounts. We have checked that the accounting information included in the consolidated management report mentioned above agrees with the 2008 consolidated annual accounts. Our work as auditors is limited to verifying the consolidated management report in accordance with the scope mentioned in this paragraph, and does not include the review of information other than that obtained from the consolidated companies' accounting records.

ERNST & YOUNG, S.L.

(signed on the original in Spanish)

Antonio Vázquez Pérez

February 25, 2009

# Gestevisión Telecinco, S.A.
# and
# Subsidiaries

Consolidated Annual Accounts for the year ended 31 December 2008 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and Management Report

*Translation of consolidated annual accounts originally issued in Spanish and prepared in accordance with IFRSs as adopted by the European Union. In the event of a discrepancy, the Spanish-language version prevails.*

## Gestevisión Telecinco, S.A. and Subsidiaries

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2008 AND 2007 (Amounts in thousands of euros)

| ASSETS | 31/12/08 | 31/12/07 |
|---|---|---|
| **NON-CURRENT ASSETS** | | |
| **Property, plants and equpments (Note 6)** | **53,628** | **55,065** |
| **Intangible assets (Note 7)** | **5,491** | **5,489** |
| **Audiovisual Property rights (Note 8)** | **190,737** | **186,118** |
| **Equity method investments (Note 9)** | **237,417** | **438,300** |
| **Non-current financial assets (Note 10)** | **27,077** | **11,822** |
| **Deferred Tax Assets (Note 17.6)** | **26,309** | **19,555** |
| **Total non-current assets** | **540,659** | **716,349** |
| **Current Assets** | | |
| **Inventories** | **7,224** | **3,461** |
| **Accounts receivables** | **240,397** | **256,413** |
| Trade receivables for sales and services | 199,198 | 257,586 |
| Trade receivables from related parties (Note 23.1) | 1,238 | 2,088 |
| Sundry receivables | - | 11 |
| Employee receivables | 101 | 267 |
| Income Tax current assets (Note 17.3) | 13,766 | 10,170 |
| Other receivable from public authorities | 41,698 | |
| Allowances | (15,604) | (13,709) |
| **Other current assets** | **4,165** | **9,265** |
| **Other current financial assets(Note 11)** | **2,220** | **7,000** |
| **Cash and cash equivalents (Note 12)** | **32,892** | **67,843** |
| **Total current assets** | **286,898** | **343,982** |
| **TOTAL ASSETS** | **827,557** | **1,060,331** |

The accompanying Notes 1 to 23 are an integral part of the consolidated balance sheet at 31 December 2007.

Madrid, 25 February 2009

| | | | | |
|---|---|---|---|---|
| (signed on the original in Spanish) | (signed on the original in Spanish) | (signed on the original in Spanish) | (signed on the original in Spanish) | (signed on the original in Spanish) |
| Mr. Alejandro Echevarría Busquet | Mr. Giuseppe Tringali | Mr. Paolo Vasile | Mr. Giuliano Adreani | Mr. José Ramón Álvarez Rendueles |
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## Gestevisión Telecinco, S.A. and Subsidiaries

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2008 AND 2007
(Amounts in thousands of euros)

| EQUITY AND LIABILITIES | 31/12/08 | 31/12/07 |
|---|---|---|
| **EQUITY (Note 13)** | | |
| Share Capital | 123,321 | 123,321 |
| Shares premium | 37,013 | 37,013 |
| Share based payment reserves | 10,500 | 8,431 |
| Other Reserves | 160,912 | 138,158 |
| Treasury Shares | (57,813) | -56,469 |
| Foreign currency translation reserves | (36,839) | -13,327 |
| Profit for the year attributable to the Parents | 211,279 | 353,058 |
| **Total equity of the parents** | **448,373** | **590,185** |
| Minority Interets | 13,101 | 50,625 |
| **Total equity** | **461,474** | **640,81** |
| **Non-current Liabilities** | | |
| **Provisions (Note 14)** | **43,802** | **90,091** |
| **Non-current liabilities (Note 15)** | **60,030** | **60,824** |
| **Total non-current liabilities** | **103,832** | **150,915** |
| **Current Liabilities** | | |
| **Payable to related parties (Note 23.1)** | **43,014** | **46,225** |
| **Accounts payable for purchases and services** | **88,044** | **86,375** |
| **Accounts payable for audiovisual right** | **23,080** | **23,511** |
| **Other non-trade payables** | **38,859** | **67,481** |
| Government grants and other loans | 1,154 | 1,100 |
| Income tax payable | - | 27,328 |
| Payables to public authorities (Note 17.3) | 14,860 | 16,515 |
| Payables for non-current asset acquisitions | 3,174 | 7,116 |
| Remuneration Payables | 18,702 | 15,010 |
| Other borrowings | 969 | 412 |
| **Provisions (Note 16)** | **68,569** | **44,012** |
| **Other current Liabilities** | **685** | **1,002** |
| **Total current liabilities** | **262,251** | **268,606** |
| **TOTAL EQUITY AND CURRENT LIABILITIES** | **827,557** | **1,060,331** |

The accompanying Notes 1 to 23 are an integral part of the consolidated balance sheet at 31 December 2007.

Madrid, 25 February 2009

| | | | | |
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## Gestevisión Telecinco, S.A. and Subsidiaries

| | 31/12/07 | 31/12/08 |
|---|---|---|
| **INCOME** | | |
| Revenue (Note 21.1) | 938,792 | 1,055,574 |
| Sales | 947,400 | 1,065,919 |
| Discount and volume rebates | (42,284) | (45,692) |
| Revenue from the rendering of services | 33,676 | 35,347 |
| Other operating incomes | 43,061 | 26,072 |
| **Total operating income** | **981,853** | **1,081,646** |
| **EXPENSES** | | |
| Decrease in inventories of finished goods and work in progress | (3,821) | (1,511) |
| Procurements | 165,910 | 141,933 |
| Staff costs (Note 21.2) | 89,218 | 84,853 |
| Amortisation of audiovisual property rights | 180,827 | 188,084 |
| Depreciation and amortisation charge | 6,046 | 4,698 |
| Change in operating provisions (Note 21.3) | 1,895 | 689 |
| Other expenses | 154,873 | 177,646 |
| **Total operating expenses** | **594,948** | **596,392** |
| **Profit from operations** | **386,905** | **485,254** |
| Net finance income/expense (Note 21.5) | (3,055) | 5,435 |
| Exchange diferences(Nota 21.6) | (342) | (103) |
| Result of companies accounted for using the equity method | (175,821) | (3,070) |
| Impairment losses | (26) | - |
| Gains (losses) on disposals for current assets | (11) | (73) |
| **PROFIT BEFORE TAX** | **207,650** | **487,443** |
| Income tax (Note 17.4) | 23,125 | 137,421 |
| **Profit for the year (Benefits)** | **184,525** | **350,022** |
| **Attributable to:** | | |
| Shareholders of the Parents | 211,279 | 353,058 |
| Minority interests | (26,755) | (3,036) |
| **Earnings per share (Note 22.1)** | **0.87** | **1.44** |
| **Diluted earnings per share (Note 22.2)** | **0.87** | **1.44** |

The accompanying Notes 1 to 23 are an integral part of the consolidated income statement at 31 December 2008.

Madrid, 25 February 2009

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## Gestevisión Telecinco, S.A. and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007(Amounts in thousands of euros)

| | Share Capital | Legal Reserve | Share Premium | Treasury Shares | Share based payment reserve | Other Reserves | Foreign currency translation reserve | Profit of the year | Dividends | Total equity of the parent | Minority Interest | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at 31.12.2006** | **123,321** | **24,664** | **37,013** | **(25,838)** | **5.034** | **120,009** | | **314,249** | **0** | **598,452** | **524** | **598,976** |
| Change in measurement of derivative financial instruments | | | | | | (4,900) | | | | (4,900) | (1,880) | (6,780) |
| Foreign currency translation reserve | | | | | | | (13,327) | | | (13,327) | (4,983) | (18,310) |
| **Total recognized income and expense** | **0** | **0** | **0** | **0** | **0** | **(4,900)** | **(13,327)** | **0** | **0** | **(18,227)** | **(6,863)** | **(25,090)** |
| Profit for the year | - | - | - | - | | - | - | 353,058 | - | 353,058 | (3,036) | 350,022 |
| **Total recognized income and expense** | **0** | **0** | **0** | **0** | **0** | **(4,900)** | **(13,327)** | **353,058** | **0** | **334,831** | **(9,899)** | **324,932** |
| Dividends | - | - | - | - | - | - | - | (314,249) | | (314,249) | - | (314,249) |
| Treasury shares | - | - | - | (30,631) | - | - | - | - | - | (30,631) | - | (30,631) |
| Share based payment reserve | - | - | - | - | 3,397 | - | - | - | - | 3,397 | - | 3,397 |
| other changes | - | - | - | - | - | (1,615) | - | - | - | (1,615) | - | (1,615) |
| Minority interests | - | - | - | - | - | - | - | - | - | 0 | 60,000 | 60,000 |
| **Balance at 31-12-07** | **123,321** | **24,664** | **37,013** | **(56,469)** | **8,431** | **113,494** | **(13,327)** | **353,058** | **-** | **590,185** | **50,625** | **640,810** |

The accompanying Notes 1 to 23 are an integral part of the consolidated statement at 31 December 2008.

Madrid, 25 February 2009

| | | | | |
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## Gestevisión Telecinco, S.A. and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007
(Amounts in thousands of euros)

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at 31-12-07** | **123,321** | **24,664** | **37,013** | **(56,469)** | **8,431** | **113,494** | **(13,327)** | **353,058** | **0** | **590,185** | **50,625** | **640,810** |
| Change in measurement of derivative financial instruments | | | | | | (10,419) | | 0 | 0 | (10,419) | (3,507) | (13,926) |
| Foreign currency translation | | | | | | | (23,512) | | | (23,512) | (7,263) | (30,775) |
| **Total recognized income and expense** | **0** | **0** | **0** | **0** | **0** | **(10,419)** | **(23,512)** | **0** | **0** | **(33,931)** | **(10,770)** | **(44,701)** |
| Profit for the year | | | | | | | | 211,279 | | 211,279 | (26,755) | 184,525 |
| **Total recognized income and expense** | **0** | **0** | **0** | **0** | **0** | **(10,419)** | **(23,511)** | **211,279** | **0** | **177,349** | **(37,525)** | **139,824** |
| Dividends | - | - | - | - | - | 35,496 | - | (353,058) | - | (317,562) | - | (317,562) |
| Treasury shares | - | - | - | (1,344) | - | - | - | - | - | (1,344) | - | (1,344) |
| Share based payment | - | - | - | - | 2,069 | - | - | - | - | 2,069 | - | 2,069 |
| other changes | - | - | - | - | - | (2,323) | - | - | - | (2,323) | - | (2,323) |
| Minority interests | - | - | - | - | - | - | - | - | - | 0 | - | 0 |
| **Balance at 31-12-08** | **123,321** | **24,664** | **37.013** | **(57,813)** | **10,500** | **126,249** | **(36,839)** | **211,279** | **0** | **448,374** | **13,101** | **461,474** |

The accompanying Notes 1 to 23 are an integral part of the consolidated statement at 31 December 2008.

Madrid, 25 February 2009

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# Gestevisión Telecinco, S.A. and Subsidiaries

CONSOLIDATED CASH FLOW STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007
(Amounts in thousands of euros)

| | 31/12/2008 | 31/12/2007 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| **Net profit before tax** | **207,650** | **487,444** |
| *Adjustment for:* | | |
| Amortisation of audiovisual property rights | 180,826 | 188,084 |
| Depreciation and amortization charge | 6,048 | 4,698 |
| Result of companies accounted for using the equity | 175,821 | 3,070 |
| Change in provisions for contingencies and charges | (21,732) | 11,020 |
| Proceeds from dispossal of property, plants and equipment | 11 | 73 |
| Profit attributable to minority interests | 0 | 3,035 |
| Net finance income | 3,055 | (5,436) |
| Net exchange differences | 342 | 103 |
| Disposals of non-current assets | 2,021 | |
| Gains (losses) from derecognition and disposals of non-current financial assets | 26 | |
| **Profits from operations before changes in working capital** | **554,068** | **692,091** |
| *Change in operating assets and liabilities net of the impact of acquisition of new investments* | | |
| Inventories | (3,763) | (1,593) |
| Accounts receivable | 61,132 | (27,110) |
| Other current assets | 6,460 | 10,482 |
| Account payables | (1,974) | 17,740 |
| Other current liabilities | (261) | (2,691) |
| Change in provisions | | 3,440 |
| **Cash flows from operating activities** | **615,663** | **692,359** |
| Taxes paid at sources | (100,174) | (138,932) |
| **Net cash flows from operating activities (A)** | **515,489** | **553,427** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Investment in property, plant and equipment | (6,590) | (8,804) |
| Investment in intangible assets | (2,430) | (2,726) |
| Investments in audivisual property rights | (186,798) | (172,420) |
| Investment in non-current financial assets | | 4,175 |
| Disposals of non-current assets | | (366) |
| Disposals of non-current financial assets | 158 | 1,511 |
| Investments in subsidiaries | (22,082) | (465,996) |
| Investment in other non-current financial assets | (14,896) | |
| Dividend received | 1,641 | 1,213 |
| Interest received | 3,829 | 9,817 |
| **Net cash flows from investing activities** | **(227,168)** | **(633,597)** |
| **CASH FLOW USED IN FINANCING ACTIVITIES** | | |
| Long term financing | (794) | 57,886 |
| Interest paid | (3,915) | (537) |
| Dividends paid | (317,562) | (314,249) |
| Shareholders' contribution | | 56,449 |
| Acquisition of treasury shares | (1,344) | (30,825) |
| Gain on disposals of shares | - | 40 |
| Disposal of treasury shares | - | 194 |
| **Net cash flows used in financing activities (C)** | **(323,615)** | **(231,041)** |
| **NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS [D=A+B+C]** | **(35,294)** | **(311,210)** |
| **NET FOREIGN EXCHANGE DIFFERENCE** | **342** | **103** |
| **NET CHANGE IN CASH AND CASH EQUIVALENTS** | **(34,952)** | **(311,108)** |
| **Cash and cash equivalents at beginning of the year (Note 12)** | **67,843** | **378,951** |
| **Cash and cash equivalents at end of the year (Note 12)** | **32,892** | **67,843** |

The accompanying Notes 1 to 23 are an integral part of the consolidated statement at 31 December 2008.

Madrid, 25 February 2009

| | | | | |
|---|---|---|---|---|
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## 1. Corporate purpose of the Gestevisión Telecinco, S.A. Group companies

### GESTEVISIÓN TELECINCO, S.A. - PARENT

GESTEVISIÓN TELECINCO, S.A. ("the Company" or "the Parent") was incorporated in Madrid on 10 March 1989. Its registered office is at Carretera de Fuencarral a Alcobendas, nº 4, 28049 Madrid.

The Company is engaged in the indirect management of a public television service in accordance with the terms of the concession granted by the State, by virtue of the Resolution of 28 August 1989 of the General Secretariat of Communications, and of the concession agreement executed in a public deed on 3 October 1989, and the performance of all the operations that are naturally required for or are the consequence of said management.

Through a Resolution of the Council of Ministers dated 10 March 2000, this concession was renewed for a period of ten years from 3 April 2000. The Parent made all the necessary investments to begin digital broadcasts pursuant to Royal Decree 2169/1998, of 9 October, which approved the Spanish National Technical Plan for Digital Terrestrial Television.

Under a Council of Ministers Resolution dated 25 November 2005, the concession agreement was extended along with those of the other concession operators in Spain, by granting concessions for three Digital Terrestrial Television (DTT) channels.

Per Article 4 of its bylaws, the Company was incorporated for an indefinite period of time.

The Company was admitted for listing on the Stock Exchange on 24 June 2004 and its shares are traded on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges. The shares were included in the IBEX-35 index on 3 January 2005.

The Company is head of a Group of subsidiaries making up the Telecinco Group ("the Group"). Consequently, Gestevisión Telecinco, S.A. is required to prepare, in addition to its individual annual accounts, consolidated annual accounts for the Group, which also include its investments in associates.

The consolidated Group companies are as follows:

**Fully consolidated companies**

| | Country | 2008 | 2007 |
|---|---|---|---|
| Grupo Editorial Tele 5, S.A.U. | Spain | 100% | 100% |
| Agencia de Televisión Latino-Americana de Servicios y Noticias España, S.A.U. | Spain | 100% | 100% |
| Telecinco Cinema, S.A.U. | Spain | 100% | 100% |
| Publiespaña, S.A.U. | Spain | 100% | 100% |
| Cinematext Media, S.A. | Spain | 60% | 60% |
| Conecta 5 Telecinco, S.A.U. (*) | Spain | 100% | 100% |
| Mediacinco Cartera, S.L. | Spain | 75% | 75% |
| Atlas Media, S.A.U. (1) | Spain | 100% | 100% |
| Agencia de Televisión Latino-Americana de Servicios y Noticias País Vasco, S.A.U. (1) | Spain | 100% | 100% |
| MiCartera Media, S.A.U. (1) | Spain | 100% | 100% |
| Publimedia Gestión, S.A.U. (2) | Spain | 100% | 100% |
| Advanced Media, S.A.U. (2) | Spain | 100% | 100% |
| Cinematext Media Italia, S.R.L. (3) | Italy | 60% | 60% |
| Canal Factoría de Ficción, S.A.U. (*) | Spain | 100% | 40% |
| Telecinco Factoría de Producción, S.L. | Spain | 100% | - |

**Companies accounted for using the equity method**

| | Country | 2008 | 2007 |
|---|---|---|---|
| Premiere Megaplex, S.A. | Spain | 50% | 50% |
| Canal Factoría de Ficción, S.A. (*) | Spain | - | 40% |
| Pegaso Televisión Inc | USA | 35% | - |
| Edam Acquisition Holding I Cooperative U.A. (4) | Netherlands | 33% | 33% |
| Aprok Imagen, S.L. (1) | Spain | 40% | 40% |
| Producciones Mandarina, S.L. (1) | Spain | 30% | 30% |
| La Fábrica de la Tele, S.L. (1) | Spain | 30% | 30% |
| Publieci Televisión, S.A. (2) | Spain | 50% | 50% |

(*)During the first quarter of 2008, the group increased its ownership interest in this company from 40% to 100%, therefore this company is now fully consolidated

(1) The ownership interests in these companies are held through Agencia de Televisión Latino-Americana de Servicios de Noticias España, S.A.U. (Atlas España, S.A.U.).
(2) The ownership interests in these companies are held through Publiespaña, S.A.U.
(3) The ownership interest in this company is held through Cinematext Media, S.A.
(4) The ownership interest in this company is held through Mediacinco Cartera, S.L.

## SUBSIDIARIES

Subsidiaries are defined as companies over which the Parent has the capacity to exercise effective control, which is presumed to exist when the Parent owns directly or indirectly half or more of the voting power of the investee.

### 1. Fully consolidated companies (wholly-owned by Gestevisión Telecinco S.A.)

#### Grupo Editorial Tele 5, S.A.U.

Grupo Editorial Tele 5, S.A.U. was incorporated in Madrid on 10 July 1991, and its registered office is at Carretera de Fuencarral a Alcobendas, nº 4, Madrid.

The company is engaged, inter alia, in the following activities which are complementary to operating a television channel: the acquisition and exploitation of phonogram and audiovisual recording rights, artistic representation, the promotion of events and the publishing, production, distribution and marketing of publications and graphic materials.

#### Agencia de Televisión Latino-Americana de Servicios y Noticias España, S.A.U.

Agencia de Televisión Latino-Americana de Servicios y Noticias España, S.A.U. was incorporated in Madrid on 21 January 1998. The company's registered office is in Madrid, at Carretera de Fuencarral a Alcobendas, nº 4.

The company is engaged in acting as a news agency and, accordingly, it carries out journalistic activities for any public communication media: the written press, radio, television and audiovisual media in general. It also produces, records, executes and performs post-production activities and all other activities that are required to broadcast, in any format, news programmes and audiovisual programmes in general.

#### Telecinco Cinema, S.A.U.

Digitel 5, S.A.U. was incorporated in Madrid on 23 September 1996. Its registered office is in Madrid, at Carretera de Fuencarral a Alcobendas, nº 4.

In November 1999 the change of its corporate name from Dígitel 5, S.A.U. to Estudios Picasso Fábrica de Ficción, S.A.U. was registered at the Mercantile Registry.

In May 2007 the change of its corporate name to Producciones Cinematográficas Telecinco, S.A.U. was registered at the Mercantile Registry.

In November 2007 the change of its corporate name to Telecinco Cinema, S.A.U. was registered at the Mercantile Registry.

The company’s corporate purpose includes mainly, although not exclusively, the provision of television broadcasting services through digital technology, research, development and commercialisation of new technologies related to telecommunications; any activity that might be required for television broadcasting, intermediation in the markets for audiovisual rights; organisation, production and broadcasting of shows or events of any kind.

**Publiespaña, S.A.U.**

Publiespaña, S.A.U. was incorporated on 3 November 1988. Its registered office is at Carretera de Fuencarral a Alcobendas, nº 4, Madrid.

The company's corporate purpose includes:

- The performance and execution of advertising projects and all manner of work relating to the commissioning, intermediation and dissemination of advertising messages in all possible forms, by means of any manner of broadcasting or communications media.
- The performance of activities relating directly or indirectly to marketing, merchandising, telesales and any other commercial activity.
- The organisation and production of cultural, sports, musical or any other events and the acquisition and exploitation, by any means, of all manner of rights relating thereto.
- The provision of advisory analysis and management services, using any procedure relating to the aforementioned activities.
- These activities may be performed fully or partially indirectly by the company, through equity investments in other companies with a similar activities.

**Cinematext Media, S.A. (60% owned)**

Cinematext Media, S.A. was incorporated in Madrid on 1 December 2000. Its registered office was located initially in Majadahonda (Madrid) at Calle Benavente, 5, Bajo Izquierda. At the Extraordinary General Meeting held on 21 December 2000, it was resolved to transfer the registered office to Carretera de Fuencarral a Alcobendas, nº 4, Madrid.

The company is engaged in providing subtitling services for the film, video and television industries.

**Conecta 5 Telecinco, S.A.U.**

Europortal, S.A. was incorporated on 6 September 1999. On 14 October 1999, the company changed its name to Europortal Jumpy, S.A. Its registered office is at Carretera de Fuencarral a Alcobendas, nº 4, Madrid.

On 5 November 2007, its name was changed to Conecta 5 Telecinco, S.A.U.

The company is engaged in exploiting audiovisual content on the Internet.

**Mediacinco Cartera, S.L. (75% owned)**

Mediacinco Cartera, S.L.U. was incorporated on 13 April 2007. Its registered office is in Madrid, at Carretera de Fuencarral a Alcobendas, nº 4.

The company is engaged in:

a) The investment through acquisition, subscription, assumption, disbursement, ownership, transfer, disposal, contribution and charging of Marketable Securities, including shares and other equity investments in companies and joint property entities, company subscription rights, exchangeable and non-exchangeable debentures, commercial bonds, “rights” bonds, fixed-income and equity securities, irrespective of whether or not they are on the official stock exchanges and government debt securities, including treasury bills and promissory notes, bills of exchange and certificates of deposit, all in accordance with the applicable legislation.

b) The provision of accounting, financial, tax, civil law, corporate law, labour law and administrative law administration, management and advisory services to other companies in which it has direct or indirect ownership interests.

**Canal Factoría de Ficción S.A.**

Canal Factoría de Ficción, S.A. was incorporated on 2 November 2000, establishing its registered address in Madrid, Carretera de Fuencarral a Alcobendas km 12,450.

The company is engaged in:

a) The production and distribution of all types of audiovisual programs and products, in any technical support format produced either by the Company itself or by third parties; in particular, the production of television programs as well as their structuring and/or total or partial inclusion in television channel programming.

b) The marketing and advertising of audiovisual as well as related products.

c) The management of audiovisual companies.

d) The preparation of studies and reports on matters relating to the above or related activities as well as the provison of consulting and advisory services.

- The sequence of events that took place at Canal Factoría de Ficción, S.A.U. in 2008 is as follows:

- On 25 July 2008, the Company became the owner of all of Canal Factoría’s share capital, through the acquisition of the portion of that share capital held by other shareholders.

- On 28 July 2008, the company was reactivated, thereby nullifying the 20 December 2007 dissolution agreement and allowing the company to resume its activity. In addition, the company’s registered office was changed to the Carretera de Fuencarral to Alcobendas, No. 4 28049, Madrid (registered at the Mercantile Registry on 28 September 2008).

On 28 July 2008, the company was declared a single-shareholder entity (registration at the Mercantile Registry on 25 September 2008).

**Tele 5 Factoría de Producción, S.L.U.**

This company is engaged in the production, distribution and exploitation of audiovisual products as well as exploition of intellectual and industrial property rights. It also provides financial intermediation and management services to audiovisual companies.

On 1 July 2008, the company Telecinco Factoría de Producción, S.L.U, 100%-owned by Gestevisión Telecinco, S.A., whose registered office is located at the Carretera de Fuencarral to Alcobendas, No. 4, 28049, Madrid, was incorporated at the Mercantile Registry.

On 31 December 2008, the sole shareholder decided to change the company's corporate name to Big Bang Media, S.L. The registered office was also changed to C/ Almagro 3, 4º izquierda, Madrid. In addition, the share capital was increased, such that Gestevisión Telecinco, S.A., partially renounced the exercise of its preemptive right, and its interest in the company was reduced to 30%. The date of execution of these agreements was 2009.

2. **Fully consolidated companies (wholly-owned through Agencia de Televisión Latino-Americana de Servicios de Noticias España, S.A.U.)**

**Atlas Media, S.A.U.**

Agencia de Televisión Latino-Americana de Servicios y Noticias Cataluña, S.A.U. was incorporated on 22 December 1997. Its registered office is in Sant Just Desvern, at C/Bullidor s/n.

On 28 May 2004, the company's sole shareholder, Agencia de Televisión Latino-Americana de Servicios y Noticias España, S.A.U., resolved to change the company's corporate name to Atlas Media, S.A.U.

**Agencia de Televisión Latino-Americana de Servicios y Noticias País Vasco, S.A.U.**

Agencia de Televisión Latino-Americana de Servicios y Noticias País Vasco, S.A.U. was incorporated in Bilbao on 16 July 1998. Its registered office is in Bilbao, at Ribera de Elorrieta, pab. 7-9, Vizcaya.

The company and the preceding company is engaged in acting as a news agency and, accordingly, they carry on journalistic activities for any public communication media, the written press, radio, television and audiovisual media in general.

**Mi Cartera Media, S.A.U.**

Mi Cartera Media, S.A.U. was incorporated in Madrid on 15 February 2001. The company's registered office is in Madrid, at Carretera de Fuencarral a Alcobendas, nº 4.

This company is engaged in the multimedia exploitation of economic and financial formats and content.

### 3. Fully-consolidated companies (wholly-owned through Publiespaña, S.A.U.)

**Publimedia Gestión, S.A.U.**

Publimedia Gestión, S.A.U. was incorporated in Madrid on 23 November 1999. The company's registered office is in Madrid, at Carretera de Fuencarral a Alcobendas, nº 4.

The company is engaged in:

- The creation, acquisition, production, co-production, editing, filming or recording, reproduction, broadcasting, dissemination, distribution, marketing and, in short, operation by any means of all manner of audiovisual, written or electronic works or recordings, together with the rights relating thereto.
- The performance and creation of advertising projects and work relating to the commissioning, intermediation and dissemination of advertising messages in all possible forms, by means of any manner of broadcasting or communications media.
- The direct or indirect creation, acquisition, marketing and exploitation, by any means, of brands, patents and any other type of intellectual property or rights of publicity, and of any objects, models or methods that are capable of being used as a support for the exploitation of the above-mentioned rights.
- The performance of activities relating directly or indirectly to marketing, merchandising or any other commercial activity.
- The organisation and production of cultural, sports, musical or any other event and the acquisition and exploitation, by any means, of all manner of rights relating thereto.
- The provision of advisory, analysis and management services, using any procedure, relating to the aforementioned activities.

**Advanced Media, S.A.U.**

Advanced Media, S.A.U. was incorporated in Madrid on 7 October 1999. Its registered office is in Madrid, at Carretera de Fuencarral a Alcobendas, nº 4.

The company is engaged in:

- The publishing, production and publication in any format of books, newspapers, magazines and printed matter of all kinds.
- The performance and execution of advertising projects and all work relating to the commissioning, intermediation and dissemination of advertising messages in all possible formats.
- The performance of activities relating to marketing, merchandising and any other commercial activity.

- The production of audiovisual programmes and intermediation in the markets for intellectual property rights of all types.

4. **Fully-consolidated company (60% owned through Cinematext Media, S.A.)**

**Cinematext Media Italia, S.r.L.**

This company was formed on 10 February 2005. Its registered office is at Via Marconi, nº 27, 20090 Segrate, Milan.

It is engaged in the dubbing and subtitling of audiovisual works and recordings.

The balance sheet date of all these companies is 31 December 2008.

**ASSOCIATES OF GESTEVISIÓN TELECINCO, S.A.**

Associates are companies over which the Company is in a position to exercise significant influence, which is presumed to exist when an investment of at least 20% is held, but not control or joint control.

1. **Direct ownership through Gestevisión Telecinco, S.A.**

| Company | Ownership interest | Line of business |
|---|---|---|
| Premiere Megaplex, S.A.<br>C/ Enrique Jardiel Poncela, 4<br>28016 Madrid | 50% | Operation of cinemas |
| Pegaso Televisión Inc<br>1401 Brickwell Avenue.Ste 500<br>Miami, Florida | 35% | Channeling of the investment in Caribevisión Network, a TV broadcaster in the east cost of the US and in Puerto Rico |

2. **Indirect ownership through Agencia de Televisión Latino-Americana de Servicios y Noticias España, S.A.U.**

| Company | Ownership interest | Line of business |
|---|---|---|
| Aprok Imagen S.L.<br>C/ Martínez Corrochano, 3<br>28007 Madrid | 40% | News agency |
| Producciones Mandarina, S.L.<br>C/ María Tubau, 3<br>28050 Madrid | 30% | Creation, development, production and commercial exploitation of audiovisual content |
| La Fabrica de la Tele, S.L. | 30% | Creation, development, production and commercial exploitation of audiovisual content |

### 3. Indirect ownership through Publiespaña, S.A.U.

| Company | Ownership interest | Line of business |
|---|---|---|
| Publieci Televisión, S.A.<br>C/ Hermosilla, 112<br>28009 Madrid | 50% | Sale of products and services targeted at the end consumer |

### 4. Indirect ownership through Mediacinco Cartera, S.L.

| Company | Ownership Interest | Line of business |
|---|---|---|
| Edam Acquisition Holding I Cooperative U.A.<br>Flevolaan 41 a<br>1411 KC Naarden<br>Amsterdam | 33% | Channelling of the investment of the consortium formed by Goldman Sachs Capital Partners, Cyrte Fund II B.V. and Mediacinco Cartera S.L. in Endemol N.V., a company engaging in the creation, production and exploitation of content for television and other audiovisual platforms. |

These companies are accounted for using the equity method, since the Group is not a majority shareholder and does not exercise control.

None of these companies is publicly listed.

## 2. Basis of presentation and comparability of the consolidated annual accounts

2.1. Fair presentation and conformity with International Financial Reporting Standards

The Group's consolidated annual accounts for 2007 were formally prepared:

- By the directors, at the Board of Directors Meeting held on 25 February 2009.

- In accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, in conformity with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council.

- Taking into account all the mandatory accounting policies and rules and measurement bases with a material effect on the consolidated annual accounts, as well as the alternative treatments permitted by the relevant standards in this connection, which are specified in these Notes to the consolidated annual accounts.

- The consolidated financial statement have been prepared on a historical cost basis, except for derivative financial instruments and available for sale financial assets that have been measured at fair value.

- So that they present fairly the Group's consolidated equity and financial position at 31 December 2007 and the results of its operations, the changes in consolidated equity and the consolidated cash flows in the year then ended.

- On the basis of the accounting records kept by the Company and by the other Group companies.

The company is the head company of a Group and in accordance with Royal Decrete 1815/1991 of 20 December it is required to prepare a set of consolidated financial statement under IFRS-EU due that it is a listed group.

However, since the accounting policies and measurement bases used in preparing the Group's consolidated annual accounts for 2007 (IFRSs) are not exactly the same as those used by the Group companies (local standards), the required adjustments and reclassifications were made on consolidation to unify the policies and methods used and to make them compliant with the International Financial Reporting Standards adopted by the European Union.

The 2008 consolidated annual accounts of the Group and the 2008 financial statements of the Group companies have not yet been approved by their shareholders at the respective Annual General Meetings, They are expected to be approved without modification.

The consolidated income statement is presented on the basis of the nature of expenses.

The consolidated cash flow statement is presented using the indirect method.

2.2. Responsibility for the information and use of estimates

The information in these financial statements is the responsibility of the Parent's directors.

In preparing the Group's consolidated annual accounts for 2008, certain estimates and assumptions were made on the basis of the best information available at 31 December 2008 on the events analysed. However, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively, in accordance with the requirements of IAS 8, recognising the effects of the change in estimates in the related consolidated income statements.

<u>Estimates and assumptions</u>

Estimates and assumptions are reviewed on an ongoing basis. The impact of changes in accounting estimates is recognized in the period in which the estimates are changed if they affect only that period, or in the period of the changes and future periods if they affect both current and future periods. The main hypothesis and assumptions regarding future events and other uncertain sources of estimates at the date of preparation of the financial statements that may cause corrections to assets and liabilities are as follows.

Impairment of non current assets

The Group assesses whether there are any indications of impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life intangible assets are tested for impairment annually and at any time when such indications exists. Other non-financial assets are tested for impairment when there are indications that the carrying amounts may not be recoverable.
If there is an objective evidence that an impairment loss occur, the amount of the impairment loss is measured as the difference between the carrying amount of the assets and the estimated future cash-flow discounting using a proper discount rate.

Useful life of property, plant and equipment and intangible assets

The Group periodically reviews the useful lives of its property, plant and equipment and its intangible assets, prospectively adjusting the provisions for depreciation when the estimates change.
Recoverability of deferred tax assets

In the event the Group or any of its Group companies have tax credits relating to deferred tax assets, the corresponding estimates of tax loss carryforwards expected in future years are reviewed at year end to assess their recoverablilty and the related impairment loss recorded where recoverability is not assured.

Provisions

The Group recognizes provisions for risks in accordance with the accounting policy set forth in Note 4.18 The Group has made judgements and estimates regarding the probability of the occurrence of said risks, as well as the amount thereof, and has recognized a provision when the risk has been considered likely, estimating the cost that such an occurrence would represent for it.

Share based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payments requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payments are disclosed in Note 19

2.3. Comparative information

As required by IAS 1, the information relating to 2008 contained in these notes to the consolidated annual accounts is presented, for comparison purposes, with similar information relating to 2007.

a) Changes in presentation of the consolidated balance sheet:

The Group has made changes to the presentation of the consolidated balance sheet. Accordingly, the amounts shown in equity corresponding to stock option plans which were formerly classified in the share premium account have been reclassified to other reserves.

In addition, as explained in Note 9, the investee Edam Adquisition Holding I Cooper U.A. has recalculated, for the period from 3 July to 31 December 2007, the effects of exchange differences relating to certain values allocated to cash-generating units whose currency is not the euro, for purposes of allocating the acquisition price that followed the purchase of shares under the terms of IAS 21.

These changes have been made retrospectively, giving rise to the following differences between the headings from 2007 shown in these consolidated annual accounts and those shown in the 2007 financial statements:

| | (*) (31/12/07) | (**) 31/12/07 | Difference |
|---|---|---|---|
| Share premium | 37,013 | 46,126 | (9,113) |
| Share option plan reserve | 8,431 | - | 8,431 |
| Other reserves | 113,495 | 115.337 | (1,842) |
| Currency translation differences | (13,327) | - | (13,327) |
| Minority interests | 50,625 | 56,469 | (5,844) |
| Total equity | 196,237 | 217,932 | (21,695) |
| Equity method investments | 438,300 | 459,995 | (21,695) |

(*) Consolidated balance sheet figures from 2007 adapted to new classification criterion.
( **) Consolidated balance sheet figures from 2007 as shown in the 2007 consolidated annual accounts.

b) Changes in presentation of and classifications in the consolidated cash flow statement

To improve the presentation of the consolidated cash flow statement and ensure that it provides a fair presentation of cash flows from the Group's operations, changes were made in its presentation. Accordingly, cash flows corresponding to acqusitions of audiovisual rights have been reclassifed in the 2008 consoldiated financial statements to cash from investing activities. In the 2007 consolidated annual accounts, these cash flows were classified as cash from operating activities. This reclassification has been made retrospectively, giving rise to the following differences between the consolidated cash flows from 2007 shown in these consolidated annual accounts and those shown in the 2007 financial statements:

| | **(*) 31/12/2007** | **(**) 31/12/2008** |
|---|---|---|
| Cash flows from operating activities | 692,359 | 519,939 |
| Cash flows from investing activities | (633,597) | (461,176) |

(*) Consolidated cash flow statement figures from 2007 adapted to the new classification criterion.
(**) Consolidated cash flow statement figures from 2007 as shown in the 2007 annual accounts.

c) Change in the presentation of and classifications in the consolidated statement of changes in equity

Due to the change in presentation made to the consolidated balance sheet described in paragraph a) above, the Group has likewise modified the presentation of the consolidated statement of changes in equity. This change entailed reclassifying the amounts corresponding to share option plans from the share premium account to "Share option plans."

2.4. Statement of compliance

The consolidated annual accounts of the Group have been prepared in accordance with International Financial Reporting Standards (IFSR) as issued by the International Accounting Standards Board (IASB) and in force at 1 January 2008.

2.5. As of the date these consolidated annual accounts were approved for their submission to the General Shareholders' Meeting, the Group has elected not to implement the early application of the following non-mandatory IFRS standards and interpretations:

| Standards and amendements | | Mandatory in financial years beginning on or after |
|---|---|---|
| NIIF 8 | Operating Segments | 1 January 2009 |
| Amendment to IAS 23 | Interest expense | 1 January 2009 (**) |
| Amendment to IAS 1 | Presentation of Financial Statements – Revised presentation | 1 January 2009 |
| Revised IFRS 3 (*) | Business combinations | 1 July 2009 |
| Revised IFRS 27 (*) | Individual and consolidated annual accounts | 1 July 2009 |
| Amendment to IFRS 2 | Share-based payments: vesting conditions and cancellations | 1 January 2009 |
| Amendments to IAS 32 and IAS 1 | Puttable financial instruments and obligations arising on liquidation | 1 January 2009 |
| Amendments to IFRS 1 and IAS 27 | Cost of an investment in a group company, associate or joint venture | 1 January 2009 |
| Amendments to IAS 39 (*) | Eligible hedged items | 1 July 2009 |
| Revised IFRS 1 (*) | First-time adoption of IFRS | 1 July 2009 |
| IFRS improvements | | 1 January 2009 (***) |

(*) Not adopted by the European Union.

(**) Financial costs related to qualified capitalized assets as of 1 January 2009.

(***) Improvements to IFRS 5 are applicable in financial years beginning on or after 1 July 2009.

| Interpretations | | Mandatory in financial years beginning on or after |
|---|---|---|
| IFRIC 12 (*) | Service Concession Arrangements | 1 January 2009 |
| IFRIC 13 | Customer Loyalty Programs | 1 July 2008 |
| IFRIC 14 | The limit on a defined benift asset, minimum finding requirements and their interaction | 1 January 2009 |
| IFRIC 15 (*) | Agreements for the Construction of Real Estate | 1 January 2009 |
| IFRIC 16 (*) | Hedge of a net investment in a foreign operation | 1 October 2008 |
| IFRIC 17 (*) | Distribution of Non-cash Assets to Owners | 1 July 2009 |
| IFRIC 18 (*) | Transfer of Assets from Customers | 1 July 2009 (**) |

(*) Not adopted by the European Union.

(**) Applicable to transactions carried out on or after 1 July 2009.

The Group is currently analyzing the material impact of the adoption of the aforementioned standards, amendments and interpretations. Given that the number of modifications is significant, they may have some impact on the consolidated annual accounts in the period of their initial application.

## 3. Proposed distribution of the profit of the Parent

The distribution of the Parent's net profit for 2008 that its Board of Directors will propose for approval by the shareholders at the Annual General Meeting 2007 and the distribution of the Parent's net profit approved by the Annual General Meeting are as follows:

| Distributable Profit | 2008 | 2007 |
|---|---|---|
| Profit for the year | 269,222 | 319,331 |
| Appropriation to: | | |
| Voluntary reserves | 58,950 | 1,769 |
| Dividends | 210,272 | 317,562 |
| Total | 269,222 | 319,331 |

## 4. Accounting policies

The principal accounting policies used in preparing the Group's consolidated annual accounts were as follows:

4.1. Basis of consolidation

The Group's consolidated annual accounts include the financial statements of all the companies over which the Group has control. Control is the power to govern a company's financial and operating policies in order to obtain benefits from its activities. All intra-Group balances and transactions were eliminated on consolidation. Associates, companies over which the Group exercises significant influence but not control, were accounted for using the equity method.

All the Group companies have the same individual balance sheet date and apply accounting policies on a uniform basis.

All items of property, plant and equipment and intangible assets are linked to production and the generation of revenue from business activities.

4.2. Translation of financial statements of foreign subsidiaries

The consolidated annual financial statements are presented in euros, which is the Group's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The balance sheet and income statement headings of consolidated foreign companies are translated to euros at the year-end exchange rate, which means:

- All assets, rights and liabilities are translated to euros at the exchange rate ruling at the close of the foreign subsidiaries' accounts.

- Income statement headings are translated at the average exchange rate.

The difference between the equity of foreign companies, including the balance of the income statement, translated at year–end exchange rates and the equity obtained translating the assets, rights and liabilities by applying the criteria set forth above are shown under "Translation differences", under equity in the consolidated balance sheet.

4.3. Related parties

The corresponding heading in the consolidated balance sheet includes the balances with significant shareholders and associates. The other balances arising from related-party transactions with directors and key management personnel are classified under the appropriate consolidated balance sheet headings.

4.4. Current/Non-current classification

In the accompanying consolidated balance sheet, assets and liabilities maturing within no more than 12 months are classified as current items and those maturing within more than 12 months are classified as non-current items.

Audiovisual rights are classified in full as non-current assets. Note 7 details the rights that the Group expects to amortise within a period of less than 12 months.

4.5. Property, plant and equipment

Property, plant and equipment are recognised using the cost model, which includes the cost of acquisition of the assets and the additional expenses incurred until they have become operational. Property, plant and equipment are measured at the lower of cost and recoverable amount.

Repairs that do not lead to a lengthening of the useful life of the assets and maintenance expenses are charged directly to the income statement.

The depreciation of property, plant and equipment is calculated systematically, using the straight-line method, on the basis of the useful life of the assets, based on the actual decline in value caused by their use and by wear and tear.

The depreciation rates used to calculate the decline in value of the various items of property, plant and equipment are as follows:

| | Rate |
|---|---|
| Buildings | 4 % |
| TV equipment | 20 % |
| Fixtures | 10-35 % |
| Tools | 20 % |
| Furniture | 10 % |
| Computer hardware | 25 % |
| Transport equipment | 14 % |
| Other items of property, plant and equipment | 20 % |

4.6. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following intial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets are recognised as such only when the Group can demonstrate how the asset will generate future economic benefits and the ability to measure reliably the expenditure during development.

- Development expenditure

  Expenditure on development activities is recognised as an expense as incurred, except in the case of computer software projects that have reached the development stage. These expenses are measured at cost and are allocated to specific projects until the projects have been completed, provided there is a reasonable assurance that they can be financed through completion and there are sound reasons to foresee their technical success.

- Trademarks and trade names

  These are the intellectual property relating to the licences to use the following trademarks:

  - Tele 5, granted for a period of ten years and amortised on a straight-line basis over the ten-year period following the grant date.
  - Publiespaña, amortised on a straight-line basis over ten years.
  - Atlas, amortised on a straight-line basis over ten years.
  - Canal Factoría de Ficción, amortised on a straight-line basis over ten years

- Computer software

  This includes the amounts paid for title to or the right to use computer programs. Computer software maintenance costs are recognised with a charge to the consolidated income statement for the year in which they are incurred.

  Computer software is amortised over three years from the date on which it starts to be used.

4.7. Audiovisual property rights

4.7.1. Outside production rights

These consist primarily of rights acquired for a period that exceeds one business year. These rights are measured at cost and relate to the individual value of each right. If they are acquired in closed packages, with no breakdown of the individual value of each product, individual values are calculated based on a weighting factor equivalent to the acquisition cost of products of a similar type and category that would have been incurred had the acquisition been made on an individual basis.

The right is recognised at the earlier of the time the material becomes available for broadcasting pursuant to the contract or, if earlier, the date on which the right commences. In the case of several rights associated with a single contract that are accepted during the same year but on different dates, the Group recognises the inclusion of the rights under the contract on the earlier of the date on which the first right is accepted for broadcasting and the date the rights commence.

These rights are recognised in the income statement under “Amortisation of Audiovisual Property Rights”, based on the number of screenings, as follows:

1. Films and TV movies (non-series)

1.1. Contractual rights for two screenings:

First screening: 50% of acquisition cost.
Second screening: 50% of acquisition cost.

1.2. Contractual rights for three or more screenings:

First screening: 50% of acquisition cost.
Second screening: 30% of acquisition cost.
Third screening: 20% of acquisition cost.

2. Other products (series)

    2.1. Contractual rights for two or more screenings:

    First screening: 50% of acquisition cost.
    Second screening: 50% of acquisition cost.

When a screening is sold to a third party, the value of the screening, calculated on the basis of the aforementioned percentages, is amortised on the basis of the territorial television signal distribution capacity of the television station buying the screenings, and a cost of sales is recognised based on the revenue generated in the region where the screening has been sold, with adjustments made to the unsold value of the screening in question.

These rights are subject to valuation adjustments, where necessary, as detailed in Note 4.10.

4.7.2. Series in-house production rights

These include productions owned by the Group, which may subsequently sell them.

Their value includes both the costs incurred directly by the Group and the amounts billed by third parties.

The residual value, estimated at 2% of the total cost, is amortised on a straight-line basis over three years from the time the productions become available; unless these rights are sold to third parties during the amortisation period, in which case the residual value is allocated to the revenue generated by the sale.

These rights are recognised in the income statement under "Amortisation of Audiovisual Property Rights", based on the number of screenings, as follows:

- Series of less than 60 minutes and/or broadcast daily.

    First screening: 100% of the amortisable value.

- Series of more than 60 minutes and/or broadcasted weekly.

    First screening: 90% of the amortisable value.
    Second screening: 10% of the amortisable value.

These rights are subject to valuation adjustments, where necessary, as detailed in Note 4.1.

4.7.3. Distribution rights

These include the rights acquired by the Group for their exploitation in all windows in Spain.

The cost of the right is that stipulated in the contract. Amortisation of distribution rights is recognised on the basis of the revenue generated in each window in which the right is exploited and of an estimate of future revenue from each window.

When the free-to-air broadcasting or right commences, it is reclassified to "Audiovisual Property Rights".

In the free-to-air window, the amortisation of the rights is recognised in the income statement under "Amortisation of Audiovisual Property Rights" in the same way as in the case of audiovisual property rights, as detailed in the related note to these consolidated annual accounts.

4.7.4. Co-production rights

These include the co-production rights acquired by the Group for exploitation in all windows.

The cost of the right is that stipulated in the contract. Amortisation of co-production rights is recognised on the basis of the revenue generated in each window in which the right is exploited and of an estimate of future revenue from each window.

When the free-to-air broadcasting or right commences, it is reclassified to "Audiovisual Property Rights".

In the free-to-air window, the amortisation of the rights is recognised in the income statement under "Amortisation of Audiovisual Property Rights" in the same way as in the case of audiovisual property rights, as detailed in the related note to these consolidated annual accounts.

4.7.5. Master copies and dubbing

These items relate to the material supporting the audiovisual property rights and the cost of dubbing original versions, respectively.

They are measured at cost and the related amortisation is recognised at the same rate as the amortisation of the audiovisual property rights with which they are associated.

4.8. Non-current investments in companies accounted for using the equity method

The companies over which the Group exercises significant influence, directly or indirectly, through an ownership interest of 20% or more in the voting power of the investee are accounted for using the equity method.

Investments in an investee are initially recognised at cost, which will be increased or reduced on the basis of the Group's share of the investee's equity, subsequent to the date of acquisition.

The value of these investments in the consolidated balance sheet includes, where applicable, the goodwill arising on the acquisition thereof.

The results of the investee are recognised in profit or loss in proportion to the Group's percentage of ownership. Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any change and discloses this, when applicable, in the statements of changes in equity.

The dividends received from investees reduce the carrying amount of the investment.

Following the application of the equity method and recognition of the value of the associate, if there is any indication that the investment might have become impaired, pursuant to IAS 39 the relevant analysis and impairment tests are carried out in order to recognise the impact of the impairment loss on the investment in the year in which it is detected.

4.9. Financial assets

Financial assets are initially recognised at fair value, including, in general transactions costs.

The Group determines the classification of its financial assets on initial recognition and re-evaluates this designation at each financial year end.

The financial assets held by the Group companies are classified as:

- Held-to-maturity investments: financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold from the date of purchase to the date of maturity. They do not include loans and accounts receivable originated by the company. After initial measurement held-to-maturity investments are measured at amortised cost using the effective interest method.

- Originated loans and receivables: financial assets originated by the companies in exchange for supplying cash, goods or services directly to a debtor. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process. Loans and receivables in the consolidated balance sheet maturing in 12 months or less from the consolidated balance sheet date are classified as current and those maturing in over 12 months as non-current.

- Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceeding categories. After initial measurement, available-for-sale financial assets are measured at fair value with unrealised gains or losses recognised directly in equity until the investment is derecognised, at which time the cumulative gain or loss recorded in equity is recognised in the income statement, or determined to be impaired, at which time the cumulative loss recorded in equity is recognised in the income statement.

The fair value of a financial instrument on a given date is taken to be the amount for which it could be bought or sold on that date by two knowledgeable, willing parties in an arm's length transaction acting prudently. The most objective and common reference for the fair value of a financial instrument is the price that would be paid for it on an organised, transparent and deep market ("quoted price" or "market price"). If this market price cannot be determined objectively and reliably for a given financial instrument, its fair value is estimated on the basis of the price established in recent transactions involving similar instruments or of the discounted present value of all the future cash flows (collections or payments), applying a market interest rate for similar financial instruments (same term, currency, interest rate and same equivalent risk rating).

The Group does not have any held-for-trading financial assets.

4.10. *Impairment of non current assets*

Impairment of non-financial assets

The Group assesses periodically and at least at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

For assets that do not generate cash inflows that are largely independent of those from other assets or groups of assets, the recoverable amount is determined for the cash-generating units to which the asset belongs.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in the consolidated income statement.

Impairment losses in respect of Cash-Generating Units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units and, then, to reduce the carrying amount of the other assets based on a review of the individual assets that show indications of impairment.

At each reporting date the group assess if there are indications that a, a previously recognized impairment loss is reversed or reduce. If this is the case, the Group estimates the asset´s recoverable amount. Except for the goodwill, an impairment loss previosly recognized can be reverted if there there has been a change in the circumstances that caused it. Such reversal is recognized in the consolidated income statement.

The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset.

Financial assets

The Group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

- Assets carried at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the assets's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (ie the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss shall be recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. Any subsequent reversal of an impairment loss is recognized in profit or loss.
In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognized when they are assessed as uncollectible.

- Available-for-sale financial investments

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognized in profit or loss. Reversals of impairment losses on debt instruments are reversed through profit or loss; if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in the income statement.

4.11. Inventories

The cost of producing in-house productions is determined taking into account all the costs allocable to the product incurred by the Group. Advances paid for programmes are also included.

The production costs are expensed when the related programmes are broadcast.

4.12. Cash equivalents

The cash equivalents comprise mainly short-term deposits, short-term marketable bills and notes, short-term government bonds and other money market assets maturing at three months or less.

4.13. Debt transformable into grants

Such loans received are recognized where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Difference between the nominal value and the fair value of the loan is deducted from the carrying amount of the related asset and its allocated to the income statement according to a basis.

4.14. Treasury shares

Treasury shares are recognized as a reduction of capital and reserves. Gains or losses on the sale of these shares are recognized in “Other reserves.”

4.15. Financial liabilities

Financial liabilities are initially measured at fair value less attributable transaction costs. Following initial recognition, financial liabilities are measured at amortized cost, with any differences between cost and redemption value recognized in the consolidated income statement over the period of the borrowings using the effective interest rate method.

Liabilities maturing in less than 12 months from the consolidated balance sheet date are classified as current, while those with longer maturity periods are classified as non-current.

4.16. Derivative financial instruments

The Group uses financial derivatives to manage some its interest rate risk exposure.

Cash flow hedges are a hedge of the exposure to variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction, and could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognized directly in equity, while the ineffective portion is recognized in the consolidated income statement.

Amounts taken to equity are transferred to the consolidated income statement when the hedged transaction affects profit or loss such as when hedged financial income or expense is recognized or when a forecast sale or purchase occurs.

Where the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction is no longer expected to occur, the amounts previously recognized in equity are transferred to the consolidated income statement. If a hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognized in equity remain in equity until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is taken to income.

4.17. Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the assets have expired.
- The Group retains the right to receive the cash flows from the asset but has assumed the obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement;
- the Group has transferred its rights to receive cash flows from the asset and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

4.18. Provisions and contingencies

Provisions are recognized in the consolidated balance sheet where the Group has a present obligation (either legal or tacit) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Amounts recognized as provisions are the best estimate of the amounts required to offset the current value of those obligations at the consolidated balance sheet date.

Provisions are reviewed at each year end and adjusted to reflect the current best estimate of the liability.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

4.19. Income tax

The Parent, Gestevisión Telecinco, S.A., files consolidated income tax returns with the following subsidiaries:

Grupo Editorial Tele 5, S.A.U.
Telecinco Cinema, S.A.U.
Agencia de Televisión Latinoamericana de Servicios y Noticias España, S.A.U.
Atlas Media, S.A.U.
MiCartera Media, S.A.U.
Publiespaña, S.A.U.
Publimedia, S.A.U.
Advanced Media, S.A.U.
Mediacinco Cartera, S.L.
Conecta 5 Telecinco, S.A.U.

The income tax expense for the year is recognised in the income statement, except in cases in which it relates to items that are recognised directly in equity, in which case the related tax is also recognised in equity.

Deferred tax assets and liabilities are recognised on the basis of the temporary differences between the carrying amounts of the assets or liabilities and their tax bases and are measured on the basis of the tax rates that are expected to apply in the period when the asset is realised or the liability is settled. Deferred tax assets and liabilities arising from changes in equity are charged or credited directly to equity. Deferred tax assets and tax loss and tax credit carryforwards are only recognised when the probability of their future realisation is reasonably assured and are adjusted subsequently if it is not considered probable that taxable profits will be obtained in the future.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities taking the tax rates prevailing at the consolidated balance sheet date and including any tax adjustments from previous years.

The Group recognizes deferred tax liabilities for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The Group recognizes deferred income tax assets for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary difference, and the carryforward of unused tax credits or losses can be utilized, except:

- where the deferred income tax relating to the deductible temporary difference arises from the initial recognition of an asset or liability a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assts are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the differed income tax asset to be utilized. The Group also reviews unrecognized deferred income tax assets at each balance sheet date and recognizes them to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.
Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

4.20. Revenue and expense recognition

Revenue and expenses are recognised net of the related taxes, except in the case of non-deductible expenses.

Revenue associated with the rendering of services is recognised by reference to the stage of completion of the services, provided that the revenue can be measured reliably.

The Group's main source of revenue is from advertising. This revenue is recognised in the period in which it is earned; i.e. when the related advertisement is broadcast.

Revenue and expenses are recognised when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises.

Expenses, including discounts and volume rebates, are recognised in the income statement in the period in which they are incurred.

4.21. Equity-settled transactions

The Company mantains share option plans related to the compansation system for exectuvie directors and board members that are settled by delivering Company shares. The employee benefits expense is determined based on the fair value of the share options to be awarded on the date the option is granted. This expense is recognized over the stipulated three-year period during which the services are rendered. The fair value of share options established at the date the award was granted is not modified.

The options's fair value is measured based on an internal valuation using valuation option models – specifically, the binomial method – and taking into account the price of the option in the year, the life of the option, the price of the underlying shares, the expected volatility of the share price, estimated dividend payments and the risk-free interest rate for the life of the option.

4.22. Transactions in foreign currency

Transactions in foreign currency are initially recognized at the exchange rate prevailing at the date of the transaction. All exchange gains or losses arising from translation as well as those arise when balance sheet items settled are recognized in the income statement.

4.23. Earnings per share

The Group calculates basic earnings per share on the basis of the weighted average number of shares outstanding at year-end. The calculation of diluted earnings per share also includes the dilutive effect, if any, of stock options granted during the year.

4.24. Environmental issues

In view of the business activities carried out by the Company, it does not have any environmental liability, expenses, assets, provisions or contigencies that might be material with respect to its equity, financial position or results. Therefore, no specific environmental disclosures have been included in these notes to the financial statements.

## 5. Segment information

Activities of the Group are not distributed into different operating segments. Therefore, no specific disclosures relating to environmental issues are included in these notes to the consolidated annual accounts.

## 6. Property, plant and equipment

The breakdown of the balances of "Property, Plant and Equipment" and of the changes therein in the years ended 31 December 2008 and 2007 is as follows:

| | Balance at 31-12-06 | Additions | Disposals | Transfer | Change in the scope of consolidation | Balance at 31-12-07 | Additions | Disposals | Transfers | Balance at 31-12-08 |
|---|---|---|---|---|---|---|---|---|---|---|
| **COSTE** | | | | | | | | | | |
| Land and natural resources | 14,892 | 0 | - | 78 | - | 14,970 | | | | 14,970 |
| Buildings and other structures | 28,586 | 44 | - | 2,595 | - | 31,225 | 458 | | 539 | 32,222 |
| Machinery, plants and tools | 93,432 | 2,464 | (3,775) | 1,458 | 20 | 93,599 | 4,429 | (4,793) | 2321 | 95,556 |
| Furniture and fixture | 5,369 | 506 | (43) | (21) | 91 | 5,902 | 385 | (667) | 6 | 5,626 |
| Computer Hardware | 16,274 | 1,465 | (1,796) | - | - | 15,943 | 881 | (2,790) | 1,904 | 15,938 |
| Other Items of property, plant and equipment | 1,154 | 4 | (79) | - | - | 1,079 | 67 | (368) | | 778 |
| Property, plant and equipment in the course of construction | 4,487 | 4,321 | 0 | (4,110) | - | 4,698 | 370 | (13) | (4,906) | 149 |
| **Total Cost** | **164,194** | **8,804** | **(5,693)** | **0** | **111** | **167,416** | **6,590** | **(8,630)** | **(136)** | **165,239** |
| **ACCUMULATED DEPRECIATION** | | | | | | | | | | |
| Buildings and other structures | (13,725) | (1,183) | - | - | - | (14,908) | (1,275) | | | (16,183) |
| Machinery, plants and tools | (77,557) | (5,084) | 3,770 | (4) | (20) | (78,895) | (4,759) | 4,643 | | (79,012) |
| Furniture and fixtures | (3,632) | (367) | 31 | 4 | (53) | (4,017) | (377) | 622 | | (3,773) |
| Computer Hardware | (14,143) | (970) | 1,744 | - | - | (13,369) | (1,368) | 2,779 | | (11,958) |
| Other items of property, plants and equipment | (1,058) | (36) | 74 | - | - | (1,018) | (31) | 364 | | (685) |
| **Total Accumulated depreciation** | **(110,113)** | **(7,640)** | **5,619** | **0** | **(73)** | **(112,207)** | **(7,811)** | **8,407** | **0** | **(111,611)** |
| Provisions | (53) | (144) | 53 | - | - | (144) | | 144 | | (0) |
| **CARRYING AMOUNT** | **54,028** | **(1,020)** | **(21)** | **0** | **38** | **(55,065)** | **(1,221)** | **(79)** | **(136)** | **53,628** |

The breakdown of the fully depreciated property, plant and equipment in use at 31 December 2008 and 2007 is as follows:

| | **2008** | **2007** |
|---|---|---|
| Computer hardware | 9,582 | **11,111** |
| Technical machinery, fixtures and tools | 54,087 | **62,420** |
| Furniture | 1,893 | **2,859** |
| Other items of property, plant and equipment | 523 | **128** |
| | 66,085 | **76,518** |

The Group has taken out insurance policies to cover the possible risks to which its property, plant and equipment are subject and the claims that might be filed against it for carrying on its business activities. These policies are considered to adequately cover the related risks.

## 7. Intangible assets

The breakdown of the balances of "Intangible Assets" and of the changes therein in the years ended 31 December 2008 and 2007 is as follows:

| | Balance at 31-12-06 | Additions | Disposals and other | Transfers | Balance at 31-12-07 | Additions | Disposals and other | Transfers | Balance at 31-12-08 |
|---|---|---|---|---|---|---|---|---|---|
| **COST** | | | | | | | | | |
| Development Expenditure | 723 | 229 | - | (625) | 327 | 657 | (12) | (276) | 696 |
| Concessions, patents and trademarks | 33,682 | - | - | - | 33,682 | 300 | | (906) | 33,076 |
| Computer software | 15,983 | 1,623 | (431) | 875 | 18,050 | 1,235 | (997) | 1,397 | 19,685 |
| Computer software in progress | 345 | 874 | (91) | (250) | 878 | 238 | (2) | (984) | 130 |
| Advance on intangible assets | 0 | - | - | - | - | | | | - |
| **Total Cost** | **50,733** | **2,726** | **(522)** | **-** | **52,937** | **2,430** | **(1,011)** | **(770)** | **53,586** |
| **ACCUMULATED AMORTISATION** | | | | | | | | | |
| Concessions, patents and trademarks | (33,123) | (136) | - | - | (33,259) | (31) | | 906 | (32,384) |
| Computer software | (12,904) | (1,699) | 414 | - | (14,189) | (2,517) | 995 | | (15,711) |
| **Total Accumulated Amortisation** | **(46,027)** | **(1,835)** | **414** | **0** | **(47,448)** | **(2,548)** | **995** | **(906)** | **(48,095)** |
| Provisions | (8) | - | 8 | - | - | | | | - |
| **CARRYING AMOUNT** | **4,698** | **891** | **(100)** | **0** | **5,489** | **(118)** | **(16)** | **136** | **5,491** |

The breakdown of the fully amortised intangible assets in use at 31 December 2007 and 2006 is as follows:

| | **2008** | **2007** |
|---|---|---|
| Computer software | 11,095 | 11,147 |
| Concessions, patents and trademarks | 19,256 | 19,256 |
| **Total** | **30,351** | **30,403** |

## 8. Audiovisual property rights

The breakdown of the balances of the audiovisual property rights and of the changes therein in the years ended 31 December 2007 and 2006 is as follows:

| | Balance at 31-12-06 | Additions | Disposals | Transfers and others | Balance at 31-12-07 | Additions | Disposals | Transfers and others | Balance at 31-12-08 |
|---|---|---|---|---|---|---|---|---|---|
| **COST** | | | | | | | | | |
| Audiovisual property rights | 351,053 | 43,991 | (58,622) | 13,604 | 350,026 | 37,023 | (71,742) | 8,561 | 323,869 |
| Master copies | 27 | 1 | (5) | - | 23 | 1 | (5) | - | 19 |
| Dubbing | 6,486 | 380 | (434) | - | 6,432 | 362 | (121) | - | 6,673 |
| Co-production rights | 57,289 | 1,011 | - | 8,234 | 66,534 | (765) | - | 16,525 | 82,294 |
| In-house rights | 634,385 | 92,166 | - | 6,547 | 733,098 | 97,191 | - | 5,451 | 835,740 |
| Distribution rights | 11,369 | 27 | (754) | 1,338 | 11,980 | 450 | - | (933) | 11,497 |
| Other ancillary work | 596 | 57 | - | - | 653 | 58 | - | - | 711 |
| Rights, options, scrip develop. | 91 | 200 | - | - | 291 | 391 | - | - | 682 |
| Start-up costs | 220 | 0 | - | 30 | 250 | 0 | - | - | 250 |
| Advances | 34,007 | 39,455 | (505) | (33,318) | 39,639 | 52,086 | (889) | (29,604) | 61,232 |
| **Total Cost** | **1,095,523** | **177,288** | **(60,320)** | **(3,565)** | **1,208,926** | **186,798** | **(72,756)** | **0** | **1,322,967** |
| **ACCUMULATED AMORTISATION** | | | | | | | | | |
| Audiovisual property rights | (212,598) | (70,631) | 57,550 | (156) | (225,835) | (60,466) | 71,628 | - | (214,672) |
| Master copies | (20) | (3) | 5 | - | (18) | (3,143) | 5 | - | (16) |
| Dubbing | (5,505) | (553) | 434 | (3) | (5,627) | (446) | 121 | - | (5,952) |
| Co-production rights | (26,738) | (18,832) | - | - | (45,570) | (22,415) | - | - | (67,985) |
| In-house rights | (617,201) | (90,780) | - | - | (707,981) | (103,033) | - | - | (811,014) |
| Distribution rights | (9,200) | (1,693) | 754 | - | (10,139) | (1,358) | - | - | (11,497) |
| Other ancillary work | (519) | (23) | - | - | (542) | (132) | - | - | (674) |
| Start-up costs | (175) | (27) | - | - | (202) | (12) | - | - | (214) |
| **Total Accumulated depreciation** | **(871,956)** | **(182,542)** | **58,743** | **(159)** | **(995,914)** | **(187,865)** | **71,754** | **-** | **(1,112,025)** |
| Provisions | (21,785) | (21,288) | 16,179 | - | (26,894) | (16,248) | 22,937 | - | (20,205) |
| **Total Audiovisual rights** | **201,782** | **(26,542)** | **14,602** | **3,724** | **186,118** | **-16249,1** | **21,934** | **-** | **190,737** |

The Group estimates that between 35% and 40% of the total amount of audiovisual property rights recognised, classified as non-current assets in the consolidated balance sheet at 31 December 2008, will be amortised within 12 months from the balance sheet date. This percentage is in line with the percentage used in 2007. This percentage represents the best estimate currently available on the basis of the programming budget for 2009.

The impairment losses at year-end relate to the carrying amount of rights which, although they expire after 31 December 2008, do not feature in the network's future broadcasting plans at the date of preparation of these consolidated annual accounts. Therefore, the balance of this account relates mainly to the adjustment required to determine the carrying amount of the library. At 31 December 2008 and 2008, the impairment losses recognised in the income statement amounted to EUR 16,248 thousand and EUR 21,288 thousand, respectively.

At the balance sheet date there were firm commitments to purchase audiovisual property rights, available from 1 January 2009, for a total amount of USD 24,207 thousand and EUR 65,908 thousand. The commitments at 2007 year-end amounted to USD 33,709 thousand and EUR 61,036 thousand.

At 31 December 2008, advances of USD 670 thousand and EUR 7,066 thousand had been paid in connection with these firm commitments to purchase audiovisual property rights. The advances paid in 2006 amounted to EUR 6,377 thousand and USD 643 thousand.

At the balance sheet date there were commitments to purchase co-production rights, available from 1 January 2009, for a total amount of EUR 56,982 thousand. The commitments at 2006 year-end amounted to EUR 39,495 thousand.

At 31 December 2008, advances of EUR 51,838 thousand had been paid in connection with these co-production right purchase commitments. The advances paid in 2007 amounted to EUR 28,205 thousand.

There are firm no commitments to acquire distribution rights, available from 1 January 2009,. The firm purchase commitments at 2007 year-end amounted to USD 1,578 thousand and EUR 1,200 thousand.

At 31 December 2007, advances of EUR 650 thousand had been paid in connection with these firm distribution right purchase commitments. At 2008 year-end the advances totalled nill.

## 9. Equity method investments

The breakdown of the balance of "Non-Current Financial Assets" and of the changes therein in 2008 and 2007 is as follows:

| | **Investments Accounted for using the Equity Method** |
|---|---|
| **Balance at 31 December 2006** | **3,960** |
| Increase | 465,966 |
| Decrease | (1,492) |
| Share of result of associates | (3,070) |
| Dividends received | (1,213) |
| Exchange Differences | (21,695) |
| Foreign currency translation | 3,366 |
| Change in measurement of derivative financial instruments | (6,780) |
| Other changes | (742) |
| **Balance at 31 December 2007** | **438,300** |
| Increase | 21,481 |
| Decrease | (120) |
| Share of result of associates | (175,821) |
| Dividends received | (1,641) |
| Foreign currency translation | (30,775) |
| Change in measurement of derivative financial instruments | (13,926) |
| Other changes | (81) |
| **Balance at 31 December 2008** | **237,417** |

The accounting information related to these companies for 2008 and 2007 is the following:

| Company | Investments Accounted for using the Equity Method | | Results of Companies accounted for using the equity method | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| Premiere Megaplex, S.A. (*) | 24 | 17 | 6 | 3 |
| Edam Acquisition Holding I Cooper. U.A. | 222,111 | 434,795 | (167,983) | (5,337) |
| Pegaso Television, Inc. | 12,340 | - | (9,140) | - |
| Canal Factoría de Ficción, S.A. (*) | - | 131 | 100 | 31 |
| Aprok Imagen, S.L. (*) | - | 743 | (691) | 49 |
| Producciones Mandarina, S.L. | 880 | 1,059 | 437 | 879 |
| La Fábrica de la Tele, S.L. | 1,173 | 601 | 747 | 537 |
| Publieci Televisión, S.A. (*) | 889 | 954 | 703 | 768 |
| **Total** | **237,417** | **438,300** | **(175,821)** | **(3,070)** |

Mediacinco Cartera, S.L. owns 33.3% of the shares of Edam Acquisition Holding I Cooper. U.A. All the shares of this company carry the same rights.

The accounting information related to these companies for 2008 and 2007 is the following:

| 2008 | Assets | Equity | Liabilities | Income | Profit for the year |
|---|---|---|---|---|---|
| | (Thousands euros) | | | | |
| Premiere Megaplex, S.A. (1) | 52 | 47 | 5 | | 12 |
| Edam Acquisition Holding I Cooper. U.A. | 3,750,550 | 577,580 | 3,172,970 | 1,301,100 | (639,580) |
| Pegaso Television, Inc. (***) | 54,229 | 38,542 | 15,687 | 4,694 | (16,498) |
| Aprok Imagen, S.L. (*) | | | | | |
| Producciones Mandarina, S.L. | 5,415 | 2,934 | 2,481 | 14,744 | 1,457 |
| La Fábrica de la Tele, S.L. (1) | 6,505 | 3,910 | 2,595 | 13,553 | 2,491 |
| Publieci Televisión, S.A. (1) | 2,695 | 1,778 | 917 | 23,104 | 1,406 |

| **2007** | **Assets** | **Equity** | **Liabilities** | **Income** | **Profit (loss) for the year** |
|---|---|---|---|---|---|
| | | | (Thousands euros) | | |
| Premiere Megaplex, S.A. (1) | 58 | 34 | 24 | 4 | 7 |
| Edam Acquisition Holding I Cooper. U.A. (**) | 4,337,811 | 1,369,550 | 1,968,261 | 613,418 | (16,013) |
| Canal Factoría de Ficción, S.A. (1) | 759 | 329 | 430 | 1,539 | 77 |
| Aprok Imagen, S.L. (*) | - | - | - | - | - |
| Producciones Mandarina, S.L. | 5,730 | 3,529 | 2,201 | 18,791 | 2,929 |
| La Fábrica de la Tele, S.L. (1) | 7,411 | 2,001 | 5,410 | 11,252 | 1,788 |
| Publieci Televisión, S.A. (1) | 2,735 | 1,908 | 827 | 2,988 | 1,536 |

(*) Aprok Imagen, S.L. information not available.
(**) The figures corresponds to the period between 3 July 2007 (acquisition date) tilll 31 December de 2007
(***) The figures corresponds to the period betwwen 1 March 2008 (acquisition date) till 31 December de 2008
(1)Unaudited.

In 2007 and 2008, the most significant variations in "Equity method investments" are as follows:

As required by the relevant accounting standard, in 2008 (i.e. one year from the acquisition date), Edam Acquisition Holding I Coöperatief, U.A. completed the process of assigning the acquisition price to the various assets. Accordingly, the carrying amount of the business combination was definitively recognized. There were no significant differences between the final price and the price provisionally assigned. However, due to the process of assigning the value of goodwill and the remaining values of assets of the Edam Group to their corresponding cash-generating units, currency translation differences arose which led to a reduction in the initially assigned values. Of these differences, 21,695 thousand relate to the effect arising from the acquisition date to 31 December 2007. Consequently, as explained in Note 2.3 above, the Group has recognized a decrease in equity method invesments at 31 December 2007 with a balancing entry to "Foreign currency translation reserves" in consolidated equity.

Conecta 5 Telecinco, S.A.U.

On March 2007 the Group acquired the 50% remaining of the share capital of Conecta 5 Telecinco, S.A.U.

Canal Factoría de Ficción, S.L.

On 25 June 2008 the Group acquired the 60% remaining of the share capital of Canal Factoria de Ficción, S.L. till reach the 100% of the participacion in this company. This acquisition was made at the net book value of the investment.

Pegaso Televisión Inc.

On March 2008, the Company acquired 35.08% of the share capital of Pegaso Televisión INC., which in turn owns 83.34% of the share capital of CaribeVisión TV Network LLC. and 25% of CaribeVisión Holdings, Inc. The Company also has a call option over the latter, enabling it to acquire up to 83.34% of its share capital.

The acquisition price of the shares was $31.7 million, which entailed a payment, at the exchange rate in effect on the transaction date.

Caribevisión is a recently formed Television channel tha currenly operates in New York, Miami and Puerto Rico, whose initial purpose is to reach to the Spainish TV market of the East Coast of the United States.

In this new project, Gestevisión Telecinco, S.A. is contributing its experience in the management of TV contents and in the operationg of advertisement resources in an attractive market due to the high and growing presence of Spanish population.

**Impairment test of equity method investments**

Edam Adquisition Holding I Cooperative U.A.

As indicated above, Mediacinco Cartera, S.L. owns a 33% equity interest in the share capital of Edam Acquisition Holding I Cooperative U.A., the parent company of Grupo Endemol, and has no other operating activities.

At the financial year end, the Group has recorded in the consolidated annual accounts the impact of the impairment test performed at the CGU (Cash Generations Units) of Endemol Group, comparing the carrying amount of those CGUs at that dated with their recoverable amount, obtained through the present value of estiamated future cash flow of those CGU´s using the best estimation available.

The impairment test reflected in Edam Acquisition Holding Cooperative's accounts at 31 December 2008 regarding the cash-generating units operationally identified in the Group was practiced on the basis of the 2009/2013 Business Plan approved by the Company's Board of Directors. The discount rates and growth parameters were applied in line with market circumstances, and have been validated by Endemol's auditors. The test had a before-tax negative impact of €123 million on the consolidated annual accounts of Gestevisión Telecinco, S.A.

Pegaso Televisión Inc.

As noted above, in 2008 the Company acquired an interest in Pegaso Televisión Inc. At year-end, the recoverable amount was determined through the present value of future cash flows stemming from the investment, and calculated on the basis of CaribeVision Holding's business plan approved by its Board of Directors on 16 February 2009, that includes assumptions about the future business evolution as assumptions about the financial indicators at the date of the preparation of the business plan. The discount rate applied to the future generated cash flows is in line with the risk associated to the industry and business in which the company operates.

## 10. Other non current financial assets

Los conceptos incluidos en el epígrafe de otras inversiones financieras son las siguientes:

| | 31-12-08 | 31-12-07 |
|---|---|---|
| Investments in | | |
| Comeradisa | - | 150 |
| Kulteperalia, S.L. | 1,475 | 1,475 |
| Alba Adriática, S.L. | 9,500 | 9,500 |
| Super Nueve Televisión, S.A. | - | 25 |
| Otras participaciones | 75 | 75 |
| Long term loans | 226 | - |
| Long term guarantees | 263 | 276 |
| Loans to related companies | 14,896 | - |
| Other | 642 | 321 |
| **Total** | **27,077** | **11,822** |

On 28 November 2008 the Group acquired a portion of the mezannine Loan of Edam Adquisition Holding I Cooperative, U.A. This portion was bought to a one of the banks of the company. The acquisition price amounted to 14,735 and was considerable lower than the nominal value of the financial asset. The due date of this financial asset in on 2017 and it has a market interest rate.

In case the Group keeps this financial asset unitl the due date the IRT will be no less than 35%.

The group owns the 15% of the share capital of Alba Adriatica. The activity of this company is the production of TV programmes.

## 11. Other current financial assets

The breakdown of Other current financial assets at 31 December 2008 and 31 December 2007 is as follows:

| | 31-12-08 | 31-12-07 |
|---|---|---|
| Short-term investments securities | 398 | 6,976 |
| Loans to associates | 1,822 | 24 |
| **Total** | **2,220** | **7,000** |

## 12. Cash and cash equivalents

The breakdown of Cash and cash equivalents at 31 December 2008 and 31 December 2007 is as follows:

| | 31-12-08 | 31-12-07 |
|---|---|---|
| Cash on hand and at bank | 32,098 | 67,391 |
| Cash equivalents | 794 | 452 |
| **Total** | **32,892** | **67,843** |

Current accounts earn market interest rates. No restrictions to the availability of balances exist.

## 13. Equity

### 13.1. Share capital

At 31 December 2008, the Company's share capital was represented by 246,641,856 fully subscribed and paid shares of EUR 0.5 par value each, traded by the book-entry system, the shareholder structure being as follows:

| Shareholder | 2008<br>% of Ownership | 2007<br>% of Ownership |
|---|---|---|
| Mediaset Investimenti, S.p.A. | 50.5 | 50.1 |
| Corporación de Nuevos Medios Audiovisuales, S.L.U. (Vocento Group) | 5.1 | 13.0 |
| Free float | 43.1 | 36.7 |
| Treasury shares | 1.3 | 1.2 |
| Total | 100.0 | 100.0 |

All the Parent's shares carry the same rights.

Share transfers are governed by Private Television Law 10/1988, of 3 May.

### 13.2. Dividends

On 9 April 2008, the shareholders at the Parent's Annual General Meeting resolved to pay a dividend of EUR 317,562 thousand out of the profit for 2007. This dividend was paid in May 2008 and amounted to EUR1.30 per eligible share.

### 13.3. Legal reserve

Under the Spanish Companies Law, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital.

The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

The legal reserve recognised by the Parent has reached the stipulated level, amounts to EUR 24,664 thousand and is recognised under "Other Reserves" in the accompanying consolidated balance sheet.

13.4. Reserves of fully consolidated companies and of companies accounted for using the equity method

The breakdown of the reserves of fully consolidated companies is as follows:

13.5. Treasury shares

The treasury shares were acquired to cover the Company's obligations under its share option plans. These plans are detailed in Note 18.

At 31 December 2008, the Company held 3,106,913 treasury shares acquired at a cost of EUR 57,813 thousand.

The changes in "Treasury Shares" in 2008 and 2007 were as follows:

| | **2008** | | **2007** | |
|---|---|---|---|---|
| | **Number of shares** | **Amount(*)** | **Number of shares** | **Amount(*)** |
| **At beginnin of year** | **3,014,813** | **56,469** | **1,411,540** | **25,838** |
| Increase | 92,100 | 1,344 | 1,603,273 | 30,631 |
| Decrease | - | - | - | - |
| **At end of year** | **3,106,913** | **57,813** | **3,014,813** | **56,469** |

(*) Amounts in thousands of euros.

At 31 December 2008, the Company shares held by it and by its subsidiaries represented 1.26% of the share capital (31 December 2007: 1.22%).

The average purchase price of the treasury shares in 2008 and 2007 was EUR 15.67 and 18.24 per share, and no shares were disposed of neither in 2008 nor in 2007.

Subsequent to year end, under the authorization of the General Shareholders' Meeting of the parent company, the Group acquired 445,374 treasury shares for a total amount of €2,923 thousand.

13.6. Minority interests

The breakdown, by company, of the balance of "Minority Interests" in the consolidated balance sheets at 31 December 2008 and 2007 is as follows:

| | 2008 | | 2007 | |
|---|---|---|---|---|
| | **Minority Interest** | **Profit(loss) Atributable to Minority Interests** | **Minority Interest** | **Profit(loss) Atributable to Minority Interests** |
| Atelier de Soustitrage | 747 | 192 | 514 | 56 |
| Atelier de Soustitrage (Italia) | 67 | 13 | 94 | 28 |
| Mediaset Investment, S.A.R.L. | 12,287 | (26,960) | 55,841 | (3,120) |
| **Total** | **13,101** | **(26,755)** | **56,449** | **(3,036)** |

## 14. Long-term provisions

These include provisions made in 2008 and prior years to cover, among other items, contingent risks arising from litigation in progress and unresolved tax assessments.

The changes in long-term provisions in the years ended 31 December 2008 and 2007 were as follows:

| <u>**2008**</u> | **Balance at 31-12-07** | **Charge for the Year** | **Amount used** | **Amounts Reversed** | **Transfer** | **Balance at 31-12-08** |
|---|---|---|---|---|---|---|
| Provision for contingencies and charges | 61,484 | 14,072 | (7,376) | (24,378) | - | 43,802 |
| Other provision for contingencies | 28,607 | - | - | - | (28,607) | - |
| **Long-term Provisions** | 90,091 | 14,072 | (7,376) | (24,378) | (28,607) | 43,802 |

Transfers to short-term provisions correspond to unresolved litigation related to tax contingencies originated in previous periods which are estimated to be resolved in 2009 by group management.

| 2007 | Balance at 31-12-07 | Charge for the Year | Amount used | Amounts Reversed | Changes in the Scope of Consolidation | Balance at 31-12-07 |
|---|---|---|---|---|---|---|
| Provision for contingencies and charges | 51,547 | 16,316 | (938) | (5,591) | 150 | 61,484 |
| Other provision for contingencies | 27,524 | 1,083 | - | - | - | 28,607 |
| **Long-term Provisions** | 79,071 | 17,399 | (938) | (5,591) | 150 | 90,091 |

The provisions for contingencies and charges relate mainly to contingencies arising from unresolved litigation.

The provisions for contingencies and charges relate mainly to contingencies arising from unresolved litigation. Since 2001 the Company has recognised provisions for litigation with collection societies, which have either filed suits against the Company claiming amounts for the purported use of their respective rights catalogues or have made claims, by any means, for payment of their respective fees. The Company has reached agreements with some of these societies. Other suits are still pending in various jurisdictions, either because the Company does not recognise the right being claimed, or because claims are being made for fees in relation to differing degrees of usage of their respective catalogues. In these instances, the Group has recognised various provisions included under this heading based on reasonable estimates of the amounts involved.

The largest amounts for reversion and application in 2008 correspond to the agreement signed between the Group and Asociación de Gestión de Derechos Intelectuales (AGEDI) whereby the parties end their differences and agree on continuing to abide by the use of phonograms and on the corresponding compensation.

The provisions for contingencies and charges also include other amounts to cover probable contingencies based on a reasonable estimate of the amounts involved.

The Group's legal advisers and directors consider that the outcome of litigation and claims will not have a material effect on the financial statements for the years in which they are settled.

## 15. Other Non-current liabilities

The breakdown of “Non-Current Liabilities” is as follows:

| | Balance at 31-12-08 | Balance at 31-12-07 |
|---|---|---|
| Loans to related companies | 58,790 | 58,790 |
| Advances received on loans | 1,020 | 1,803 |
| Other payables | 220 | 231 |
| **Total** | **60,030** | **60,824** |

“Loans to related companies” registers a granted by Mediaset Mediaset Investment, S.R.L.A. to the subsidiary Mediacinco Cartera, S.L. in 2007. The only and final expiry date is June 30, 2012. This loan was granted for the financing of the acquisition of 33% of the share capital of Edam Acquisition Holding I Cooperative U.A. The interest rate earned is Euribor + 1%.

In July 2008, the borrower paid off the interest earned during the six-month period ending June 2008, for a total amount of €1,696 thousand. Interest earned during the second half of the year amounts to €1,791 thousand. Amount of interest earned and outstanding at 31 December 2008 amounts to €12 thousand.

“Advances Received on Loans” relates to repayable advances granted by the Ministry of Science and Technology and CDTI. The conditions and amounts outstanding at 31 December were as follows:

| Amortization period | Grace period: | Year of Grant | 2008 | 2007 |
|---|---|---|---|---|
| | | | (thousand of euros) | (thousand of euros) |
| 7 years | 2 years | 2002 | - | 370 |
| 7 years | 2 years | 2002 | - | 90 |
| 7 years | 2 years | 2004 | 152 | 225 |
| 7 years | 2 years | 2004 | 86 | 126 |
| 7 years | 2 years | 2005 | 218 | 287 |
| 7 years | 2 years | 2008 | 564 | 705 |
| | | | **1,020** | **1,803** |

These advances are interest-free. A discount rate is applied to each advance and the financial cost is deferred and recognised in profit or loss each year.

## 16. Short-term provisions

This breakdown of"Short-Term Provisions" is as follows:

| | Balance at 31-12-08 | Balance at 31-12-07 |
|---|---|---|
| Provisions for sales volume rebates | 37,218 | 43,425 |
| Provisions for sales volume rebates | 31,351 | 587 |
| **Total** | **68,569** | **44,012** |

El incremento viene motivado por el traspaso de la provisión establecida por litigios fiscales comentada en la nota 14.

## 17. Tax matters

17.1. Consolidated Tax Group

Pursuant to current legislation, the Consolidated Tax Group includes Gestevisión Telecinco, S.A., as the Parent, and the Spanish subsidiaries that meet the requirements provided for in Spanish legislation regulating the taxation of the consolidated profits of corporate groups.

The Group's other subsidiaries file individual tax returns in accordance with the tax legislation in force in each country.

17.2. Years open to tax inspection

Under prevailing tax regulations, tax returns may not be considered final until they have either been inspected by tax authorities or until the four-year inspection period has expired.

The Spanish Group Companies is open to inspection of all taxes to which it is liable for the last four years, except for the Income Taxes that is liable for the last five years.

Following the serving of notice on 1 September 2008, the Spanish tax authorities began the review and inspection with regard to the following items and periods for the consolidated tax group Gestevisión-Telecinco.

| Item(s) | Periods |
|---|---|
| Income tax | 2004 to 2007 |
| Value added tax | 07/2004 to 12/2007 |
| Was holding, non-resident income tax | 07/2004 to 12/2007 |
| Gaming tax: | 09/2004 to 05/2008 |
| Taxes on games of luck, betting, and chance: raffles and tombola | 09/2004 to 05/2008 |
| Annual transaction statement | 2004 to 2007 |
| Consolidated statement of intra-regional delivery and acquisition of assets | 2004 to 2007 |

At the day of preparation of these Notes, these review and inspections are near completion and the corresponding findings are expected to be submitted soon.

The Company believes that any adjustments that might be proposed will focus on items for which provisions have already been made in the Company's accounts or on differences in criteria in calculating taxes. Hence, the Company does not believe that the decision on these items will significantly affect the accompanying balance sheet.

In addition on 29 June 1995, the Spanish tax authorities initiated a tax audit of the Parent and Publiespaña covering the following taxes and years:

| Items | Period |
|---|---|
| Income tax | 1989-90-91-92-93 |
| VAT | 1990-91-92-93-94 |
| Personal income tax withholdings and prepayments | 1990-91-92-93-94 |
| Withholdings from income from movable capital | 1990-91-92-93-94 |
| Annual statement of transactions with third parties | 1989-90-91-92-93 |
| Non-resident income tax (Form 210) | 1990-91-92-93-94 |
| Transfer tax | 1990-91-92-93-94 |
| Gaming tax | 1992-93-94-95 |

Subsequently, the inspection period was extended to include 1995 for all the aforementioned taxes, which were not originally to be inspected for that year.

Between December 1996 and February 1997, the audits and inspection were carried out. Following the audits and inspection, €13,373 thousand in penalties was assessed. The Company signed the assessments in disagreement and filed the relevant appeals.

At the date of preparation of these Financial Statements, the notification of the potential additional assessment regarding the 1995 corporate income tax has not been received; hence, the definitive amount that might arise from the assessment is not known.

In a decision dated 19 April 2007, handed down in case file number 15/2005, Section One of Criminal Court of the National Court of Justice ruled on the case arising from Summary Proceedings 262/1997 of Central Magistrate Court No. 5, for tax offenses and misrepresentations related to various companies, including Gestevisión Telecinco, S.A. and Publiespaña, S.A.U., in which these companies were named as being parties jointly and severally liable to a secondary degree.

In its decision, the National Court of Justice absolved all of the parties accused and affirmed that none of the events under investigation constitutes an offense. Nevertheless, this ruling was appealed by the Prosecutor's Office.

On 23 June 2008, the Second Court in Criminal Matters of the National Appellate Court rejected Appeal 1701/2007 before the Supreme Court filed the Prosecutor's Office against the aforementioned ruling of the National Court of Justice, upholding the acquittal handed down in the previous instance. The Company believes that in 2009, once the legal deadlines for filing appeals have expired, the provision will be either applied or canceled; hence, the Company has reclassified the corresponding provision as a current provision.

The Group has recognized a provision for tax litigation relating to tax assessments signed in disagreement. This provision was classified as "Non-current provisions." Based on new events which occurred in 2008 (described above), the directors consider that in 2009, once the legal deadlines for appeals have expired, this provision will be applied or cancelled and therefore it has been reclassified to “Current liabilities – Provisions.”

17.3. Balances with tax authorities

The breakdown of balances with the tax authorities is as follows:

| | 31-12-08 | 31-12-07 |
|---|---|---|
| Income tax liability | - | 27,328 |
| Value Added Tax liability | 10,748 | 12,246 |
| PAYE Liability | 2,451 | 2,840 |
| Social security contributions | 1,197 | 1,116 |
| Other public entities. | 463 | 313 |
| Public administrations | 14,860 | 16,515 |

| | 31-12-08 | 31-12-07 |
|---|---|---|
| Deferred tax assets | 26,309 | 19,555 |
| Income tax receivables | 41,698 | - |
| Value Add Tax receivables | 10,672 | 8,740 |
| Other taxes receivable | 3,094 | 1,430 |
| Total | 13,766 | 10,170 |

17.4. Income tax reconciliation

The reconciliation between consolidated accounting profit before tax and taxable income in the notes to the consolidated annual accounts is as follows:

| | Thousands of euros | |
|---|---|---|
| | 2008 | 2007 |
| Consolidated income statement | | |
| Current income tax | | |
| - Current income tax expense | 29,875 | 139,022 |
| Deferred tax liabilities | | |
| - Relating to increases and decreases in temporary differences | (6,750) | (1,601) |
| | 23,125 | 137,421 |

| | Thousands of euros | |
|---|---|---|
| | 2008 | 2007 |
| Consolidated profit before tax | 207,650 | 487,443 |
| Tax rate (2008: 30%; 2007: 32.5) | 62,296 | 158,419 |
| Permanent differences | (18,034) | (1,227) |
| Tax credits and rebates | (21,137) | (20,960) |
| Other | | 1,189 |
| | 23,125 | 137,421 |

| | Thousands of euros | |
|---|---|---|
| | 2008 | 2007 |
| Deferred tax assets | | |
| Provision for asset impairment | 5,496 | 7,503 |
| Provision for litigation | 7,754 | 8,091 |
| Other | 6,680 | 3,961 |
| Deductions pending application | 6,379 | |
| | 26,309 | 19,555 |

In 2008, the Group has not allocated to consolidated equity any amount that would have a tax effect (2007: 13 thousand euros).

### 17.5. Reconciliation of rates

The reconciliation of the statutory tax rate in force in Spain to the effective tax rate applicable to the Group is as follows:

| | 2008 | 2007 |
|---|---|---|
| **Tax rate in Spain** | **30.00** | **32.50** |
| Investment tax credits | (7.08) | (3.97) |
| Movements in equity of equity consolidated companies | (9.58) | |
| Other | (2.20) | (0.34) |
| **Effective tax rate** | **11.14** | **28.19** |

### 17.6. Deferred taxes

The tax effect was calculated by applying to the related amount the tax rate in force in the year in which the related item arose, adjusted for the effect of the change in tax legislation in 2008

| | Balance at 31-12-08 | Balance at 31-12-07 |
|---|---|---|
| **Deferred tax originating from:** | | |
| Provision for asset impairment | 5,496 | 7,503 |
| Provision for litigation | 7,754 | 8,091 |
| Other provisions | 6,680 | 3,961 |
| Deductions pending application | 6,379 | |
| **Total deferred tax assets** | **26,309** | **19,555** |

## 18. Guarantee commitments to third parties

The breakdown, by nature, of the guarantees provided and received at 31 December 2007 is as follows:

| Nature of Guarantee | 31-12-08 (Thousands of euros) | 31-12-07 (Thousands of euros) |
|---|---|---|
| Guarantees provided | | |
| Surety bonds for contracts, concessions and tenders | 10,990 | 13,433 |
| Payments into court | 340 | 36,745 |
| | 11,330 | **50,178** |
| Guarantees received | 40,916 | **34,700** |

### 18.1. Guarantees provided

The first category of guarantees includes a bond of EUR 6,010 thousand securing the performance of the obligations arising from the concession to indirectly manage the television service, in accordance with Law 107/1988, of 3 May, and the General Secretariat of Communications Resolution dated 25 January 1989. This concession was renewed for a further ten years by the decision of the Spanish Cabinet on 10 March 2000, made public through a General Secretariat of Communications Resolution of that same date and published in the Official State Gazette on 11 March 2000.

The Group has provided guarantees totalling EUR 2,535 thousand to the Directorate-General for the Development of the Information Society (Ministry of Science and Technology, now the Ministry of Industry and Tourism) for an indefinite period of time to secure the repayable advances granted by that Directorate-General as aid for research and development in the following projects:

- Research and development to improve and expand the current management system and applications to adapt work processes to new technological tools and their integration with the digital archive.
- Research and development of new tools for technological advancement in production processes in digital television.
- Research and development of an information system to manage contracts with electronic signature, security and contingency plans.
- Research and development of a new information system to manage advertising with audience estimator, optimisation of income and on-line channel.

The significant decrease in the amount of judicial bonds noted at year end is due to the refund by the courts of bonds given in connection with judicial proceedings undertaken as a result of the ruling issued 1 June 1998.

The judgment handed down on 19 April 2007, rendered in Case 15/2005, in Panel One of the First Criminal Chamber of the National Appellate Court concluded the proceeding arising from Abbreviated Procedure 262/1997, of Number Five Examining Court, conducted for offences against the public finance authority and misrepresentation of events related to several companies including Gestevision Telecinco, S.A. and Publiespaña, S.A.U., and in which these companies were joint and severally liable at civil law.

In the aforementioned judgment, the National Appellate Court absolved the defendants and affirmed that none of the events investigated constituted an offence.

Subsequently, in a judgement handed down on 23 June 2008, the Supreme Court ended said proceeding by dismissing appeal 1701/2007 filed by the Department of Public Prosecutions against the sentence rendered by the National Court of Justice referred to above, definitely absolving all the defendants of the offences of which they were accused and, consequently, eliminating any civil liability for Gestevisión Telecinco, S.A. and Publiespaña, S.A.U. with regard to these offences.

18.2. Guarantees received

Under the Group's advertising contracting procedures, deferred sales must be accompanied by performance bonds. The amount of the guarantees received in this connection at 31 December 2008 is shown in the preceding table.

## 19. Share-based payment plan

As of the date of preparation of these financial statements, the stock option plans for which the conditions for their being granted have been fulfilled are as follows. The latest of these share-based payment plan have been approved during 2008.

All the approved plans that remain in effect have a three-year accrual period and the given strike price, and, if applicable, are exercised through the delivery of the shares.

The most relevant assumptions used in the measurement are as follows:

| | 2005 Plan | 2006 Plan | 2007 Plan | 2008 Plan |
|---|---|---|---|---|
| Strike | 19.70 | 18.57 | 20.82 | 8.21 |
| Yield on the share (dividend yield) | 6% | 6% | 6% | 10% |
| Volatility | 22.5% | 22.5% | 22.5% | 27.5% |

The Group applied IFRS 2, “Share-based Payment” to its share option plans. This Standard requires that the services received from employees as consideration for the share options granted be charged to profit or loss at the fair value calculated and at the date of grant. An expense of EUR 2,182 thousand euros was recognized in 2008 and 3,717 thousand was recognized in this regard 2007.

The share-based payment schemes are as follows:

| | No. of options | Strike Price | Assignment date | From | To |
|---|---|---|---|---|---|
| Plans outstanding at 31 December 2005 | 1,483,500 | 19.70 | 27/07/05 | 27/07/08 | 26/07/10 |
| Options granted | 1,733,150 | 18.57 | 26/07/06 | 26/07/09 | 25/07/11 |
| Options cancelled | (263,000) | 19.70 | 27/07/05 | 26/07/09 | 25/07/11 |
| Plans outstanding at 31 December 2006 | 2,953,650 | | | | |
| Options granted | 1,153,650 | 20.82 | 25/07/07 | 25/07/10 | 24/07/12 |
| Options cancelled | (89,500) | 19.70 | 27/07/05 | 25/07/10 | 24/07/12 |
| | (105,500) | 18.57 | 26/07/06 | 25/07/10 | 24/07/12 |
| | (18,000) | 20.82 | 25/07/07 | 25/07/10 | 24/07/12 |
| Plans outstanding at 31 December 2007 | 3,894,300 | | | | |
| Options granted | 590,325 | 8.21 | 30/07/08 | 30/07/11 | 29/07/13 |
| Options cancelled | (94,500) | 19,70 | 27/07/05 | 30/07/11 | 29/07/13 |
| | (111,500) | 18,57 | 26/07/06 | 30/07/11 | 29/07/13 |
| | (57,000) | 820,82 | 25/07/07 | 30/07/11 | 29/07/13 |
| Plans outstanding at 31 December 2008 | 4,221,625) | | | | |

## 20. Financial Instruments

20.1. Instrumentos financieros derivados

The Group uses financial instruments to hedge the foreign currency risks relating to purchases of audiovisual property rights in the year and, for the first time, in 2007 it also hedged foreign currency risk on commercial transactions with customers, which were accounted for in the consolidated balance sheet.

The breakdown, by maturity, of the notional amounts of financial derivatives outstanding at the Group at 31 December 2008 is as follows:

| | | Amount in USD | | |
|---|---|---|---|---|
| **ASSETS** | **Notional amount/Maturity up to one year** | **Dollars** | **Year-end (€/$) exchange rate** | **Fair value** |
| Purchase of unmatured currency: | | | | |
| Purchase of dollars in euros | 3,053 | 4,598 | 1.506 | 262 |

The breakdown, by maturity, of the notional amounts of financial derivatives outstanding at the Group at 31 December 2007 is as follows:

| ASSETS | Notional amount/Maturity up to one year | Amount in USD: Dollars | Amount in USD: Year-end (€/$) exchange rate | Fair value |
|---|---|---|---|---|
| Purchase of unmatured currency: | | | | |
| Purchase of dollars in euros | 5,204 | 6,984 | 1.342 | 455 |
| Sale of dollars in euros | (717) | (966) | (1.347) | (60) |

Foreign currency hedges on rights contracts are measured as the difference between the present value of the foreign currency hedge at the forward rate for the contract and the value of the foreign exchange hedge at the year-end exchange rate.

20.2. The classification of financial assets and liabilities and finance income and expense per the categories established in IAS 39 would be as follows:

| | Equity instruments | | Debt securities | | Loans, derivatives and other financial assets | | Total | |
|---|---|---|---|---|---|---|---|---|
| **(Thousands of euros)** | **2008** | **2007** | **2008** | **2007** | **2008** | **2007** | **2008** | **2007** |
| Non-current financial assets | | | | | | | | |
| Assets at fair value through profit or loss | | | | | | | | |
| Held for trading | | | | | | | | |
| Other non-current financial assets | | | | | | | | |
| Held-to-maturity investments | | | | | | | | |
| Loans and receivables | | | | | 16,082 | 597 | 16,082 | 59 |
| Available-for-sale financial assets | | | | | | | | |
| Measured at fair value | 10,995 | 11,225 | | | | | 10,995 | 11,22 |
| Measured at cost | | | | | | | | |
| Hedging derivatives | | | | | | | | |
| TOTAL | 10,995 | 11,225 | - | - | 16,082 | 597 | 27,077 | 11,82 |
| Current financial assets | | | | | | | | |
| Assets at fair value through profit or loss | | | | | | | | |
| Held for trading | | | | | | | | |
| Other current financial assets | | | | | | | | |
| Held-to-maturity investments | | | | | | | | |
| Loans and receivables | | | | | 241,957 | 255,990 | 241,957 | 255,99 |
| Available-for-sale financial assets | | | | | | | | |
| Measured at fair value | 398 | 6,976 | | | | 24 | 398 | 7,00 |
| Measured at cost | | | | | | | | |
| Hedging derivatives | | | | | 262 | 423 | 262 | 42 |
| TOTAL | 398 | 6,976 | - | | 242,219 | 256,437 | 242,617 | 263,41 |

| | Bank borrowings | | Bonds and other marketable debt securities | | Payables, derivatives and other financial assets | | Total | |
|---|---|---|---|---|---|---|---|---|
| **(Thousands of euros)** | **2008** | **2007** | **2008** | **2007** | **2008** | **2007** | **2008** | **2007** |
| Non-current financial liabilities | | | | | | | | |
| Trade and other payables | | | | | 60,030 | 60,829 | 60,030 | 60,829 |
| Liabilities at fair value through profit or loss | | | | | | | | |
| Held for trading | | | | | | | | |
| Other non-current financial assets | | | | | | | | |
| Derivatives | | | | | | | | |
| | - | - | - | - | 60,030 | 60,829 | 60,030 | 60,829 |
| Current financial liabilities | | | | | | | | |
| Trade and other payables | | | | | 192,997 | 223,117 | 192,997 | 223,117 |
| Liabilities at fair value through profit or loss | | | | | | | | |
| Held for trading | | | | | | | | |
| Other current financial assets | | | | | | | | |
| Derivatives | | | | | | 475 | | 475 |
| | - | - | - | - | 192,997 | 223,592 | 192,997 | 223,592 |
| | **-** | **-** | **-** | **-** | **253,027** | **284,421** | **253,027** | **284,421** |

There are no significant differences between the fair value and the net carrying amounts of financial assets and liabilities at 31 December 2008 and 2007.

| **2008** | **Balance** | **Maturities** | | | |
|---|---|---|---|---|---|
| | | 3 months | 6 months | 12 months | 30 months |
| Payable for purchases or rendering of goods or services | 88,044 | 83,997 | 2,860 | 135 | 1,051 |
| Payable for purchases of audiovisual rights | 23,080 | 22,239 | 841 | | |
| Payable for acquisition of assets | 3,174 | 3,061 | 113 | | |
| **Total** | **114,298** | **109,297** | **3,814** | **135** | **1,051** |

| **2007** | **Balance** | **Maturities** | | | |
|---|---|---|---|---|---|
| | | 3 months | 6 months | 12 months | 30 months |
| Payable for purchases or rendering of goods or services | 86,375 | 81,304 | 5,071 | - | - |
| Payable for purchases of ?rights | 23,511 | 17,971 | 1,723 | 3,380 | 437 |
| Payable for acquisition of current assets | 7,116 | 6,623 | 493 | - | - |
| **Total** | **117,002** | **105,898** | **7,287** | **3,380** | **437** |

The maturities of the accounts payable to related parties are detailed in Note 25.1.

20.3. Capital management policy

The Group's capital management policy is focused on securing a return on investment for shareholders that maximises the profitability of their contribution to the company thereby making the Company a highly attractive investment vehicle for the market. The capital structure of the company places it in an excellent position as a result of its significant capacity to generate positive cash flows, even in the current markets condition.

20.4. Risk management policy

To efficiently manage the risks to which the Telecinco Group is exposed, certain control and prevention mechanisms have been designed and implemented, led by the senior executives of the Group in the Audit Committees. These mechanisms have been put into place in the corporate governance rules and have been applied throughout the Group.

The measures adopted by the Group to manage risks can be classified into three main categories and were designed to cover exposure to credit risk, liquidity risk and market risk.

- Credit risk

Credit risk existes when a potential loss may arise from the Company's counterparty not meeting its contractual obligations, i.e., the possibility that financial assets will not be recovered at their carrying amount within the established timeframe.

The Group maximum exposure to credit risk at 31 December 2008 was as follows:

| | Thousands of euros |
|---|---|
| Non-current receivables | 16,027 |
| Non-current financial investments | 11,050 |
| Trade and other receivables | 239,159 |
| Current receivables from Group companies and associates | 1,238 |
| Current investments | 2,220 |
| Cash and cash equivalents | 32,892 |
| | 302,586 |

For the purposes of credit risk Group management differentiates between financial assets arising from operations and those arising from investments.

*Operating activities*

Most of the operating activities of the Group consists of advertising revenues. Group management has developed a policy whereby credit limit by customer type and authorisation levels in order to approve transactions are established.

| **Thousands of euros** | **Total Amount** | **No of clients** |
|---|---|---|
| From 0 to 100 | 8,048,351 | 695 |
| From 100 to 200 | 6,082,222 | 45 |
| From 200 to 500 | 9,091,133 | 28 |
| From 500 to 1,000 | 8,341,126 | 12 |
| Over 1,000 | 147,821,613 | 24 |
| **TOTAL** | **179,384,445** | **804** |

The Group constantly monitors the age of its debt, and there were no risk situations at year-end.

*Investing activities*

A Financial Risk Management Procedures Manual sts forth the general criteria governing investments of the Group's Treasury surpluses, which, in broad terms, are as follows:

- The investments are made with institutions (whether domestic or foreign) of recognized financial solvency;

- The investments are placed in conservative products (bank depostis, debt repos, etc.) on which, in genera, the repayment of the invested capital is guaranteed.

- Authorizations for the corresponding investments are limited by the powers granted to the group's senior executives and, in any event, are highly restricted (according to the amount, the Board Members, General Management and Operations Director, Financial Director)

- Under ordinary circumstances, the longest term is three months and the investments usually offer automatically available funds.

• Liquidity risk

The Groups's financial structure is at a low liquidity risk, given the low level of financial leveraging and the high levels of operating cash flows generated each year.

Liquidity risk would result from the Group having insufficient funds or access to sufficient funds at an acceptable cost to meet its payment obligations at all times. The Company's objective is to maintain sufficient available funds.

The Company's policies establish the minimum liquidity levels required at all times:

- Excess liquidity may only be invested in certain types of assets (see previous section on credit risk/investment activities) the liquidity of which is guaranteed.

- The amount of the revolving credit lines ensures that the Company is able to meet its operating needs as well as finance new short-term investment projects. At year-end 2008, the opening credit lines total €218,000 thousand. As of the date of preparation of these annual accounts, this amount had increased to €273,000 thousand. Given the difficult market situation, these credit lines have been contracted under very competitive financial conditions, which strengthens the financial sector's perception that the Company is creditworthy and sound.

• Market risk (exchange rates, interest rates and risk of changes in prices)

Market risk exists when a potential loss may arise from fluctuations in the fair value or future cash flows of a financial instrument due to changes in market prices.

Given the nearly complete absence of financial debt, there are no financial risks associated with interest-rate movements. Nevertheless, and for illustrative purposes, the Group has conducted a test to determine the sensitivity of the Group's cash surpluses to certain modifications in interests rates.

The following assumption was used: beginning with our year-end cash surpluses, and taking the 1-month Euribor at December31 as the benchmark, we applied a variation of +/- 100 basis points.

The sensitivity test shows that the impact of variations on the interest rates applied to the cash surpluses at December 31 would, in any event, not be significant and would exclusively affect the amount of financial income.

| | Reference Rate (Eur) | Cash Surpluses | Annual interest | 100bp | Annual interest | -100bp | Annual interest |
|---|---|---|---|---|---|---|---|
| 12-31-08 | 2.6% | (25,852) | 673 | 3,603 | (931) | 1,603 | (414) |
| 12-31-07 | 4.3% | 13,150 | 564 | 5,288 | 695 | 3,288 | 432 |

- Sensitivity test and estimation of impact on the profit and loss account of changes in exchange rates.

The financial instruments exposed to EUR/USD exchange-rate risk, mainly consisting of future currency-purchase agreements, have undergone a sensitivity test at the balance sheet date.

The exposed balance sheet value of these financial instruments was corrected by applying a symmetrical percentage change, equal to the 1-year implicit volatility of the currency in question published by Reuters (8.40% for 2007 and 19.5% for 2008), to the year-end exchange rate.
The sensitivity test shows that the variations on the year-end exchange rate would have had an impact on the P&L account, that, in any event, is not significant.

| 31/12/2008 | | | 31/12/2007 | | |
|---|---|---|---|---|---|
| USD | Exc. Rate | Differences | USD | Exc. Rate | Differences |
| 4,598 | 1.3917 | 262 | 6,984 | 1.4721 | (455) |
| | | Sensitivity test | | | |
| 4,598 | 1.1203 | 1,058 | 6,984 | 1.3484 | (24) |
| 4,598 | 1.6631 | (274) | 6,984 | 1.5958 | (819) |

## 21. Income and expenses

21.1. The breakdown of the Group's ordinary revenue is as follows:

| Activity | 2008 Thousands of euros | 2007 Thousands of euros |
|---|---|---|
| Publiespaña Group advertising revenue | 892,558 | 1,006,121 |
| Other advertising revenue | 804 | 907 |
| Revenue from the rendering of services | 33,676 | 35,347 |
| Other | 11,754 | 13,199 |
| **Total** | **938,792** | **1,055,574** |

These consolidated annual accounts do not provide a breakdown of revenue by business segment because the Group does not have significant differentiated business or geographical segments.

21.2. The breakdown of“Staff Costs” in 2008 and 2007 is as follows:

| | 2008 Thousands of euros | 2007 Thousands of euros |
|---|---|---|
| Wages and salaries | 70,113 | 67,064 |
| Accrued share-based payment costs | 2,182 | 3,717 |
| Social security costs | 12,350 | 11,710 |
| Employee benefit costs | 4,573 | 2,362 |
| **Total** | **89,218** | **84,853** |

The average number of employees at the Group, by professional category, was as follows:

| | 2008 | | 2007 | |
|---|---|---|---|---|
| | Male | Female | Male | Female |
| Senior Executive | 74 | 30 | 71 | 27 |
| Executives | 33 | 49 | 31 | 48 |
| Technical staff | 48 | 65 | 50 | 61 |
| Administrative personnel | 452 | 386 | 460 | 383 |
| Others | 25 | 3 | 25 | 5 |
| Operators | 8 | 11 | 17 | 17 |
| **Total employees** | **640** | **544** | **654** | **541** |

The breakdown of personnel by gender and by professional category at 31 December is as follows:

| | 2008 | | 2007 | |
|---|---|---|---|---|
| | Male | Female | Male | Female |
| Senior Executives | 71 | 27 | 71 | 26 |
| Executives | 33 | 49 | 34 | 52 |
| Technical staff | 446 | 392 | 465 | 390 |
| Administrative personnel | 48 | 73 | 54 | 73 |
| Others | 23 | 1 | 25 | 4 |
| Operators | | | | |
| Total Personal | 621 | 542 | 649 | 545 |

21.3. The breakdown of“Change in Operating Provisions” at the balance sheet date, which relates to the allowance for doubtful debts, is as follows:

| | 2008 Thousands of euros | 2007 Thousands of euros |
|---|---|---|
| Charge for the year | 2,450 | 1,066 |
| Losses on uncollectible receivables | 1 | 1,360 |
| Amounts used | (555) | (1,737) |
| **Total** | **1,895** | **689** |

21.4. Services provided by the auditors

“Other operating expenses” in the accompany consolidated income statement includes the fees for the audit of the Group’s financial statements in 2008, conducted by Ernst & Young, S.L., amounting to €167.6 thousand in 2008 and conducted by Deloitte, S.L. in 2007 amounting to €184 thousand.

The fees for other professional services provided exclusively to the Parent by the principal auditor amounted to €209 thousand at 31 December 2008 corresponding to audit-related services. At 31 December 2007, fees for other professional services amounted to €168 thousand, of which €137 thousand correspond to audit-related services.

21.5. The breakdown of the Group's net finance income in 2007 and 2006 is as follows:

| | 2008 Thousands of euros | 2007 Thousands of euros |
|---|---|---|
| Interest income | 4,596 | 10,343 |
| Less interest expenses | (7,651) | (4,908) |
| **Total** | **(3,055)** | **5,435** |

### 21.6. Exchange differences

The breakdown of the exchange differences in 2008 and 2007 is as follows:

| | **2008**<br>Thousands of euros | **2007**<br>Thousands of euros |
|---|---|---|
| Exchange gains | 509 | 1,364 |
| Exchange losses | (851) | (1,467) |
| **Total** | **(342)** | **(103)** |

The foreign currency transactions, which related to the acquisition of audiovisual property rights and distribution rights, amounted to USD 24 million in 2008 (2006: USD 31 million).

In addition, the balance of the trade payables for purchases of audiovisual property rights includes EUR 3,300 thousand denominated in US dollars in 2008 (2007: EUR 5,594 thousand).

Trade receivables for sales and services includes EUR 1,763 thousand denominated in US dollars in 2008 (2007: EUR 868 thousand).

## 21.7. Contribution to consolidated profit

The breakdown, by company, of the contribution to consolidated profit is as follows:

| | **2008** Thousands of euros | **2007** Thousands of euros |
|---|---|---|
| Gestevisión Telecinco, S.A. | 323,312 | 276,727 |
| Grupo Editorial Telecinco, S.A.U. | 3,622 | 3,653 |
| Atlas España, S.A.U. | 3,002 | 6,269 |
| Telecinco Cinema, S.A.U. | (11,956) | (5,787) |
| Publiespaña S.A.U. | 64,413 | 77,864 |
| Cinematext Media, S.A. | 482 | 84 |
| Conecta 5 Telecinco, S.A.U. | 1,889 | (218) |
| Mediacinco Cartera, S.L. | (6,224) | (9,358) |
| Atlas Media, S.A.U. | 0 | (222) |
| Atlas País Vasco, S.A.U. | 28 | 221 |
| Mi Cartera Media, S.A.U. | 911 | 960 |
| Publimedia S.A.U. | 7,789 | 5,894 |
| Advanced Media S.A.U. | (205) | (2) |
| Cinematext Italia, S.R.L. | 31 | 43 |
| Canal Factoría de Ficción, S.A.U. | 7 | - |
| Telecinco Factoría Producción, S.L. | (1) | - |
| Edam Acquisition Holding I Coöperatief U.A. | (167,983) | - |
| Pegaso Televisión, Inc | (9,140) | - |
| Others | 1,302 | (3,070) |
| **Total** | **211,279** | **353,058** |

## 21.8. Operating leases

The breakdown of“Operating Leases” in 2008 and 2007 is as follows:

| | <u>**2008**</u> | <u>**2007**</u> |
|---|---|---|
| | Thousands of euros | |
| Minimum lease payments under operating leases recognised in profit or loss | 1,486 | 1,298 |
| | **1,486** | **1,298** |

The future operating lease obligations assumed by the Group fall due at one year and are for amounts similar to those for 2008.

## 22. Earnings per share

The calculation of the weighted average number of shares outstanding and diluted at 31 December 2008 and 2007 is as follows:

| | 31/12/08 | 31/12/07 |
|---|---|---|
| **Total shares issued** | **246,641,856** | **246,641,856** |
| Less: treasury shares | (3,102,765) | (1,946,379) |
| Total shares outstanding | 243,539,091 | 244,695,477 |
| Dilutive effect of share options and free delivery of shares | - | - |
| Total number of shares for calculating diluted earnings per share | 243,539,091 | 244,695,477 |

22.1. Basic earnings per share:

Basic earnings per share are calculated by dividing the net profit or loss attributable to the Group by the weighted average number of shares outstanding during the year, excluding the average number of treasury shares held in the year.

Accordingly:

| | 2008 | 2007 | Change |
|---|---|---|---|
| Net profit for the year (thousands of euros) | 211,279 | 353,058 | (141,779) |
| Number of shares outstanding | 243,539,091 | 244,695,477 | (1,156,386) |
| **Basic earnings per share (euros)** | **0.87** | **1.44** | **(0.58)** |

22.2. Diluted earnings per share:

Diluted earnings per share are calculated by dividing the net profit or loss for the year attributable to ordinary shareholders adjusted for the effect attributable to the dilutive potential ordinary shares by the weighted average number of ordinary shares outstanding in the year, adjusted by the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares of the Company. For these purposes, the conversion is deemed to take place at the beginning of the year or on the date of issue of the potential ordinary shares if such shares had been issued during the reporting period.

Accordingly:

| | 2008 | 2007 | Change |
|---|---|---|---|
| Net profit for the year (thousands of euros) | 211,279 | 353,058 | (141,779) |
| Number of shares for calculating diluted earnings per share | 243,539,091 | 244,695,477 | (1,156,386) |
| **Diluted earnings per share (euros)** | **0.87** | **1.44** | **(0.58)** |

## 23. Related party transactions

### 23.1. Transactions with associates and shareholders

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this Note. Transactions between the Group and its associates are disclosed below. Transactions between the Company and its subsidiaries and associates are disclosed in the Company's individual financial statements.

The Group's accounts payable to and receivable from related parties are as follows:

| | 31-12-08 | | 31-12-07 | |
|---|---|---|---|---|
| | Receivable | Payables | Receivable | Payables |
| Publieci Televisión, S.A. | 172 | | 858 | - |
| Aprok Imagen SL. | | 164 | 5 | 250 |
| Canal Factoría de Ficción, S.A. | | | 122 | - |
| Comeradisa | 14 | | - | - |
| Producciones Mandarina, S.L. | 318 | 2,280 | 269 | 1,034 |
| La Fábrica de la Tele, S.L. | 24 | 2,123 | 20 | 1,759 |
| Alba Adriática, S.L. | 8 | 751 | 4 | 2,289 |
| Fundación Telecinco | 2 | | 7 | - |
| Grupo Mediaset | 163 | 1,977 | 185 | 1,475 |
| Grupo Vocento | 364 | 21,947 | 278 | 27,395 |
| Grupo Endemol | 85 | 13,772 | 340 | 12,023 |
| Grupo Pegaso Televisión | 88 | | - | - |
| **Total** | **1,238** | **43,014** | **2,088** | **46,225** |

The breakdown, by maturity, of the balances payable to all the related parties, pursuant to the new IFRS 7, is as follows:

| **2008** | **Balance** | **Maturities** | | |
|---|---|---|---|---|
| | | 3 months | 6 months | 12 months |
| Investee | 5,318 | 4,966 | 352 | |
| Mediaset Group | 1,977 | 1,977 | | |
| Other Companies | 35,719 | 32,846 | 2,873 | |
| **Total** | **43,014** | **39,789** | **3,225** | **0** |

| **2007** | **Balance** | **Maturities** | | |
|---|---|---|---|---|
| | | 3 months | 6 months | 12 months |
| Investee | 5,332 | 4,056 | 1,276 | - |
| Mediaset Group | 1,475 | 1,475 | - | - |
| Other Companies | 39,418 | 35,125 | 844 | 3,449 |
| **Total** | **46,225** | **40,656** | **2,120** | **3,449** |

During the year, the Group companies performed the following transactions with related parties:

| | **Sales of goods** | | **Purchase of goods** | | **Other sales** | | **Purchase of rights** | |
|---|---|---|---|---|---|---|---|---|
| | **2008** | **2007** | **2008** | **2007** | **2008** | **2007** | **2008** | **2007** |
| Publieci Televisión, S.A. | 1,203 | 1,794 | - | - | - | - | - | - |
| Aprok Imagen SL. | - | - | 880 | 1,115 | - | - | - | - |
| Canal Factoría Ficción, S.A. | - | 445 | - | 115 | - | - | - | - |
| Premiere Megaplex | - | - | - | - | - | - | - | - |
| La Fábrica de la Tele, S.L. | - | 34 | 15,146 | 122 | - | - | - | 10,423 |
| Producc. Mandarina, S.L. | 75 | 521 | 14,642 | 7 | - | - | - | 18,407 |
| Alba Adriática, S.L. | 19 | 6 | 601 | 208 | (136) | - | 14,768 | 12,047 |
| Grupo Mediaset | 356 | 954 | 2015 | 1,258 | 4,453 | 1,492 | 451 | 650 |
| Grupo Vocento | 216 | 618 | 10,847 | 2,021 | 33 | - | 37,377 | 46,060 |
| Grupo Endemol | 413 | 279 | 47,141 | 25,820 | - | - | - | - |
| Grupo Pegaso | 768 | - | - | - | - | - | - | - |
| **Total** | **3,050** | **4,651** | **91,272** | **30,666** | **4,350** | **1,492** | **52,596** | **87,587** |

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No material provisions have been made for doubtful debts in relation to the amounts owed by related parties.

The breakdown of the financing terms between the Group and associates and shareholders as regards the established limits, balances drawn down and maturities is as follows:

Credit facilities:

| | Current Limit | Drawn Down (Dr) Cr | Non-Current Limit | Drawn Down (Dr) Cr | Maturity |
|---|---|---|---|---|---|
| **2008** | | | | | |
| Associates or shareholder | - | 58,790 | 75,000 | - | 2012 |
| **2007** | | | | | |
| Associates or shareholder | - | 58,790 | 75,000 | - | 2012 |

The interest rates applicable to these credit facilities, excluding those arranged as participating loans, were EURIBOR plus a market spread of 100 basis points in 2007.

Financing provided to associates consists primarily of credit facilities or commercial loans.

23.2. Remuneration of directors

The Company's Board members earned total remuneration of EUR 4,080 thousand and EUR 7,061 thousand in 2008 and 2007, respectively, in the form of salaries and other compensation in kind.

The Company has not granted the directors any advances or loans and it does not have any pension or other obligations to them.

In addition, in 2008 the Company's Board of Directors granted directors a total of 198,625 share options valued at EUR 141 thousand, which had not been exercised at 2008 year-end. In 2007 the directors were granted 397,250 share options valued at EUR 300 thousand, none of which had been exercised.

Each option granted carries the right to purchase one share of the Parent.

The exercise price of each option was EUR 8,21 in 2008 and EUR 20.82 in 2007 (see Note 19).

At 31 December 2007, the most significant information on the share options granted by the Company to its directors is summarised as follows:

| | Number of Share Options | Exercise Price (Euros) | Beginning of Exercise Period | End of Exercise Period |
|---|---|---|---|---|
| Options granted in 2005 | 328,000 | 19.70 | 27/07/08 | 27/07/10 |
| Options granted in 2006 | 397,250 | 18.57 | 26/07/09 | 25/07/11 |
| Options granted in 2007 | 397,250 | 20.82 | 25/07/10 | 24/07/12 |
| Options granted in 2008 | 198,625 | 8.21 | 30/07/11 | 31/07/13 |

Other disclosures on the Board of Directors

During the year, the members of the Board of Directors and other senior executives of the Company, and the individuals and entities that they represent, did not carry out transactions with Group companies unrelated to normal trading activity or not on an arm's length basis.

In compliance with Article 27 ter. 4 of the Spanish Corporation Law, and regarding the parent company, we hereby state that Giuseppe Tringali, Paolo Vaisle, Giuliano Adreani, José Ramón Alvarez Rendueles, Pier Silvio Berlusconi, Fedele Confalonieri, Ángel Durández Adeva, Marco Giordani, Miguel Iraburo Elizondo, Alfredo Messina, Borja de Prado Eulate, Massimo Musolini, members of the Board of Directors of GESTEVISION TELECINCO, S.A. as of 31 December 2008, have not owned and do not own shareholdings in the share capital of companies that have a corporate purpose identical, similar or complementary to the activity that constitutes GESTEVISION TELECINCO, S.A.'s corporate purpose.

Mr. Alejandro Echevarría Busquet:

| **Subsidiary** | **Activity** | **Ownership percentage** | **Duties** |
|---|---|---|---|
| Vocento, S.A. | Communication | 0.1236 % | - |
| Sociedad Vascongada de Publicaciones, S.A. | Newspaper publishing | 0.1072 % | Board Member |
| Diario ABC, S.L. | Newspaper publishing | 0.0002 % | - |

In accordance with the aforementioned text, the following is a schedule of the activities carried out by the Company's Board of Directors at 31 December 2008, either on their own or on others' behalf, in companies engeging in business activities that are identical, similar or complementary to the activity that constitutes the corporate purpose of GESTEVISION TELECINCO, S.A:

Mr. Alejandro Echevarría Busquet

| Name | Activity | Arrangement under which the activity is performed | Company through which the activity is carried out | Position held or function discharged |
|---|---|---|---|---|
| Diario El Correo, S.A. | Newspaper publishing | Self-employed | - | Board Member |
| Editorial Cantabria, S.A. | Newspaper publishing | Self-employed | - | Board Member |
| Agencia de Televisión Latinoamericana de Servicios y Noticias España, S.A.U. | New agency | Self-employed | - | Chairman |
| Publiespaña, S.A.U. | Advertising agency | Self-employed | - | Chairman |

Mr. Paolo Vasile

| Name | Activity | Arrangement under which the activity is performed | Company through which the activity is carried out | Position held or function discharged |
|---|---|---|---|---|
| Canal Factoría de Ficción, S.A.U. | Production and distribution of audiovisual products and programs | Company employee | Gestevisión Telecinco, S.A. | Board Member |
| Publieci Televisión, S.A. | Direct selling of products and services on TV and through other channels | Company employee | Gestevisión Telecinco, S.A. | Board Member |
| Publiespaña, S.A.U. | Advertising agency | Company employee | Gestevisión Telecinco, S.A. | Board Member |
| Agencia de Televisión Latinoamericana de Servicios y Noticias España, S.A.U. | New agency | Company employee | Gestevisión Telecinco, S.A. | Board Member |
| Conecta 5 Telecinco, S.A.U. | Exploitation of audiovisual content on the Internet | Company employee | Gestevisión Telecinco, S.A. | Chairman |
| Grupo Editorial Tele 5, S.A.U. | Exploitation of rights; production and distribution of publications | Company employee | Gestevisión Telecinco, S.A. | Chairman |
| Telecinco Cinema, S.A.U. | Television broadcasting services and intermediation in the markets for audiovisual rights | Company employee | Gestevisión Telecinco, S.A. | Chairman |

Mr. Giuliano Adreani

| Name | Activity | Arrangement under which the activity is performed | Company through which the activity is carried out | Position held or function discharged |
|---|---|---|---|---|
| R.T.I. – Reti Televisive Italiane S.p.A. | Television operator | Self-employed | - | Board Member |
| Digitalia 08 S.r.l. | Selling of advertising space | Self-employed | | Chairman |
| Publiespaña, S.A.U. | Advertising agency | Self-employed | - | Board Member |
| Publitalia 80 S.p.A. | Selling of advertising space | Self-employed | - | Chairman and Managing Director |

Mr. Pier Silvio Berlusconi

| Name | Activity | Arrangement under which the activity is performed | Company through which the activity is carried out | Position held or function discharged |
|---|---|---|---|---|
| R.T.I. – Reti Televisive Italiane S.p.A. | Television operator | Self-employed | - | Chairman/Managing Director |
| Publiespaña, S.A.U. | Advertising agency | Self-employed | - | Board Member |
| Publitalia 80 S.p.A. | Selling of advertising space | Self-employed | - | Board Member |

Mr. Fedele Confalonieri

| Name | Activity | Arrangement under which the activity is performed | Company through which the activity is carried out | Position held or function discharged |
|---|---|---|---|---|
| Publiespaña, S.A.U. | Advertising agency | Self-employed | - | Board Member |

Mr. Giuseppe Tringali

| Name | Activity | Arrangement under which the activity is performed | Company through which the activity is carried out | Position held or function discharged |
|---|---|---|---|---|
| Publitalia 80 S.p.A. | Selling of advertising space | Self-employed | - | Board Member |
| Publieurope Limited | Selling of advertising space | Self-employed | - | Board Member |
| Advanced Media, S.A.U. | Carrying out and executing advertising projects | Company employee | Publiespaña, S.A.U. | Joint CEO |
| Publieci Televisión, S.A. | Direct selling of products and services on TV and through other channels | Company employee | Publiespaña, S.A.U. | Chairman |
| Publiespaña, S.A.U. | Advertising agency | Company employee | Publiespaña, S.A.U. | Board Member |
| Publimedia Gestión, S.A.U. | Carrying out and executing advertising projects | Company employee | Publiespaña, S.A.U. | Joint CEO |

Mr. Marco Giordani

| Name | Activity | Arrangement under which the activity is performed | Company through which the activity is carried out | Position held or function discharged |
|---|---|---|---|---|
| R.T.I. – Reti Televisive Italiane S.p.A. | Television operator | Self-employed | - | Joint CEO |

Mr. Massimo Musolino

| Name | Activity | Arrangement under which the activity is performed | Company through which the activity is carried out | Position held or function discharged |
|---|---|---|---|---|
| Canal Factoría de Ficción, S.A.U. | Production and distribution of audiovisual products and programs | Company employee | Gestevisión Telecinco, S.A. | Chairman/Managing Director |
| Publieci Televisión, S.A. | Direct selling of products and services on TV and through other channels | Company employee | Gestevisión Telecinco, S.A. | Board Member |
| Publiespaña, S.A.U. | Advertising agency | Company employee | Gestevisión Telecinco, S.A. | Board Member |
| Agencia de Televisión Latinoamericana de Servicios y Noticias España, S.A.U. | New agency | Company employee | Gestevisión Telecinco, S.A. | Board Member |
| Conecta 5 Telecinco, S.A.U. | Exploitation of audiovisual content on the Internet | Company employee | Gestevisión Telecinco, S.A. | Board Member |
| Grupo Editorial Tele 5, S.A.U. | Exploitation of rights; production and distribution of publications | Company employee | Gestevisión Telecinco, S.A. | Joint CEO |
| Telecinco Cinema, S.A.U. | Television broadcasting services and intermediation in the markets for audiovisual rights | Company employee | Gestevisión Telecinco, S.A. | Joint CEO |
| Cinematext Media, S.A. | Movie-, television- and video-subtitling | Company employee | Gestevisión Telecinco, S.A. | Board Member |
| Corporación de Medios Radiofónicos Digitales, S.A. | Radio-and television-related activities | Company employee | Gestevisión Telecinco, S.A. | Board Member |
| Mediacinco Cartera, S.L. | Financial investments | Company employee | Gestevisión Telecinco, S.A. | Chairman |
| Premiere Megaplex, S.A. | Film distribution | Company employee | Gestevisión Telecinco, S.A. | Board Member |

In accordance with the above, we hereby state that José Ramón Álvarez Rendueles, Angel Durández Adeva, Miguel Iraburu Elizondo, Alfredo Messina, Borja de Prado Eulate have not and do not carry out activities, either on their own or on others' behalf, in companies engaging in business activities that are identical, similar or complementary to the activity that constitutes GESTEVISIÓN TELECINCO, S.A.'s corporate purpose.

23.3. Compensation to key management personnel

Compensation paid to General Directors of the Company and individuals who discharge similar functions, excluding those who are also members of the Board of Directors, is summarized as follows:

| **No of persons** | | **Total Compensation (Thousands of euros)** | |
|---|---|---|---|
| **2008** | **2007** | **2008** | **2007** |
| 25 | 18 | 8,275 | 6,787 |

A list of the key management personnel is included in the accompanying management report.

The remuneration consists of a fixed amount and a variable amount. The variable remuneration is determined by applying a percentage to the fixed remuneration in each case, based on the extent to which certain annual targets are met.

In addition, ther is an item of remuneration that is earned over more than one year the targets of which are not certain to be met; however, at 31 December 2008, the Company recognised a provision that represent its best estimate at that date based on a conservative forecast.

352,700 share options for an amount of €250 thousand were assigned to senior executives in 2008 and this amount is recognised under "Staff Costs" These share options had not been exercised at the end of 2008.

Madrid, February 25, 2009

| | | | | |
|---|---|---|---|---|
| (signed on the original in Spanish) | (signed on the original in Spanish) | (signed on the original in Spanish) | (signed on the original in Spanish) | (signed on the original in Spanish) |
| Mr. Alejandro Echevarría Busquet | Mr. Giuseppe Tringali | Mr. Paolo Vasile | Mr. Giuliano Adreani | Mr. José Ramón Álvarez Rendueles |
| (signed on the original in Spanish) | (Absent) | (signed on the original in Spanish) | (signed on the original in Spanish) | (signed on the original in Spanish) |
| Mr. Massimo Musolino | Mr. Pier Silvio Berlusconi | Mr. Fedele Confalonieri | Mr. Ángel Durández Adeva | Mr. Marco Giordani |
| (signed on the original in Spanish) | (signed on the original in Spanish) | (signed on the original in Spanish) | | |
| Mr. Miguel Iraburu Elizondo | Mr. Alfredo Messina | Mr. Borja de Prado Eulate | | |

## 2008: TELECINCO'S BUSINESS MODEL SUCCESSFULLY WITHSTANDS THE PROFOUND AND WIDESPREAD CRISIS. BUT WHAT ABOUT THE REST OF THE SECTOR

2008 sorely tested the solidity and staying power of all businesses, regardless of industry, as the Spanish economy gradually deteriorated.

The year started out with a hard landing in the construction sector and went on to witness a pronounced slump in consumption and investment virtually across the board. It was accompanied by an almost unprecedented credit crunch, making it much harder for individuals and businesses to secure financing, and a widespread deterioration in sentiment and confidence, so that the year culminated with an imploding labor market, sending unemployment soaring.

Although affecting all developed economies, the unfolding recession is proving more virulent in Spain, accelerating at a pace and reaching extremes that exceed even the most pessimistic forecasts. It is necessary to go far back in time (the Great Depression of 1929, the financial turbulence of the 1970s) to find parallels.

At the time of authorizing these financial statements for issue, the panorama remains extremely gloomy, marked by a total absence of objective data upon which to pin hopes of an improvement in the general international or domestic situation or of an inflection point in the economic cycle short or medium term.

The free-to-air television cycle was not immune to the all-encompassing economic downturn that shaped 2008. In fact, the advertising market is highly correlated to the major macroeconomic indicators. This correlation has been borne out yet again during this downturn, most notably since the third quarter, when advertising spending plummeted in all segments, barring none.

The general backdrop therefore is one of harsh economic challenges at a time when the sector is far more fragmented and competitive than in any of its neighboring markets. This is due to the fallout in Spain of advertising and spiraling content costs (notably sports broadcasting rights) from the active role played by public broadcasters, prompted by emerging broadcasters attempting to win audience share at any price.

This combination of factors paints a dire picture in terms of the sector's ability to finance the inevitable mismatch, in some cases out of kilter from the outset, between forecast revenue and the spending and investments committed before the advertising crisis exploded. Without a shadow of a doubt, this is the great challenge and risk facing the Spanish television sector over the short and medium term.

Against this backdrop, Telecinco, which ended the year as audience leader for the fifth consecutive year, was yet again able to maintain its business model intact based on efficient, flexible and innovative management of its advertising share and a programming strategy tailored to audience preferences. Telecinco struck a successful balance between the channel's more classic programming and newer formats, all this against a deteriorating business climate and increasing audience fragmentation.

Specifically, Telecinco was able once again to come up with successful content at reasonable cost, thanks to its proven strategy of producing programs with its trusted investee producers, thereby ensuring access to professional talent.

The broadcaster's business model also proved its solidity as measured by the key management metrics used by any company attempting to put on its best show for its customers, shareholders and society at large: profitability, margins, net profit for shareholder remuneration, cash flow generation, robust capital and access to credit as needed to fund working capital and finance capital expenditure as opportunities arise, all throughout the ongoing credit crunch.

In this respect, Telecinco enjoys a privileged position thanks to the virtual absence of short term debt at year-end 2008, the existence of credit lines which enable it to comfortably meet its working capital requirements and, thanks to capital strength unique in the sector, the ability to raise additional funds to finance investments that could result in value creation, should they arise.

On all these metrics, Telecinco posted truly exceptional readings considering the harsh conditions in the economy in general and in the advertising sector in particular. The broadcaster demonstrated the profitability and efficiency of its business model not only in boom times, but also in downturns.

This strength reflects the efforts of everyone working at Telecinco, a team of qualified and expert enthusiasts that yet again gave their best to bringing these results about.

On another front, at the beginning of 2008 Telecinco made a strategic move with the acquisition, via Pegaso TV, of 29.2% of CaribeVisión Network, a newly created Spanish-speaking network which broadcasts in New York, Miami, Boston and Puerto Rico. This investment, coupled with the acquisition of 33% of Endemol in 2007, underscores Telecinco's keenness and willingness to establish a beachhead in the international markets it deems can generate value for the company.

## THE GLOBAL ECONOMY IN 2008

Extremely graphic adjectives are needed to depict the extent of the havoc wreaked on the global economy in 2008. The turbulence in the global banking sector which began to cause ripples at the end of 2007 gave way to nothing short of a financial tidal wave in 2008 which engulfed not only hundred-year-old investment banks which were leveraged to the hilt via derivatives, but also undermined the basic foundations of mutual trust necessary for the banking system to function correctly, due to an abundance of opaque and sophisticated financial instruments which masked a genuine time bomb ticking away inside, and which were missed by all the global supervisory authorities worldwide (the so-called toxic assets).

As the year rolled on, the extent to which these low value financial assets, which had been distributed worldwide on a massive scale, tainting almost all banks, US and foreign, would have a knock-on effect on the real economy began to emerge.

As the losses triggered by the acquisition of these toxic assets became known, a vicious circle of liquidity constraints, deleveraging requirements and credit restrictions among banks was unleashed, requiring massive intervention by the monetary and finance authorities on both sides of the Atlantic to inject liquidity into the system by resorting to extraordinary measures and to save the hardest hit entities from bankruptcy via nationalization. In addition, rates were cut to stimulate the economy, drastically in the case of the US, and less dramatically in Europe, albeit no less radically considering the European Central Bank's long-standing aversion to inflation.

The ramifications of this deleveraging are still being felt at the time of writing. The banks have dramatically choked off lending to households and businesses and to each other and the previous growth model predicated on ever rising prices in underlying assets, fuelling massive leverage and, by extension, consumption growth (the prevalent growth model in the US, UK, Ireland and Spain, among other places) lies in tatters in the aftermath of the tsunami.
Reported economic data justify labeling 2008 as an ‘annus horribilis’ in finance. It takes a journey back in time as far as 1929 to unearth a parallel for the events of the past year.

So, no surprise, the US is in recession: GDP contracted by 0.5% in 3Q08, once the tax breaks extended to US families in 2Q08 evaporated; the contraction gathered pace to 3.8% in 4Q08.

Economic indicators point to a contraction in GDP in the UK of 1.5% in the last quarter of the year, in line with the 1.5% drop in the European Union, led by the German economy, which shrank by nothing short of 2.1% in 4Q08. These figures depict a recessionary panorama engulfing developed economies, clearly signaling that the knock-on effect of the financial crisis on the real economy is proving extraordinarily extensive and deep. Meanwhile the unprecedented measures being taken by the various governments to short circuit collapses in their respective economies have yet to prove effective, in all likelihood because of lingering misgivings and fear that the latent losses in the system will prove greater than has been publicly disclosed to date, triggering an even more pronounced correction in asset values, greater deleveraging requirements, and ultimately, a prolonged credit crunch for families and businesses.

Turning to developing economies, they are inevitably beginning to slide down the slippery slope of economic deceleration, a phenomenon which is proving particularly noteworthy in China, where growth slowed by over 30% in 2008 (from 13% to 9%). China’s GDP is expected to slow by 50% in 2009 (6.8%) over 2007.

In Latin America, the slump in growth was less pronounced in 2008 (regional growth is expected to ease from 5.4% in 2007 to 4% in 2008); however the expectations for the year ahead are significantly gloomier (growth of 2% at best).

All this highlights that the crisis is global in nature and that it is quickly spreading beyond the developed economies. Moreover, the fact that the emerging economies are also catching the recessionary virus will curtail and delay the recovery, as sluggish internal demand in these countries will not substitute weak consumption and investment in more developed nations.

In Spain, emerging indicators are even more discouraging for several reasons: first off, the contraction in GDP in the last quarter of 2008 (-1.0%) came on the heels of the decline already revealed in 3Q08 (-0.3,), putting Spain technically into recession (two consecutive quarters of shrinking GDP), in line with its European neighbors.

Secondly, the trend unfolding is far worse than in other developed nations, considering the fact that the Spanish economy grew by 3.7% in 2007, i.e. outperforming the European Union average by a differential of 1% and the German economy by 1.2%.

Thirdly, the defining characteristics of the structure of production in Spain imply that such a hard landing, culminating in recession in so few quarters, will inevitably be accompanied by massive job destruction, a phenomenon already being evidenced: by year-end unemployment had already reached 14.6%, the highest level in recent years. Further, this harried pace of job destruction translates into a 65% surge in unemployment in just one year (from 8.7% at year-end 2007), an extraordinarily negative development.

The only brief respite in this roll of negative data comes by way of inflation, which eased dramatically to 1.5% in 2008 in Spain (2007: 4.3%), dipping even below the eurozone average (1.5%), an unprecedented dip which in actual fact mirrors the depressed state of internal demand. In the opinion of some observers, current levels point ominously to the specter of deflation, a phenomenon not experienced since before World War II.

Lamentably, an objective assessment of the economic reality precludes any premonition that the situation has “hit bottom”. Quite the opposite. There are enough negative factors yet to be resolved in Spain (misgivings regarding unrealized losses still to be disclosed, liquidity drought, structural adjustments in sectors hit hardest by the recessions, rapidly spiraling public deficit, structurally low productivity and competitiveness across the Spanish productive system, the downdraft in the general economic outlook, collapsing consumption and inability of the external sector to substitute sluggish internal demand as a growth driver) to underpin the general statement that “the worst has yet to come”.

The economic forecasts put out by the various authorities and think tanks for the coming quarters underpin this negative outlook: in Spain GDP is expected to shrink by at least 1.6% in 2009, with consensus forecasts pointing to a decline of over 2%. These forecasts meanwhile put unemployment at close to 17%, and the public deficit at over 7%.

The outlook for the European Union and the US is not particularly encouraging either: GDP is widely expected to contract in 2009 and a turnaround for the developed economies as a whole is considered unlikely before 2010 and the thesis that a return to growth will very likely take longer than that is gaining momentum.

The adverse economic conditions depicted above have taken a toll, and will continue to weigh down the advertising market in general, and the television advertising segment in particular: it is common knowledge that demand for advertising is highly correlated to the headline macroeconomic variables.

## THE TV ADVERTISING MARKET

At the beginning of 2008 press advertising began to drop off, hit by the collapse in the real estate market and escalating unemployment. Television advertising, however, proved resilient to the economic slowdown through May when for the first time spending shrank year-on-year.

This marked the beginning of a very pronounced slowdown which gradually extended to all sectors. By year-end television advertising spending was falling at rates in the order of 25%, a downdraft since the month of May without precedent in recent audiovisual market history in Spain.

Although at the time of authorizing these financial statements for issue the official Inforadex data for the Spanish advertising market in 2008 had not yet been made public, it is estimated to have contracted by around 11.5% for the full year, implying an extremely negative trend in the second half of the year, as official data for the first half revealed a decline of just 4.1%.

Year-to-date, the television advertising market remains in free fall relative to the first months of 2008, given that this time last year the market was not yet in decline.

Advertising revenue at Gestevisión Telecinco, S.A. stood at 934.8 million euros, down 11.1% on 2007 due to declining demand for advertising starting in the second quarter, a trend which prompted a generalized reduction in average prices per advertising hit from that point on. Telecinco's leadership on pricing and commercial target meant that the slump in demand hit the broadcaster to a greater degree.

In addition, this market trend was aggravated by the aggressive sales policies put in place by the public broadcasters, which opted to pursue a strategy of flogging advertising space on a massive scale without concern for the ultimate price ramifications. This decision, most notably from the second half in conjunction with the broadcast of the Beijing Olympic Games, drove prices lower.

**AUDIENCE LEADER IN ALL TIME SLOTS**

For the fifth year running, Telecinco ended 2008 as the clear leader in audience (total viewers, 24 hours), with a share of 18.1%, 2.1 points ahead of Antena 3 (16.0%) and 1.2 points ahead of TVE 1 (16.9%). In prime time, the broadcaster's leading share extended almost 2 points to 20%, 4.8 points head of Antena 3 (15.2%) and 3.8 points ahead of TVE 1 (16.2%).

Focusing on the commercial target, the most attractive audience to advertisers, Telecinco extended its decade long leadership once again with an audience share of 19.6% throughout the day (with a lead of 3.1 and 6.1 points over Antena 3 and TVE 1, respectively) and of 21.5% in prime time (compared to 15.7% at Antena 3 and 13.1% at TVE 1).

These results are more impressive factoring in ongoing audience fragmentation, where the share of audience grouped under the category "Other broadcasters" climbed from 11.3% in 2007 to 13.4% in 2008, boosted by growing penetration of digital terrestrial TV (DTT). This phenomenon, although not significant in terms of the advertising pie due to the large number of broadcasters grouped into this catchall category, does impact audience shares, implying a gradual erosion in the leading broadcaster's figures.

Lastly, Telecinco's renewed leadership in 2008 is a testament to the broadcaster's strength in a year marked by major sporting events such as the European Football Championship and the Olympic Games, with notable successes by Spanish athletes (champions in EURO 2008, victors in the Tour de France and the Giro d'Italia, winner at Wimbledon and the French Open at Roland Garros), events which caused audiences at the channels broadcasting these events to surge temporarily.

**SOLID, STABLE AND FLEXIBLE PROGRAMMING, THE KEY TO SUCCESS**

Telecinco's success in terms of audience is predicated on programming that is easily recognized by the viewer, based on a range of content that combines established formats with a broad range of new ones. Spanish and foreign fiction series, in-house productions, the strength of live broadcasts and Formula 1 racing were the pillars on which Telecinco once again built its success in 2008, a year in which the network relied on in-house productions for more than 80% of its broadcasts, weaving an intricate balance between long-running, proven hit shows and newer formats in order to reach out to viewers and keep them watching.

**EFFICIENT CONTENT STRATEGY**

Live broadcasts, in-house productions and innovative formats and series are the basic tools with which Telecinco faces up to the daily challenge of holding on to the audience leadership that its viewers have awarded it.

In 2008 the network reaped the rewards of the content strategy put in place the year before, namely striking shareholder agreements and forging strategic alliances with emerging and established production companies in order to shore up access to quality content at reasonable prices. The overriding goal is to enable it to deliver its audience targets while keeping costs in check.

With this strategy, Telecinco achieved a dual objective: (i) locking in the ability to run successful formats on an ongoing basis and (ii) fostering the creativity of emerging television talent. In all cases, the agreements have been supplemented by the acquisition of non-controlling stakes in the production companies, through both Gestevisión Telecinco, S.A. and Atlas España S.A.U.

**PROFITABILITY: AN INCREASINGLY SCARCE GOOD**

Gestevisión Telecinco, S.A.'s 2008 earnings place it once again among the most profitable networks in the world, despite widespread harsher economic conditions and the slump in advertising.

Although the economic cycle took a drastic turn for the worse in 2008, competition in the Spanish television market continued to heat up and content costs extended their upward spiral, plunging other networks, such as the public broadcasters which have never sought to bring revenue and costs into balance, further into the red, postponing indefinitely the hopes held by some, predicated on the previously ever expanding advertising market, of reaching breakeven any time soon. Similarly, earnings at profitable networks eroded significantly.

The current situation, considering that the economic downturn has not hit bottom and that the tide has yet to turn on heavy outlays for content, highlights that only a sustainable business model capable of working properly throughout boom and bust, ensures the delivery of robust operating margins, positive cash flow generation and the creation of value for shareholders, employees and customers. To the contrary, operators whose business models present structural shortcomings (and in cases are structurally loss-making) run the risk of being unable to compete in the trying times that lie ahead for the television market.

In addition, access to credit has been choked off in the past year in the wake of the global financial crisis, accentuating risks to the sustainability of operating investments in a business such as free-to-air television, which is highly leveraged and requires significant upfront spending in order to generate advertising revenue down the line.

Against this backdrop, Telecinco's results are all the more impressive in a dire year from an economic standpoint.

- Revenue narrowed 2 in 2008 to 981.8 million euros.
- Total costs meanwhile narrowed 0.2% on 2007. This control was facilitated by Telecinco's business model, which is predicated on in-house programming, which in turn mitigates the operational gearing inherent in the television business, although this pattern was also shaped by the reversal of a contingency provision in 2008.
- Profit from operations amounted to 386.7 million euros (2007: 485.3 million euros). Expressed as a percentage of revenue, this represents an excellent margin of 39.4%.
- Net profit for the year came to 212 million euros (2007: 353 million euros), driven in large part by the share in equity accounted companies' profits.

## DIVIDENDS

In 2008, it was resolved at the Annual General Meeting of April 9 to pay out an ordinary dividend of 317 million euros from 2007 profit, equivalent to 1.30 euros per share outstanding and a payout of close to 90% of consolidated profit for the year.

This year, the Board of Directors plans to submit a resolution to pay an ordinary dividend of 0.87 euros per share outstanding from 2008 earnings at the Annual General Meeting. The proposed dividend translates into a payout of 100% of Group profit for the year.

## INVESTMENT IN RIGHTS AND FILM PRODUCTION

In 2008 Telecinco forged ahead with its policy of investing in audiovisual broadcasting rights which has proven so successful in recent years, selecting carefully the types of content in order to maintain audience figures in the future and provide the most fertile ground for the advertising business. Telecinco again placed special emphasis on investment in Spanish fiction series.

The activities undertaken by Telecinco Cinema, the company charged with film production under Telecinco's legal requirement to earmark 5% of its revenue to Spanish and European film production, merit special mention.

Faced with this legal requirement, Telecinco has opted to produce high quality commercial film projects with an international profile with the dual objective of generating a return on the significant investments made and shaking up the Spanish cinema market. The idea is to fund film productions that successfully combine talent and profit criteria by providing opportunities to emerging film makers.

Telecinco's determination to turn a legal obligation into a business that contributes to the development of the Spanish film-making sector has led to the production of some of the highest grossing blockbusters of recent years. This is true of "Alatriste", "Pan's Labyrinth", "The Orphanage", "The Oxford Murders" and the big-budget production on the life of Ché Guevara, which made cinema history for its excellent reviews, multiple prizes and box office takings in Spain and abroad. International box office success has long been the Achilles heel of Spanish film-making.

As part of this strategy, Telecinco Cinema continued to produce big budget pictures in 2008, most noteworthy among which is "Agora", the new film directed by Alejandro Amenábar which is making big screen history ahead of its release (slated for 2H09) as the most ambitious full-length motion picture ever made in Spain.

## NEW GROWTH ALTERNATIVES IN INTERNATIONAL MARKETS

In 2008 Telecinco opened up a new front in its international expansion with the acquisition, via Group company Pegaso, of 29.2% of CaribeVisión, a recently founded Spanish-speaking network broadcasting along the east coast of the US.

This transaction marks a significant strategic commitment to the burgeoning US Spanish speaking population; this segment's economic significance is evident in terms of its contribution to GDP, faster than average growth rates and share of the advertising pie. Through this strategic alliance, Telecinco brings its vision of the business and know-how to a potentially attractive television venture in terms of growth and profit potential, in which it has the chance to participate from the outset, alongside other prestigious and experienced shareholders.

Telecinco's entry into the US market comes on the heels of its major acquisition of one-third of Endemol, together with first class private equity investors. With this ambitious initiative, the network has gained a foothold in the world of content on a global scale through a profitable and well-managed company with enormous reach and creative talent. In addition, the funding needed to complete this transaction was financed by Telecinco from internally generated cash flow; the network did not have to raise debt or increase leverage to get it done.

With these two carefully selected acquisitions, Telecinco, without neglecting its core Spanish business, is attempting to identify new business opportunities that will contribute to strengthening its business model medium term.

## DIGITAL TELEVISION

In 2004 Telecinco completed its full technical digitalization process and started to broadcast two new digital channels using in-house programming from November 2005, which it continued in 2006 and 2007. These two new digital channels, which complement Telecinco's analogue broadcasts, endeavor to offer, within the prevailing limitations posed by the penetration of digital terrestrial TV, alternative programming to Telecinco's analogue line-up.

Early 2008, Telecinco made significant name and content changes at its two digital channels to create Telecinco 2, a generalist channel structured around news, sports and reality programming and FDF Telecinco, a channel which leverages a well-known brand in the industry to broadcast a range of the network's films and drama series.

Last year technical penetration of DTT services reached 90%, with a little over 14 million decoders, while effective penetration rose to almost 44% of households. In terms of audience, share jumped from 9.5% at the end of 2007 to 21.9% a year later. However, over 70% of this figure corresponds to simulcast broadcasting by the analogue networks, bringing the share of strict DTT viewers down to just 6% of the total, a negligible reading considering existing fragmentation, which means that non-simulcast broadcasters are not yet making waves in the market, especially from an advertising standpoint. In addition, the short and medium outlook for continued weak demand for advertising underpins the thesis that the day DTT broadcasting will make meaningful inroads into the free-to-air generalist television sector is still some way off.

## STEADY SHARE PRICE PERFORMANCE

2008 was a devastating year for equities in general and for the media sector in particular. In Spain, the benchmark IBEX 35 index corrected by 39.4% over the course of the year. The investor panic triggered by the widespread financial crisis, coupled with the sudden change in fortunes in the advertising market, proved too heady a cocktail for the market, which gradually lost faith in the broadcasters, a panorama which foreseeably could persist until there is a glimmer of a turnaround on the horizon.

Key data concerning Telecinco's share price performance in 2008:

Share price correction: 56.9%, from 17.51 euros to 7.55 euros.

Market value on last trading session of 2008: 1,862.1 million euros.

Trading volume: 4,350.2 million euros.

The intra-day high was recorded on January 2 (17.72 euros) and the low on October 10 (5.54 euros).

## TREASURY SHARES

In 2008, pursuant to the authorization granted at the Annual General Meeting, the Company acquired treasury shares to cover the stock option plan still in effect for directors and key management.

By year-end the Company had acquired a total of 3,106,913 shares which cover the 2005 and 2007 stock option plans in full; a portion of the 2006 plan has still to be covered.

## HEDGING

The Company arranges foreign exchange hedges in connection with foreign currency denominated transactions (primarily the acquisition of external production rights). These hedges are designed to prevent exchange rate fluctuations from impacting the income statement via the accounts payable arising from these transactions. Specifically, the Company buys foreign currency forward for the amounts payable so as to match the forecast payment dates. These hedges are arranged when the Company recognizes the corresponding rights on the balance sheet.

## BUSINESS OUTLOOK

In 2009 the Company's business will not prove immune to the general economic climate or to the ramifications this will have on demand for television advertising which is the core revenue driver at a generalist network such as Telecinco. Accordingly, the advertising sales strategy will be adapted as circumstances evolve, adjusting prices and volumes with a view to maximizing revenue as function of the intersection between supply and demand, the reaction of its direct competitors, and demands placed by the more active advertiser segments.

In terms of audience share targets, and in consideration of the network's relative positioning at the time of writing, the focus is to hold on to the leadership spot in the prime time slot and increase share in the day time slot with a view to achieving a more balanced mix so as to improve advertising yields. To this end, Telecinco has purchased the broadcasting rights to two prominent football events: The FIFA Confederations Cup to take place in June 2009, with the participation of some of the most prestigious footballing nations, including Spain, and the UEFA Cup, where broadcasts will begin in September 2009.

From a business standpoint, Telecinco will preserve its traditional attention to cost control, at all times circumscribed by the need to maintain a high quality programming line-up which is the calling card of competitiveness in terms of audience and advertising revenue. This is why the network believes its margins will remain the highest in the market despite intense competitive pressure.

In terms of financial health and solvency, the virtual absence of debt and the existence of sizeable credit lines on competitive market terms, place Telecinco in an enviable position in terms of content purchases and potential investment opportunities in light of prevailing high borrowing costs and persistent restricted access to credit at levels.
From an industry standpoint, the network plans to continue to focus on DTT broadcasting via Telecinco, Telecinco 2 and FDF Telecinco, optimizing content as a function of the actual business conditions, costs, viewers and scope for advertising monetization.

The network also plans to forge ahead with its production strategy predicated on active collaboration via medium term agreements with the companies in which it has taken non-controlling ownership stakes.

Lastly, Telecinco plans to uphold its internet strategy, an initiative which has prompted it to overhaul its website and take a 100% stake in Conecta 5, which operates the network's content on the net.

## SOCIAL RESPONSIBILITY

The growing importance that companies are attaching to socially responsible business practice is all the more important at Telecinco due to its visibility and role in the mass media. Among the various initiatives undertaken by Telecinco, "12 meses, 12 causas" (12 months, 12 causes) stands out because of how it harnesses the Company's full potential, namely the vast reach of a leading broadcaster. "12 meses, 12 causas" is a social awareness project created to inform and make the network's viewers more aware of the most topical social issues. To this end, Telecinco produces and broadcasts a spot each month conveying a specific message that seeks to engage and involve its viewers. In this way, Telecinco puts a sizeable chunk of its source of revenue, i.e. its limited advertising space, to work on behalf of society.

In addition, in order to reach a younger audience and maximize the impact of each cause, "12 meses, 12 causas" also conveys its messages through the network's programs, the website (www.12meses12causas.com) and special 360-degree initiatives in multiple media devised to boost interaction with viewers.

In-house, last year Telecinco continued to invest heavily in its employees' professional development, stepping up training, among other initiatives.

## SHARE CAPITAL STRUCTURE

The Company's share capital totals 123,320,928 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.

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

Gestevisión Telecinco, SA is a member of the IBEX 35 index since January 3, 2005.

## RESTRICTIONS ON THE TRANSFER OF SECURITIES

There are no restrictions on the transfer of the shares except as provided in article 21 of Spain's Private Television Law, 10/1988, of May 3, pursuant to which:

1. Any individuals or legal entities intending to directly or indirectly acquire a significant ownership interest in the share capital of a concession holder shall give prior notification to the Ministry of Infrastructure and Development, indicating the percentage of the aforementioned ownership interest, the terms and conditions of the acquisition and the deadline for the transaction. A significant ownership interest in a concession holder of an essential television service shall be deemed to be a direct or indirect holding of at least five per cent of the share capital or of the voting rights attaching to the entity's shares.

2. The Ministry of Infrastructure and Development shall also be notified, in accordance with paragraph 1, of the intention to directly or indirectly increase the ownership interest so that the percentage ownership of the share capital or voting rights is equal to or exceeds any of the following thresholds: 5, 10, 15, 20, 25, 30, 35, 40 or 45 per cent.

3. The Ministry of Infrastructure and Development shall have three months from the date of entry of the related notification in any of the Department's registers to notify the acceptance or rejection of the intended acquisition. Acquisitions may be ruled out based on the lack of transparency of the structure of the group to which the acquirer may ultimately belong or on the existence of relations between the person or entity that intends to acquire the ownership interest and another concession holder of an essential television service that may breach the principle of non-concentration of media that underpins this Law.

4. The acquisition must be completed within a month of the aforementioned acceptance.

5. The provisions of this article shall apply without prejudice to the regulations governing significant ownership interests established in Securities Market Law 24/1988, of 28 July.

6. After the acquisition has been closed subject to the prior notification procedure provided for herein, the acquirer shall inform the Ministry of Infrastructure and Development, which shall file it in the Special Register of Concession Holders. In order for the registration to be completed, the seller shall also notify the Ministry of Infrastructure and Development of all transfers of shares by the concession holder which may result in a reduction of the ownership percentages below the thresholds established in paragraph 2 above.

Notifications of acquisitions or transfers in accordance herewith shall be made within a month of the related event.

## SIGNIFICANT SHAREHOLDINGS

In so far as Telecinco's shares are represented via the book entry system, the shareholder register is managed by a third party entity, so that it is not possible to provide the Company's ownership structure in greater detail than disclosed legally-prescribed significant interests, which at the date of authorizing this report for issuance, were as follows:

| Name | % direct shareholding | % indirect shareholding | % of total | Date of filing with regulator (CNMV) |
|---|---|---|---|---|
| BERLUSCONI, SILVIO | 0.000 | 50.135 | 50.135 | 27/01/2006 |
| MEDIASET INVESTIMENTI S.P.A. | 50.135 | 0.000 | 50.135 | 27/01/2006 |
| VOCENTO, S.A. | 5.080 | 0.000 | 5.080 | 13/01/2009 |
| TWEEDY BROWNE COMPANY LLC | 0.000 | 5.291 | 5.291 | 06/10/2008 |
| TWEEDY BROWNE GLOBAL VALUE FUND | 3.150 | 0.000 | 3.150 | 02/10/2008 |
| FIDELITY INTERNATIONAL LIMITED | 0.000 | 1.011 | 1.011 | 12/12/2008 |
| HARRIS ASSOCIATES L.P. | 0.000 | 4.708 | 4.708 | 14/10/2008 |

## RESTRICTIONS ON VOTING RIGHTS

There are no legal or bylaw stipulated restrictions on exercising voting rights. Each share carries one vote.

## SHAREHOLDER AGREEMENTS

There are no shareholder agreements currently in force.

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 annual accounts 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 Telecinco 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 fulfill.

r) Performance evaluation of the Company's executive directors.

s) Monitoring, following a prior report of the Audit and Compliance Committee, of the risk control and management policy and the internal information and control systems.

t) Approval of Company policy on treasury shares.

u) Staying abreast of the removal and appointment of senior executives and their contract terms.

v) Approval at the proposal of the Audit and Compliance Committee, of the financial information that the Company must publish periodically.

w) Approval of the creation or acquisition of ownership interests in special-purpose entities or companies domiciled in countries or territories considered to be tax havens and any transactions or operations of a similar nature which, due to the complexity thereof, may adversely affect the Group's transparency.

x) Authorization, following a favorable report of the Audit and Compliance Committee, of the related-party transactions that Telecinco may perform with directors or persons related to the directors or to significant shareholders, except for those which fulfill 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 Telecinco'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 Gestevisión Telecinco, 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 Telecinco 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 Telecinco 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 Telecinco 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 Telecinco 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 Telecinco 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 Telecinco Group's managing bodies.
b) Overseeing the performance of the Telecinco's shares and informing the director of regulatory compliance of any significant changes in the share price which cannot reasonably be attributed to market movements.
c) Keeping a record of all treasury share trades ordered and executed for consultation by the director of regulatory compliance, the Board of Directors or any other persons designated by the Board.
d) Establishing relationships with any supervisory bodies as necessary to correctly comply with the provisions of this Code.
e) Preparing a report on the Department's activities quarterly, or whenever so required.
f) Notifying the director of regulatory compliance of any significant incident arising from the management of the treasury shares.

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

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

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

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

| Position | Guarantee or golden parachute clause |
|---|---|
| General Manager | Termination of contract by the Company (except for just cause):<br>(in replacement of legally prescribed severance, unless the latter is higher)<br>Termination between 24/04/02 and 31/12/07: 24 months' salary<br>Termination between 2008 and 2011: 18 months' salary<br>Termination thereafter: 12 months' salary |
| General Manager | Severance scheme:<br>a) Voluntary redundancy: accrual per annum: fixed annual salary+annual bonus/13.5, so that total compensation is equivalent to the total years worked.<br>b) Justified or unjustified dismissal: legally prescribed severance + severance set out in a) above |
| General Manager | Termination of contract for reasons attributable to the Company or the suspension, modification or restriction of the manager's functions by the Company: the higher of the following indemnities:<br>A) An indemnity starting at 1,020,000 euros, declining at 34,000 euros per month for the 30 months following execution of the agreement (30/01/2006) until reaching zero.<br>B) 12 months current salary. |
| General Manager | Termination of contract by the Company (except for just cause):<br>· Years of service between 22/01/01 and 31/12/04: 7 days' salary per year up to a maximum of 6 months' pay, or 20 days' salary up to a maximum of 12 months' pay, depending on the grounds for dismissal.<br>· Years of service from 01/12/05: 45 days' salary per year worked up to a maximum of 12 months' pay.<br>The salary base used for the calculation shall be the fixed salary plus bonus (subject to a minimum bonus of 30,000). |

To be read in conjunction with the accompanying notes to the consolidated annual accounts

Madrid, February 25, 2009

# ANNUAL CORPORATE GOVERNANCE REPORT

YEAR 2008

COMPANY IDENTIFICATION NUMBER: A-79075438

Company Name:

Gestevisión Telecinco, S.A

## A SHAREHOLDER STRUCTURE

A.1 Fill in the following table on the company‘s share capital:

| Date of last increase/reduction | Share capital (€) | Number of shares | Number of voting rights |
|---|---|---|---|
| 29-03-2004 | 123,320,928.00 | 246,641,856 | 246,641,856 |

Indicate if there are different classes of shares with different associated rights:

NO

A.2 Give the breakdown of those - other than directors - who directly or indirectly owned major shareholdings in the company at the close of the business year

| Shareholder‘s name or company name | Number of voting rights held directly | Number of voting rights held indirectly(*) | % of total voting rights |
|---|---|---|---|
| Mr. Silvio Berlusconi | 0 | 43,971,280 | 17.828 |
| Vocento, S.A. | 12,328,429 | 0 | 5.080 |
| Tweedy Browne C. LLC | 0 | 13,048,849 | 5.291 |
| Chase Nominees LTD | 13,306,328 | 0 | 5.395 |
| Harris Associates LP | 0 | 11,613,100 | 4.708 |
| Tweedy Browne Global Value Fund | 7,768,795 | 0 | 3.150 |
| Fil Limited | 0 | 2,492,784 | 1.011 |

(*)Held through:

| Name of the individual or company indirectly holding the shares | Name of the individual or company directly holding the shares | Number of voting rights held directly | % of total voting rights |
|---|---|---|---|
| Mr. Silvio Berlusconi | Mediaset Investimenti SPA | 123,653,768 | 50.135 |

Indicate the main changes in the shareholder structure seen during the year:

| Shareholder‘s name or company name | Date of the transaction | Type of the transaction |
|---|---|---|
| Vocento, S. A | 22-09-2008 | It decrease lower than the 10% of the share capital. |

A.3 Fill in the following tables on the members of the company's board of directors who hold voting rights on company shares:

| Name or company name of the director | Number of voting rights held directly | Number of voting rights held indirectly(*) | % of total voting rights |
|---|---|---|---|
| Mr. Alejandro Echevarría Busquet | 31,603 | 0 | 0.013 |
| Mr. Paolo Vasile | 6,369 | 0 | 0.003 |
| Mr. Miguel Iraburu Elizondo | 134,600 | 0 | 0.055 |
| Mr. Ángel Durández Adeva | 6,237 | 0 | 0.003 |
| Mr. José Ramón Álvarez-Rendueles | 13,000 | 484 | 0.005 |
| Mr. Francisco Borja de Prado Eulate | 490 | 5,050 | 0.002 |
| Mr. Massimo Musolino | 2,144 | 10 | 0.001 |

(*)Held through:

| Name of the individual or the company indirectly holding the shares | Name of the individual or company directly holding the shares | Number of voting rights held directly | % of total voting rights |
|---|---|---|---|
| Mr. Francisco de Borja Prado Eulate | Bopreu, S.L. | 5,050 | 0.002 |
| Mr. Massimo Musolino | Mrs. Alicia Díaz Villanueva | 10 | 0.000 |
| Mr. Jose Ramón Alvarez Rendueles | Alvarvil, SA | 484 | 0.000 |

| | |
|---|---|
| % of total voting rights held by directors | 0.081 |

Fill in the following tables on the members of the Board of Directors who hold options on company shares:

| Name or company name of the director | Number of options held directly | Number of options held indirectly | Equivalent number of shares | % of total voting rights |
|---|---|---|---|---|
| Mr. Alejandro Echevarría Busquet | 222,125 | 0 | 222,125 | 0.090 |
| Mr. Paolo Vasile | 444,250 | 0 | 444,250 | 0.180 |
| Mr. Guiseppe Tringali | 444,250 | 0 | 444,250 | 0.180 |
| Mr. Massimo Musolino | 210,500 | 0 | 210,500 | 0.085 |

A.4 Mention any family, commercial, contractual or corporate links of which the company is aware between major shareholders, other than those which are immaterial or are part of their ordinary business or trade:

| Name of related individual or Company | Type of link | Brief description |
|---|---|---|

| | | |
|---|---|---|
| - | - | - |

A.5 Mention any commercial, contractual or corporate links between major shareholders and the company and/or their group, other than those which are immaterial or are part of their ordinary business or trade:

| Name of related individual or Company | Type of link | Brief description |
|---|---|---|
| - | - | - |

A.6 State whether the Company has been informed of any Shareholders‘ Agreements affecting it pursuant to Section 112 of the Stock Exchange Act. If yes, describe these Shareholders‘ Agreements briefly as well as the shareholders related thereunder:

NO

| Parties to shareholders‘ agreement | Percentage of company‘s share capital involved | Brief description of the shareholders‘ agreement |
|---|---|---|
| - | - | - |

Mention any concerted actions between shareholders of which the company is aware. If so, briefly describe them:

NO

| Shareholders taking part in concerted actions | % of company‘s share capital involved | Brief description of the concerted action |
|---|---|---|
| - | - | - |

Mention any of the above pacts, agreements or concerted actions that have been altered or cancelled during the year:

As indicated in reports of previous years, Mediaset Investimenti, S.p.A. and Corporación de Nuevos Medios Audiovisuales, S.L.U., both Telecinco shareholders, notified the Spanish national securities commission (the CNMV) of two shareholder agreements signed on 17th March 2004. The first (renewed on 3rd June 2004) was for the admission to trading in shares of Telecinco on the stock exchange and the second was to govern their relations within the listed company.

Neither of these agreements is included in this report as both have been rendered without effect, the first because the objective of listing the Telecinco shares was achieved and the second because it expired on 31st December 2007. This situation was notified to the CNMV in a relevant event notice filed on 13th March 2008.

A.7 Mention any individual or juridical person who controls or may control the company pursuant to Section 4 of the Spanish Stock Market Act. If such a person exists, identify them:

YES

| Name or company name |
|---|
| Mediaset Investimenti SpA |

| Comments |
|---|
| Mr. Silvio Berlusconi, is the owner of 35.560% of the Mediaset Investmenti Spa Share Capital |

A.8 Fill in the following tables regarding treasury stock of the company:

At year-end:

| Number of shares held directly | Number of shares held indirectly (*) | % of total share capital |
|---|---|---|
| 3,106,913 | 0 | 1.260 |

(*)Held through:

| Name of the individual or company directly holding the shares | Number of shares held directly |
|---|---|
| - | - |
| Total: | - |

Details of any material changes, pursuant to Royal Decree 1362/2007, which have taken place during the year:

| Date of communication | Number of direct shares acquired | Number of indirect shares acquired | % of total share capital |
|---|---|---|---|
| - | - | - | - |

| | |
|---|---|
| Capital gains/losses on own shares disposed of during the period | - |

A.9. Describe the requirements and deadlines fixed by the Annual General Meeting in any resolutions authorizing the Board to acquire or transfer company shares.

The Annual General Meeting held on 9th April 2008, under item 7 of the agenda, authorized the Board of Directors to acquire and transfer own shares, with a total of 187,384,527 votes representing 99.974% of share capital in favor, 23,967 votes representing 0.013% of share capital against, 13,830 abstentions representing 0.007% of share capital and 10,577 blank votes representing 0.006% of share capital. This mandate shall remain effective until the next Annual General Meeting, slated for 2009.

Below is the exact text of the proposed resolutions:

1. To grant the Board of Directors authority for the derivative acquisition of the Company's own shares, according to the provisions of Section 75 and following of the Limited Companies Act, in any way, whether directly or through companies under its control, subject to the following restrictions and requirements:

- The shares may be acquired by sale-and-purchase or any other form of transfer for valuable consideration.

- The maximum number of shares to be perceived in addition to those owned by GESTEVISION TELECINCO, S.A. or any of the companies under its control shall not exceed five per cent (5%) of the Company's share capital.

- The acquired shares shall be free of burden or lien, fully paid up, and not tied to meeting any commitment or liability.

- The shares may neither be acquired for less than their nominal value nor for a price in excess of one hundred and twenty per cent (120%) of their quoted price on the date of acquisition.

- Duration of this authority: eighteen (18) months from the date of this resolution.

- Besides, these operations shall be carried out according to the relevant rules contained in the Company's Internal Code of Conduct.

2. To cancel the authority granted on this matter at the General Meeting of 11th April 2007.

3. To authorize the Board of Directors to use all or some of the own shares acquired by the Company for implementing remuneration plans that consist of or involve awarding shares or share options, or are based in any way on the stock market performance of Company shares, according to the provisions of Article 1, Section 75 of the Limited Companies Act.

4. To authorize the Board of Directors to fund, upon resolving to acquire own shares, a non-distributable reserve for an amount equal to the acquisition cost of the shares.

A.10 Mention any legal or statutory restrictions or restrictions foreseen in the Articles of Association for exercising voting rights, as well as any statutory restrictions on acquiring or transferring shares in the company.

State whether there are legal restrictions on the exercise of voting rights:

NO

| | |
|---|---|
| Maximum percentage of voting rights which a shareholder maybe entitled to exercise under a legal restriction | 0 |

State whether there are restrictions established in the Articles of Association on the exercise of voting rights

NO

| | |
|---|---|
| Maximum percentage of voting rights which a shareholder maybe entitled exercise under a restriction established in the Articles of Association | 0 |

| Description of legal restrictions and restrictions established in the Articles of Association on the exercise of voting rights |
|---|
| - |

State whether there are legal restrictions on the acquisition or transmission of shareholdings in the share capital:

YES

| Description of legal restrictions on the acquisition or transmission of shareholdings in the share capital |
|---|
| Section 21 of Law 10/1988 of Private Television dated 3rd May, as amended, sets forth:<br><br>"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 Industry 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.<br><br>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."<br><br>"2. Any individual or corporation with the intention of increasing its shareholding, either directly or indirectly, so that its 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 Industry of such intention, under the terms of paragraph 1 above."<br><br>"3. The Ministry of Industry 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 Law."<br><br>"4. The acquisition shall be completed within a maximum term of one month after its acceptance."<br><br>"5. The provisions of this Section shall be without prejudice to the provisions on significant shareholdings contained in the Stock Exchange Act 24/1988 dated 28th July."<br><br>"6. Once the acquisition has been completed pursuant to the prior notice procedure set forth here in above, this acquisition shall be notified by the acquirer to the Ministry of Industry, which shall cause its registration with the Special Register of Concessionaires. The transferor shall also notify the Ministry of Industry 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 section shall be given within a month after such acquisition or transfer is completed." |

A.11 State if at the Annual General Meeting it was agreed that neutralization measures would be taken up on a takeover bid under Law 6/2007.

NO

If applicable, explain the measures approved and the terms under which the restrictions shall not apply:

## B COMPANY GOVERNING BODIES

### B.1 Board of Directors

B.1.1 Maximum and minimum number of directors according to the articles of association:

| | |
|---|---|
| Maximum number of directors | 19 |
| Minimum number of directors | 11 |

B.1.2 Fill in the following table on Board members:

| Name or company name of the director | Proxy | Position on the Board | Date when first appointed | Date when last appointed | Method of appointment |
|---|---|---|---|---|---|
| Mr. Alejandro Echevarría Busquet | | Chairman | 15-05-1996 | 29-03-2004 | General Meeting |
| Mr. Paolo Vasile | | Chief Executive Officer | 29-03-1999 | 29-03-2004 | General Meeting |
| Mr. Giuseppe Tringali | | Chief Executive Officer | 29-03-2004 | 29-03-2004 | General Meeting |
| Mr. Giuliano Adreani | | Director | 26-09-2001 | 29-03-2004 | General Meeting |
| Mr. Pier Silvio Berlusconi | | Director | 07-05-2003 | 29-03-2004 | General Meeting |
| Mr. Fedele Confalonieri | | Director | 21-12-2000 | 29-03-2004 | General Meeting |
| Mr. Marco Giordani | | Director | 07-05-2003 | 29-03-2004 | General Meeting |
| Mr. Alfredo Messina | | Director | 30-06-1995 | 29-03-2004 | General Meeting |
| Mr. Ángel Durández Adeva | | Director | 20-05-2004 | 20-05-2004 | General Meeting |
| Mr. Miguel Iraburu Elizondo | | Director | 20-05-2004 | 20-05-2004 | General Meeting |

| | | | | | |
|---|---|---|---|---|---|
| Mr. José Ramón Álvarez-Rendueles | | Director | 28-07-2004 | 22-04-2005 | General Meeting |
| Mr. Francisco de Borja Prado Eulate | | Director | 28-07-2004 | 22-04-2005 | General Meeting |
| Mr. Massimo Musolino | | Director | 09/04/2008 | 09/04/2008 | General Meeting |

| | |
|---|---|
| Total number of directors | 13 |

Mention any directors who have stepped down from the Board of Directors during the period:

| Name or company name of the director | Status of director at time of Stepping down | Date stepped Down |
|---|---|---|
| Mr. Jose Mª Bergareche | Proprietary director | 09-04-2008 |

B.1.3 Fill in the following tables on the members of the Board and the different capacities in which they serve:

EXECUTIVE DIRECTORS

| Name or company name of the director | Committee that proposed appointing the director | Position within the organization |
|---|---|---|
| Mr. Paolo Vasile | Appointments and Remuneration Committee | Chief Executive Officer |
| Mr. Giuseppe Tringali | Appointments and Remuneration Committee | Chief Executive Officer |
| Mr. Massimo Musolino | Appointments and Remuneration Committee | General and Transaction Manager |

| | |
|---|---|
| Total number of executive directors | 3 |
| Total % of the Board | 23.077 |

OUTSIDE PROPRIETARY DIRECTORS

| Name or company name of the director | Committee that proposed appointing the director | Name of the individual or company who is a major shareholder and is represented by or has proposed the appointment of the outside director |
|---|---|---|
| Mr. Alejandro Echevarría Busquet | Appointments and Remuneration Committee | Vocento, SA |
| Mr. Giuliano Adreani | Appointments and Remuneration Committee | Mediaset Investimenti SpA |
| Mr. Pier Silvio Berlusconi | Appointments and Remuneration Committee | Mediaset Investimenti SpA |
| Mr. Fedele Confalonieri | Appointments and Remuneration Committee | Mediaset Investimenti SpA |
| Mr. Marco Giordani | Appointments and Remuneration Committee | Mediaset Investimenti SpA |
| Mr. Alfredo Messina | Appointments Remuneration Committee | Mediaset Investimenti SpA |

| | |
|---|---|
| Total number of proprietary directors | 6 |
| Total % of the Board | 46.154 |

INDEPENDENT OUTSIDE DIRECTORS

| Name or company name of the director | Profile |
|---|---|
| Mr. Ángel Durández Adeva | Member of the Board of Directors of Repsol YPF, SA; Executive Chairman of Información y Control de Publicaciones, SA (OJD); Executive Chairman of ARCADIA Capital S.L; member of the Board of Directors of Iroko Films, SL; member of the advisory Boards of FRIDE, Ambers & Co, SL and DBP Consultants, SA. Member of the Council of the Germán Sánchez Rupérez, Independiente and Euroamérica Foundations (he is also Vice Chairman of the last) |
| Mr. Miguel Iraburu Elizondo | Chairman of the Board of Directors of Azkoyen, SA; ViceChairman Ambers & Co; Director of CLH;Member of the Board of Directors of various portfolio companies of the Private Equity 3i. |

| | |
|---|---|
| Mr. José Ramón Álvarez-Rendueles | Chairman of ArcelorMittal España, S.A., Chairman of Peugeot España S.A. and Chairman of Peugeot Citroën Automóviles EspañaS.A.; Member of the Board of Directors of ArcelorMittal, Sanitas, Asturiana de Zinc, Holcim España, Assicurazioni Generali España and Genworth Mortgage Insurance Ltd. |
| Mr. Borja Prado Eulate | Chairman of Mediobanca Sucursal en España, Director of Endesa, Director of Willis, Chairman of Almagro Asesoramiento e Inversiones, S.A. |

| | |
|---|---|
| Total number of independent directors | 4 |
| Total % of the Board | 30.769 |

OTHER OUTSIDE DIRECTORS

| Name or company name of the director | Committee that proposed appointing the director |
|---|---|
| - | - |

| | |
|---|---|
| Total number of other outside directors | - |
| Total % of the Board | - |

Explain why these cannot be considered independent directors or proprietary directors and their links, whether with the company and its senior management or with its shareholders:

| Name or company name of the director | Motives | Company, senior manager or shareholder with which the link is maintained |
|---|---|---|
| - | - | - |

Mention any changes that have taken place in the status of individual directors during the period:

| Name or company name of the director | Date of change in status | Former status | Current status |
|---|---|---|---|
| - | - | - | - |

B.1.4 Explain, where applicable, the reasons why proprietary directors have been appointed upon request by shareholders whose shareholdings are lower than 5% of the share capital

| Shareholder's name or company name | Justification |
|---|---|
| - | - |

State whether formal requests to be part of the Board of Directors filed by shareholders whose shareholding is equal to or greater than that of others upon whose request proprietary directors have been appointed have not been met. If applicable, explain the reasons why they have not been met:

NO

| Shareholder's name or company name | Explanation |
|---|---|
| - | - |

B.1.5 State whether a director has ceased to hold office before completion of the term of office, whether it has provided reasons to the Board of Directors and, if applicable, what means it has used to do so, and, in the event of having provided reasons to the Board of Directors in writing, explain these reasons below:

Name of the Director:

Mr. Jose Mª Bergareche Busquet

Reason for stepping down:

Resigntation in application of Article 14.3 f) of the Board of Directors Regulations. As explained above, until September 2008 the main shareholders of Gestevisión Telecinco, S.A. were Mediaset Investimenti, S.p.A (50.135%) and Vocento, S.A. (13%). Vocento, S.A. had two representatives in the Board of Directors: Mr. Alejandro Echevarría Busquet and Mr. José María Bergareche Busquet. After the agreement between then main shareholders expired on 31st December 2007, Vocento, S.A.'s stake decreased to 5.080%. This led to the voluntary resignation of Mr. Bergareche in accordance with the provisions of article 14 of the Regulations of the Board of Directors regarding instances where the shareholder represented by the director reduce its participation. Mr. Bergareche, attending the Board of Directors meeting held 9th April 2008, personally notified his decision to the rest of the directors. On the same day, the Board of Directors informed the General Meeting of the resignation.

Accordingly, this is not the removal of a director, but rather a voluntary resignation in accordance with the Regulations of the Board of Directors.

B.1.6 Mention the powers, if any, delegated in the chief executive officer(s):

| Name or company name of the director | Brief outline |
|---|---|
| Mr. Paolo Vasile | Delegation of all legally and statutorily delegable powers. |
| Mr. Giuseppe Tringali | Delegation of all legally and statutorily delegable powers. |

B.1.7 Mention any members of the Board who hold the position of directors or senior managers of other companies that form part of the same group as the listed company:

| Name or company name of the director | Company name of the group member company | Position |
|---|---|---|
| Mr. Alejandro Echevarría Busquet | Publiespaña, SAU | Chairman |
| Mr. Alejandro Echevarría Busquet | Agencia de Televisión Latino-Americana de Servicios y Noticias España, SAU | Chairman |
| Mr. Paolo Vasile | Telecinco Cinema, SAU | Chairman |
| Mr. Paolo Vasile | Grupo EditorialTele5, SAU | Chairman |
| Mr. Paolo Vasile | Publiespaña, SAU | Director |
| Mr. Paolo Vasile | Agencia de Televisión Latino-Americana de Servicios y Noticias España, SAU | Director |
| Mr. Paolo Vasile | Conecta 5 Telecinco, SAU | Chairman |
| Mr. Paolo Vasile | Canal Factoria de Ficcion, SAU | Director |
| Mr. Paolo Vasile | Publieci Televisión, SA | Director |
| Mr. Giuseppe Tringali | Publiespaña, SAU | Chief Executive Officer |
| Mr. Giuseppe Tringali | Publimedia Gestión, SAU | Chairman/Chief Executive Officer |
| Mr. Giuseppe Tringali | Advanced Media, SAU | Chairman/ Chief Executive Officer |
| Mr. Giuseppe Tringali | Publieci Televisión, SA | Chairman |
| Mr. Fedele Confalonieri | Publiespaña, SAU | Director |
| Mr. Giuliano Adreani | Publiespaña, SAU | Director |
| Mr. Massimo Musolino | Agencia de Televisión Latino-Americana de Servicios y Noticias España, SAU | Director |
| Mr. Massimo Musolino | Canal Factoría de Ficción, SAU | Chairman/ Chief Executive Officer |
| Mr. Massimo Musolino | Cinematex Media, SA | Director |
| Mr. Massimo Musolino | Conecta 5 Telecinco, SAU | Director |
| Mr. Massimo Musolino | Corporación de medios radiofónicos digitales, SA | Director |
| Mr. Massimo Musolino | Grupo Editorial Telecinco, SAU | Chief Executive Officer |
| Mr. Massimo Musolino | Mediacinco Cartera, SL | Chairman |
| Mr. Massimo Musolino | Premiere Megaplex, SA | Director |
| Mr. Massimo Musolino | Publieci Televisión, SA | Director |
| Mr. Massimo Musolino | Publiespaña, SAU | Director |
| Mr. Massimo Musolino | Telecinco Cinema, SAU | Chief Executive Officer |
| Mr. Pier Silvio Berlusconi | Publiespaña, SAU | Director |

B.1.8 Mention any directors of the company of who the company is aware of being members of the Boards of Directors of non-Group companies listed on official Spanish stock markets:

| Name or company name of the director | Company name of the listed company | Position |
|---|---|---|
| Mr. Alejandro Echevarría Busquet | Acciona, SA | Director |
| Mr. Alejandro Echevarría Busquet | C.U.N.E., SA | Director |
| Mr. Alejandro Echevarría Busquet | Tubacex, SA | Director |
| Mr. Miguel Iraburu Elizondo | Azkoyen, SA | Chairman |
| Mr. Ángel Durández Adeva | RepsolYPF, SA | Director |
| Mr. Francisco de Borja Prado Eulate | Endesa | Director |

B.1.9 State and explain whether the company has established rules on the number of Boards of Directors in which its directors may participate:

NO

| Explanation of rules |
|---|
| - |

B.1.10 In connection with recommendation no. 8 of the Unified Code, state the general policies and strategies of the company which the Board of Directors is entitled to approve:

| | Yes | No |
|---|---|---|
| Investment and financing policy | + | |
| Definition of the group of companies' structure | + | |
| Corporate governance policy | + | |
| Corporate social responsibility policy | + | |
| Strategic or business plan, as well as the annual management and budget objectives | + | |
| Senior Management's remuneration and performance assessment policy | + | |
| Risk control and management policy, as well as periodic follow up of the internal information and control systems | + | |
| Dividend policy, as well as treasury stock policy, and particularly, the limits thereof. | + | |

B.1.11 Fill in the following tables on the aggregate emoluments earned by the directors during the year:

In the company filing this report

| Pay item | Figures in thousands of euros |
|---|---|
| Fixed remuneration | 2,018 |
| Variable remuneration | 500 |
| Per diems | 468 |
| Statutory amounts | 0 |
| Options on shares and/or other financial instruments | 0 |
| Other s | 40 |
| TOTAL: | 3,026 |

| Other benefits | Figures in thousands of euros |
|---|---|
| Advances | 0 |
| Loans granted | 0 |
| Retirement Plans and Funds: Contributions | 0 |
| Retirement Plans and Funds: Obligations undertaken | 0 |
| Life insurance premiums | 7 |
| Guarantees constituted by the company in favor of directors | 0 |

b) By company directors belonging to other boards of directors and/or to the senior management of group member companies:

| Pay item | Figures in thousands of euros |
|---|---|
| Fixed remuneration | 680 |
| Variable remuneration | 333 |
| Per diems | 0 |
| Statutory amounts | 0 |
| Options on shares and/or other financial instruments | 0 |
| Other | 41 |
| TOTAL: | 1,054 |

| Other benefits | Figures in thousands of euros |
|---|---|
| Advances | 0 |
| Loans granted | 0 |
| Retirement Plans and Funds: Contributions | 0 |
| Retirement Plans and Funds: Obligations | 0 |

| | |
|---|---|
| undertaken | |
| Life insurance premiums | 12 |
| Guarantees constituted by the company in favor of directors | 0 |

c) Total remuneration paid by type of Director:

| Type of director | By company | By group |
|---|---|---|
| Top management | 1,325 | 1,054 |
| Outside proprietary directors | 1,308 | - |
| Independent outside directors | 393 | - |
| Other outside directors | - | - |
| Total | 3,026 | 1,054 |

d) With respect to the part of the company's profit allocated to the controlling company:

| | |
|---|---|
| Total remuneration of the directors (in thousands of euros) | 4,080 |
| Total remuneration of the directors/company's profit allocated to controlling company(% ) | 1.5 % |

B.1.12 Mention any senior managers who are not also executive directors and the total remuneration they have earned during the year:

| Name or company name | Position |
|---|---|
| MUSOLINO, MASSIMO | Managing Director, Management and Operations |
| VILLANUEVA DE CASTRO, MANUEL | Managing Director, Contents |
| CARULLO, ALBERTO | Managing Director, Antena |
| EXPÓSITO RODRIGUEZ, LUIS | Managing Director, HR and Services Division |
| FERNÁNDEZ ARANDA, EUGENIO | Managing Director, Technology Division |
| RODRIGUEZVALDERAS, MARIO | Secretary General |
| URIA IGLESIAS, FRANCISCO JAVIER | Managing Director, Economic and Finance Division |
| AGUSTÁN REGAÑÎN, ALVARO | Managing Director, Telecinco Cinema |
| PIQUERAS GOMEZ, PEDRO MARÁA | Managing Director, News Programmes |
| BAUTISTA PEREZ, JESUSMª | Managing Director, Business Development and Multi-Platform |
| SILVESTRONI, GIUSEPPE | Managing Director, Commercial Publiespaña |
| ALUM LÎPEZ, FRANCISCO | Managing Director, Marketing and Operation Publiespaña |
| CHIRIATTI, SALVATORE | Managing Director of Publimedia Gestión |
| GONZÁLEZ COMAS, OSCAR | Commercial Director, Clients Publiespaña |
| JIMÉNEZ GONZÁLEZ, MIGUELANGEL | Commercial Director, Special Initiatives Publiespaña |
| VILLA ALEGRE, JOSÉ LUIS | Director, Media Buyers Commercial director Publiespaña |
| GARCÍA HERRERO, LÁZARO | Director, Corporate Marketing |
| BENITO FERNÁNDEZ, ANTONIO | Managing Director of Cinematext |
| MARCO PATRICIA | Managing Director of Televisión Telecinco and TDT |

| | |
|---|---|
| BALTANA LEONARDO | Managing Director of contents production |
| BARROIS GHISLAIN | Director, Cinmea Division and Acquisition of Rights. |
| DRAGOEVICH MIRTA | Managing Director of Comunications and External Relations |
| MADRID JULIO | Central Director |
| MAYOR GASPAR | Commercial Director of PUBLIMEDIA GESTION |
| PANIZZA CRISTINA | Operational and Sales Services Director Publiespaña |

| | |
|---|---|
| Total remuneration of Senior Executives (in thousands of euros) | 8,275 |

B.1.13 Mention the aggregate number of guarantee or golden handshake clauses agreed in benefit of senior management persons, including the executive directors, of the company or Group. Mention if these agreements are required to be reported to and/or approved by the governing bodies of the company or Group:

| | |
|---|---|
| Number of beneficiaries | 6 |

| | Board of Directors | Annual General Meeting |
|---|---|---|
| Governing body that approves such arrangements | + | |

| | YES | NO |
|---|---|---|
| Are such arrangements reported to the Annual General Meeting? | | + |

B.1.14 Describe the process used for establishing the remuneration of the directors and the main provisions of the Articles of Association on the subject:

| Process used for establishing the remuneration of the directors and the main provisions of the Articles of Association |
|---|
| Article 56 of the Articles of Association and Article 28 of the Regulations of the Board of Directors describe the process to set the directors‘ remunerations and conditions to be met.<br><br>Description<br><br>Article 56 of the Articles of Association determines the manner in which the system of remuneration to directors is established, differentiating between executive directors and all other directors.<br><br>In this way the members of the Board of Directors who are executive directors shall receive, in addition to the remuneration corresponding to them as directors, remuneration comprised of:<br>(a)a fixed part, appropriate to the services and responsibilities assumed by them;<br>(b)a variable part correlated to some indicator of performance of the director or the company;<br>(c)a benefit-related amount for welfare and insurance purposes.<br>(d)It may also include the delivery of shares or options over them.<br><br>The Board of Directors shall be responsible for determining the amount of the remuneration concepts integrating the fixed part, configuration modalities and indicators for calculating the |

variable part (which in no case may consist of an interest in Telecinco's profits) and benefits, upon report to the Appointments and Remuneration Committee.

The variable component of the remuneration is related to the director’s or company’s performance indicators (in the case of the company’s performance indicators, the qualifications appearing on the Audit Report and reducing results, if any, should be considered).

In any event, directors’ remuneration is granted based on their degree of dedication and without comprising their independence whatsoever.

The Annual General Meeting of Shareholders shall have jurisdiction over the decision whether the remuneration is to be complemented with the delivery of shares of Telecinco or options over shares. The agreement will, as applicable, state the number of shares to be delivered, the strike price for exercising the option rights, the value of the shares taken as reference and the duration oft his form of remuneration.

Information on share options granted in 2008 is included in section A.3 and detailed further in section G.

In addition, Telecinco is authorized to take out civil liability insurance for its directors. Competent

Bodies

The process starts with the Appointments and Remuneration Committee, which is responsible for preparing the proposed remuneration policy for directors and senior managers of the Telecinco Group. Approval of legally required aspects falls to the Board of Directors and the Annual General Meeting.

The Annual General Meeting is responsible for fixing the maximum amounts that the company can pay to directors as and for fixed remuneration and per diems for their attendance, as well as for approving the delivery of options on the company’s shares. Once the maximum amount has been determined, the Board of Directors is responsible for deciding how to share out the amount among the directors based on their dedication throughout the financial year.

The maximum amount of fixed remuneration and per diems for attendance approved by the Annual General Meeting in 2005 (the first meeting held after the stock market listing), 2006, 2007 and 2008 was the same: 1,800,000 euros. Once these limits were established, the actual amounts paid to directors in fixed remuneration and per diems for attendance in 2006, 2007 and 2008 were 1,051,101, 1,214,500 and 1,244,500 euros, respectively.

Transparency

For greater disclosure and transparency in the process of establishing the directors’ remuneration policy, article 56 of the Bylaws and article 28 of the Regulations of the Board of Directors establish the obligation to include an itemized list of the remuneration received in the notes to the annual financial statements, explaining all items for which directors have received any amounts.

As in previous years, section G provides a breakdown of amounts received by each director for all items. Similarly, at the 2009 Annual General Meeting, shareholders will be provided the Report on the Directors’ Remuneration Policy as a separate item on the agenda for consultation.

| |
|---|
| In keeping with our commitment to transparency and to improving the degree of compliance with corporate governance recommendations, for the first time, Telecinco's annual financial statements for 2008 included a section disclosing the individual remuneration received by directors with a breakdown of all items. |

State whether the Board meeting has reserved the right to approve the following decisions:

| | Yes | No |
|---|---|---|
| Upon request by the Company's chief executive officer, the appointment and termination of the senior managers as well as the compensation clauses. | + | |
| The directors' remuneration and, in the case of executives, additional remuneration for their executive functions and other conditions to be met by their agreements. | + | |

B.1.15 State whether the Board of Directors approves a detailed remuneration policy and specify the items covered by it:

YES

| | Yes | No |
|---|---|---|
| Amount of the fixed components, including a breakdown, if any, of the per diem allowances for participating in the Board of Directors and Committees thereof and an estimate of the fixed annual remuneration they originate. | + | |
| | Yes | No |
| Variable remuneration items | + | |
| Main characteristics of the benefits systems, including an estimate of their amounts or equivalent annual costs. | + | |
| Conditions to be met by the agreements of those holding senior management positions such as executive directors, including: | + | |

B.1.16 State whether the Board of Directors puts to vote at the Annual General Meeting, as a separate item in the agenda, and for consultation purposes, a report on the directors' remuneration policy. If applicable, explain the aspects of the report regarding the remuneration policy approved by the Board of Directors for future years, the most significant changes of these policies to that applied during the year and a global summary of how the remuneration policy was applied during the year. Detail the role played by the Remuneration

Committee and whether external consultancy services have been used and, in that event, the identity of the external consultants:

YES

| Items covered by the report on the remunerations policy |
|---|
| The report on the directors' remuneration policy includes a detailed and itemized description of all the amounts earned during year 2008 and all the items generating that right. Then, the following information is included:<br>(i) the individual remuneration earned by each of the directors,<br>(ii) the amounts of the per diem allowances for attendance,<br>(iii) the additional remuneration earned in the capacity as chairman or member of some committee of the Board of Directors,<br>(iv) the amount of any remuneration for participation in profits or premiums and there as on for their grant,<br>(v) the amount of contributions to fixed-contribution pension plans,<br>(vi) the amount of any compensation agreed upon or paid in the event of termination of office,<br>(vii) the amount of the remunerations earned as directors for other companies in the group,<br>(viii) the amount of the remuneration for holding senior management offices by executive directors,<br>(ix) any other remuneration item different from those mentioned above, irrespectively of the nature or entity of the group paying them, particularly where it is considered a related-party transaction or where its omission distorts the true image of the total remunerations perceived.<br><br>The Report also contains information on the remuneration system which shall determine the directors' remuneration for year 2009. |

| Role played by the Remuneration Committee |
|---|
| As established in its Regulations, the Appointments and Remuneration Committee has participated in the preparation of the Report on the Directors' Remuneration Policy before submitting it for approval by the Board of Directors and at the Annual General Meeting. |

| | Yes | No |
|---|---|---|
| Have external consultancy services been used? | | + |
| Identity of external consultants | | - |

B.1.17 Mention any directors who, at the same time, are members of boards of directors or senior managers or employees of companies that hold material shareholdings in the listed company and/or in Group member companies:

| Name or company name of the director | Company name of the major shareholder | Position |
|---|---|---|
| Mr. Alejandro Echevarría Busquet | Vocento, S.A. | None |

Mention any significant links other than those foreseen in the previous point between members of the Board of Directors and major shareholders and/or with member companies of their groups:

| Name or company name of the related director | Name or company name of the related major shareholder | Description of link |
|---|---|---|
| Mr. Alejandro Echevarría Busquet | Vocento, S.A. | Owner of 0.1236% ofthe company's shares |

B.1.18 State whether there has been any modification to the Regulations of the Board of Directors during the year:

NO

| Description of modifications |
|---|
| - |

B.1.19 Describe the procedures for appointing, re-electing, evaluating and dismissing directors. Mention the responsible governing bodies, the procedure to be followed and the criteria to be used in each case.

In the procedures for appointing, re-electing, evaluating and removing directors established in the Bylaws, the Regulations of the Board of Directors and the Rules of the Appointments and Remuneration Committee, the competent bodies are:

- The Annual General Meeting
- The Board of Directors
- The Appointments and Remuneration Committee

Appointment and re-election:

- A director need not be a shareholder of Telecinco
- Directors, including independent directors, are appointed for a maximum term of 12 years. The Chairman of the Audit Committee and of the Appointments and Remuneration Committee may hold office for a maximum of four (4) years
- The number of board members is determined at the Annual General Meeting and currently stands at 13
- The following may not be appointed directors: (i) companies, either foreign or domestic, in the audiovisual sector competing with the Company and their administrators or senior managers, except where such companies are part of the same group to which Telecinco belongs, (ii) any person falling under any other incompatibility or prohibition regulated under general provisions

- The appointment and termination of the Secretary and Vice-secretary shall be informed by the Appointments and Remuneration Committee and approved by the Board of Directors
- The inclusion of new directors in a category must be preceded by the corresponding report from the Appointments and Remuneration Committee. The new director must be included in one of the categories contemplated in the Bylaws and the Regulations of the Board of Directors

- The Appointments and Remuneration Committee is required to ensure that the selection procedures for filling new vacancies do not result in an obstacle for the selection of female directors.

The processes for the appointment, re-election, evaluation and removal of directors set forth in the Articles of Association, the Board of Directors' Regulations, and the Appointments and Remuneration Committee, as recently approved, have been significantly modified to conform to the Unified Code. Some of these processes have already been commented on. Before going into details, we will briefly highlight the most important modifications:

- Appointment and termination of Secretary and Vice-Secretary's office: They shall be informed by the Appointments and Remuneration Committee and approved by the Board of Directors.

- Termination of directors' office: Telecinco's obligation to publicly inform the reasons deriving in the termination of some incumbent director before completion of its office.

- Obligation by proprietary directors to resign in proportion to the percentage of share capital sold by the shareholder represented by them.

- Independent directors may only be proposed to cease to hold office before the completion thereof where they fail to comply with the conditions set forth by the Unified Code to act in said capacity.
- Extended functions of the Appointments and Remuneration Committee: It shall prepare a report prior to the appointment of new directors and propose the appointment of new independent directors.

- Limitation to 12 years of independent directors' term of office.

- New definitions of proprietary directors and independent directors have been introduced as well as the obligation to review on annual basis compliance therewith.

- Independent directors not complying with the conditions set forth to act in said capacity shall be removed from their position.

- Diversity of gender: There is an obligation by the Appointments and Remuneration Committee to ensure that, upon the need to fill in new vacancies, the selection of female directors is not hindered. The search for women meeting the professional profiles ought must be encouraged.

The procedure for the appointment, selection, re-election and removal of Telecinco's directors is initiated in the Appointments and Remuneration Committee.

Article 5 of the Regulations establishes the obligation by the Appointments and Remuneration Committee to:

- Protect the integrity of the selection process for directors and senior executives, defining the profile (knowledge, experience and skis) of the candidates and in particular, making proposals to the Board with regard to the appointment and removal of Directors, either by co-optation, at the proposal of the Board to the Annual General Meeting, and proposing to the Board which members should belong to each of the Committees. In the case of independent directors, the appointment shall be made upon proposal by the Committee.

- Advise the Board of Directors on the succession of the Chairman and Chief Executives of the company, formulating the suggestions it deems pertinent.

- Inform the Board of Directors of the appointment and termination of Telecinco's senior managers.

- Inform the Board of Directors of matters of gender diversity, assuring that new selection procedures initiated upon the event of new vacancies do not hinder the selection of female directors. The Committee shall furthermore motivate the company to search for and include in the list of candidates women who meet the professional profile sought.

- Advise the Board of Directors on the removal and propose the appointment of the Secretary and, if applicable, the Vice Secretary.

Once the report is prepared, the Appointments and Remuneration Committee submits its proposals to the Board of Directors. As such, proposed appointments of directors submitted to the Annual General Meeting by the Board of Directors and decisions adopted by the Board with regard to appointment, by virtue of its powers of co-optation, shall be preceded by the corresponding report from the Appointments and Remuneration Committee. The report shall assign the new director to one of the categories contemplated in the Regulations of the Board of Directors. In the event the Board decides not to follow the recommendations of the Appointments and Remuneration Committee, it shall state its reasons for this decision, leaving them recorded in the minutes.

In this regard, the Board of Directors and, with in the sphere of its jurisdiction, the Appointments and Remuneration Committee, shall see that the candidates proposed to the Annual General Meeting, and the appointments made directly to cover vacancies exercising its powers of co-optation, fall on individuals of recognized solvency, competence and experience, especially when dealing with the appointment of independent directors. In any event, a description of the professional experience of the candidates is required, emphasizing the circumstances that justify their appointment as independent.

The Board of Directors shall assure that outside or non-executive directors represent a majority over executive directors, and further that the Board includes a reasonable number of independent directors. The Board shall further more assure that the majority group of outside directors includes independent directors and proprietary directors.

The final decision to appoint and remove directors rests with the Annual General Meeting, ensuring appointment by the proportional system described in the Limited Companies Act, at the proposal of the Board of Directors and subject to a report and advice from the Appointments and Remuneration Committee. Telecinco's Bylaws do not envisage qualified majorities that

Termination of directors:

In addition to cases set by law, directors shall tender their resignation to the Board of Directors in the cases listed in section B.1.20 below of this report.
In this case, the competent bodies and procedures are similar: removal begins with the Appointments and Remuneration Committee, then the Board of Directors steps in and finally the matter is taken to the Annual General Meeting.

Proposals for removal of independent directors before their tenure expires may only be made when the directors fail to meet the requirements of the Unified Code to be classed as independent and they should be removed when they no longer qualify as such.
Where directors are removed before their tenure expires, Telecinco shall publicly state the reasons for the removal.
Evaluation of directors:

Evaluation of directors starts with and is coordinated by the Appointments and Remuneration Committee, to which all pertinent requests and comments should be directed. (article 5 of the Rules of the Appointments and Remuneration Committee).

B.1.20 Mention the circumstances in which directors are required to resign.

Article 14 of the Regulations of the Board of Directors includes the circumstances when directors are required to resign:

(a)When they reach 70 years of age. Their removal as director and resignation from their position shall occur during the first meeting of the Board of Directors held after the Annual General Meeting which approves the financial records for the financial year in which the director reaches said age.

(b)When they have been removed from the executive positions associated with his appointment as director;

(d)When the Appointments and Remuneration Committee issues a serious warning for infringing their obligations as directors;

(e)When remaining on the Board may endanger the interests of Telecinco or when the reasons for which he was appointed (for example when a proprietary director disposes of his shareholding in the company disappear);

(f) Where the shareholder represented by them wholly sells or reduces its shareholding in Telecinco below the relevant threshold; in this case, the number of resignations shall be proportional to the reduction in the shareholding;

The Board of Directors may propose the termination of any independent director before expiration of the term of office established under the Articles of Association only where there exists reasonable cause; reasonable cause shall be deemed to exist where a director fails to comply with the duties inherent to its position or falls under any of the grounds contemplated in the Regulations which prevent it from being appointed independent director.

B.1.21 Explain whether the chairman of the board also performs the duties of chief executive officer. If so, mention the measures taken to limit the risk of accumulation of power in a single person:

NO

| Actions limiting risks |
| --- |
| - |

State and, where applicable, explain whether regulations have been established to allow one of the independent directors to call a Board of Directors' meeting or include new items in the agenda, to coordinate and get involved in the concerns of the outside directors and to direct the evaluation by the Board of Directors.

YES

| Explanation of regulations |
|---|
| Article 24 of the Board of Directors' Regulations provides that not only independent directors but any of the members of the Board of Directors may call for a meeting or include new items in the Agenda. The Chairman is required to call a board meeting when so requested by at least three directors.<br><br>Petitions shall be made in writing, electronically or by fax, and shall be addressed to the Secretary and the Chairman of the Board of Directors. The reasons for the petition shall be filed accompanied by a brief explanation. Immediately afterwards, notice shall be given to the remaining directors and a date for the meeting shall be set.<br><br>In 2008, no director exercised this right.<br><br>With respect to the process for the evaluation of the directors, including the obligation in Article 23 of the Regulations, as amended, is commenced and coordinated from the Appointments and Remuneration Committee, to which any relevant petition and comment shall be made (Article 5 of the Appointments and Remuneration Committee's Regulations). |

B.1.22 Is there any type of decision for which a special majority is required, other than those foreseen by law?

NO

Describe how resolutions are approved by the Board of Directors, mentioning at least the quorum required to hold the meeting and the type of majority required for approving resolutions:

| Approving resolutions | | |
|---|---|---|
| Type of resolution | Quorum | Type of majority |
| Ordinary | Board of Directors will be validly constituted when the majority of its members attend, present either personally or through a representative: 54% | Absolute majority of the directors who are present personally or by proxy. |

B.1.23 State whether there are any special requirements to be met to be appointed chairman, other than those for directors.

NO

| Description of requirements |
|---|
| - |

B.1.24 State whether the chairman has a casting vote:

NO

| Issues where the chairman has a casting vote |
|---|
| - |

B.1.25 State whether there is any age limit for directors under the articles of association or Board Regulations:

YES

Age limit for Chairman: 70 years

Age Limit for Chief Executive Officer: 70 years

Age limit for Directors: 70 years

B.1.26 Mention whether the articles of association or the regulations of the Board provide for any limit on the term in office of independent directors

YES

| | |
|---|---|
| Maximum number of years in office | 12 years |

B.1.27 Should the number of female directors be scarce or null, explain the reasons and initiatives adopted to correct this situation.

| Explanation of reasons and iniciatives |
|---|
| In 2008, Mr. Bergareche, a proprietary director, tendered his resignation, leaving a vacancy in the Board of Directors that was filled by another proprietary director. As this is a proprietary director, the Board Committee and Board of Directors have limited decision making ability, as shareholders appoint their representatives and the choice of women directors is subject to their being senior officers in their organization.<br><br>In this case, the Appointments and Remuneration Committee followed the entire procedure established in its rules, with the shareholder ultimately appointing a male proprietary director. |

| |
|---|
| In line with our commitment in this respect, the Appointments and Remuneration Committee will submit a proposal to the Board of Directors to appoint a new female independent director, which will be put to vote by shareholders at the 2009 Annual General Meeting. |

Particularly, state whether the Appointments and Remuneration Committee has established procedures so that the selection processes lack implied slants hindering the selection of female directors and deliberately search for female candidates meeting the profile sought:

YES

| State main procedures |
|---|
| In accordance with Article 5 of the Rules of the Appointments and Remuneration Committee, this committee must:<br>(i) inform the Board of Directors about questions relating to gender diversity;<br>(ii) ensure that the selection procedures for filling new vacancies do not result an obstacle for the selection of female directors;<br>(iii) encourage Telecinco to search for and include women in the list of candidates meeting the required professional profile. |

B.1.28 State whether there are any formal procedures for granting proxies for voting in the Board of Directors. If so, briefly describe them.

The Regulations of the Board of Directors provide that the directors shall do their best to attend board meetings personally. If they cannot attend, they may grant proxies only to other directors. The proxies must be in writing and specifically for each meeting. A director may hold proxies for several other directors at the same time.

B.1.29 Mention the number of meetings held during the year by the Board of Directors. Also indicate, if relevant, the times that the Board has met without the presence of the Chairman:

| | |
|---|---|
| Number of Board meetings | 7 |
| Number of Board meetings from which the Chairman has been absent | 0 |

Mention the number of meetings held during the year by the various Board committees:

| | |
|---|---|
| Number of meetings of the Executive or Delegate Committee | 4 |
| Number of meetings of the Audit Committee | 4 |
| Number of meetings of the Appointments and Remuneration Committee | 2 |
| Number of meetings of the Appointments Committee | 0 |
| Number of meetings of the Remuneration Committee | 0 |

B.1.30 State the number of meetings held by the Board of Directors during the year without all its members being present. For the purposes of calculation, any proxy which fails to meet specific instructions shall be considered as nonattendance:

| | |
|---|---|
| Number of times directors have not attended during the year | 7 |

| | |
|---|---|
| % of non-attendance out of total votes during the year | 7.69% |

B.1.31 State whether the individual and consolidated annual accounts are certified prior to being submitted for approval by the Board:

Mention the person or persons who have certified the individual and consolidated annual accounts of the Company prior to being submitted for approval by the Board:

| Name | Position |
|---|---|
| - | - |

B.1.32 Describe any procedures instituted by the Board of Directors to prevent an audit report with qualifications from being submitted to the Annual General Meeting concerning the individual and consolidated accounts.

To the current date, Telecinco' s Annual Accounts, both individual and consolidated, have never been presented with qualifications In any event, there are mechanisms to prevent this from happening.

The individual and consolidated annual accounts, as well as the financial statements, breakdowns and additional information are prepared by the Financial Division of the Company and are examined by the Audit and Compliance Committee to ensure compliance with the statutory requirements and that the accounting principles applying in Spain as well as International Financial Reporting Standards (IFRS) are applied correctly.

With this aim, the Audit and Compliance Committee held a meeting with the company's auditor prior to the approval of the annual accounts or interim financial information by the Board of Directors, with the attendance of the Internal Audit Manager and key personnel of the Finance Department.

Besides, the Committee acts as a channel of communication between the Board of Directors and the Auditors, evaluating the results of each audit and the management response to their recommendations, as well as mediating as an arbitrator, if necessary, when there is any disagreement between management and auditors on the criteria applying to the financial statements.

The Regulations of the Audit and Compliance Committee includes the following among its functions. To: "Act as a communications channel between the Board of Directors and the Auditor, evaluate the results of each audit and response of the Telecinco management staff to its recommendations, and mediate and act as arbiter in the event of discrepancies between Telecinco management and the auditor with regard to the principles and criteria applicable in preparing the financial statements. It shall see that the accounts prepared by the Board of Directors are not subject to any qualifications by the auditor."

Accordingly, the Audit and Compliance Committee plays a crucial role in the Company's relations with the external auditor. In 2008, in order to reinforce its independence, the number of independent members on this committee was increased from one to two. They are Angel Durández Adeva and Borja Prado Eulate, with Mr Prado Eulate as Chairman. The two independent directors held four preparatory meetings with Telecinco's management prior to the Audit and Compliance Committee meetings.

B.1.33 Does the Secretary of the Board have the status of director?

NO

B.1.34 Explain the procedures for the appointment and termination of the Secretary of the Board, stating whether its appointment and termination have been informed by the Appointments Committee and approved by the meeting of the Board.

| Appointment and termination procedure |
|---|
| The Secretary of the Board of Directors not need be a director. Current Secretary Mario Rodríguez Valderas is not a member of the Board of Directors.<br><br>Notwithstanding the above, article 18 of the Regulations of the Board of Directors states that the appointment to and termination of the Secretary shall be informed by the Appointments and Remuneration Committee. |

| | Yes | No |
|---|---|---|
| Did the Appointments Committee announce the appointment? | + | |
| Did the Appointments Committee announce the termination? | + | |
| Did the Board meeting approve the appointment? | + | |
| Did the Board meeting approve the termination? | + | |

Is the secretary of the Board entrusted with specifically monitoring good governance recommendations?

| Comments |
|---|
| Article18 of the Regulations of the Board of Directors, modified in the year 2007, include among the Secretary's obligations monitoring to ensure that the actions of the Board follow the letter and spirit of the Law and the Regulations, conform to Telecinco's Articles of Association and Regulations and have present the good governance recommendations contained in the Unified Code or in any other code approved by the CNMV (Spanish stock market regulatory body). |

B.135 Describe any procedures implemented by the Company to protect the independence of the auditors, financial analysts, investment bankers and rating agencies.

The independence of Telecinco and its Group's auditor is guaranteed by means of the control and follow-up conducted by the Audit and Compliance Committee and ultimately by the Board of Directors.

According to the Audit and Compliance Committee's Regulations, one of the functions of the Committee is that of being in charge of any matters related to the Group's external auditor. Apart from proposing to the Board of Directors the auditor's appointment, hiring conditions, duration of professional activities and termination or non-renewal of its appointment, the Committee is also the communications channel between the auditor and Telecinco. If necessary, it shall be in charge of receiving information on issues which may endanger its independence, though this has not occurred to date.

The Committee is also in charge of authorising any contracts between the auditor and Telecinco outside the scope of accounts auditing and shall not propose the appointment of any auditing firm when fees payable by Telecinco to the auditor exceed 5% of its total revenues for the previous fiscal year.

The company publishes its results quarterly. The publication consists of a detailed release with key highlights and events for the period, along with a graphic presentation of the company's main activities and areas of interest. First, the release in Spanish is filed with the Spanish National Securities Market Commission (CNMV) for subsequent distribution via its website. Then, when the release is posted on the CNMV's website, the company posts the same information, both in Spanish and English, on its own website (www.inversores.telecinco.es) in the Investor Relations section, where it is kept indefinitely. Additionally, and in parallel to publication on Telecinco's website, the presentations in Spanish and English are e-mailed to those shareholders, institutional investors and analysts who request it.

After publication, results are usually presented through a conference call and webcast so that shareholders, institutional investors, and analysts so requiring may have precise information on the activities and results, as well as the opportunity to pose questions to the Company's management team for it to clarify doubts not explained during the presentations. This conference call shall be recorded and published on the Company's website in the investor relations section for a term of three months following the event.

In the case of communication of any relevant event related to the Company, this event shall be notified to the CNMV and then published on Telecinco's website. It shall be simultaneously sent by e-mailto a shareholders, institutional investors, and analysts.

Publication of significant events

In the case of communication of any relevant event related to the company's activity, this event if first published on the CNMV's website and then on Telecinco's website, where it shall remain indefinitely. It shall be simultaneously sent by e-mail to all shareholders, institutional investors, and analysts that request it.

All information is published in Spanish and English.

B.1.36 State whether, during the year, the Company has changed its external auditor. If yes, identify the outgoing and incoming auditor:

YES

| Outgoing auditor | Incoming auditor |
|---|---|
| DELOITTE, S.L. | ERNST & YOUNG, S.L. |

In the event of disagreements with the outgoing auditor, explain them:

NO

| Explanation of disagreements |
|---|
| - |

B.137 State whether the audit firm performs non-audit work for the Company and/or its Group and, if so, mention the fees paid for such work In absolute figures and as a percentage of the total fees charged to the Company and/or its Group:

NO

| | Company | Group | Total |
|---|---|---|---|
| Fees paid for non-audit work (in thousands of euros) | 0 | - | 0 |
| Fees paid for non-audit work as a percentage of the total fees charged by the audit firm (% ) | 0 | - | 0 |

B.1.38 State whether the audit report on the Annual Accounts for the previous year shows reservations or qualifications. If yes, state the reasons provided by the Chairman of the Audit Committee explaining the contents and scope of these reservations or qualifications.

NO

| Explanation of reasons |
|---|
| - |

B.1.39 For how many years has the current audit firm been continuously auditing the annual accounts of the Company and/or its Group? Also give the number of years that the Company has been audited by the current audit firm as a percentage of the total number of years since the Company's annual accounts are being audited:

| | Company | Group |
|---|---|---|
| Unbroken number of years | 1 | 0 |

| | Company | Group |
|---|---|---|
| Number of years audited by the current audit firm as a percentage of the total number of years since the Company is being audited | 0.1 | 0.1 |

B.1.40 List the shareholdings of Company directors in companies engaging in a similar, analogous or comparable business as that which is the corporate purpose of the Company and its Group, which have been reported to the Company. Also mention the positions or duties they have in those companies:

| Name or company name of the director | Name of the company in question | % shareholding | Position or duties |
|---|---|---|---|
| Mr. Alejandro Echevarría Busquet | Vocento, S.A. | 0.124% | None |
| Mr. Alejandro Echevarría Busquet | Diario ABC, SL | 0.000% | None |
| Mr. Alejandro Echevarría Busquet | Sociedad Vascongada de Publicaciones, SA | 0.107% | None |

B.1.41 State whether there is any procedure for directors to receive external advice and, if so, describe it:

YES

| Explanation of the procedure |
|---|
| The Board of Directors‘ Regulations and the Audit and Compliance Committee‘s Regulations establish the mechanisms for any director to call for external audit services. Thus, the director willing to be assisted in the exercise of its functions may request the hire of legal, accounting, technical, financial, commercial or any other kind of consultancy service at Telecinco‘s cost. The assistance requested shall only deal with specific problems of a given relevance and complexity.<br><br>The mechanism set for this started upon an application by the director filed through the Board of Directors' Chairman or Secretary. This request may only be rejected on reasonable grounds, including:<br><br>(a) a)If the request for and assistance from experts are not necessary for the proper performance of duties entrusted to directors.<br><br>(b) If the associated cost of expert assistance is unreasonable considering the importance of the problem and Telecinco‘s financial situation.<br><br>(c) If the technical assistance which could be offered can be adequately provided by experts and specialists within Telecinco.<br><br>(d) If for reasons of confidentiality it is not advisable that the expert in question have access to sensitive information. |

B.1.42 State whether there is any procedure for directors to receive the information they need to prepare for meetings of the Board and its committees in good time:

YES

| Explanation of the procedure |
|---|

| |
|---|
| During the second half of the year, the Secretary sends a calendar to directors along with a list of the issues to be addressed at the Board of Directors and Board Committee meetings held the following year. The directors then initiate the procedure described in articles 16 and 29 of the Regulations of the Board of Directors. In addition, the Secretary sends the agenda with the items to the directors by e-mail.<br><br>The procedure, now guaranteed by the direct oversight of the Chairman, begins with the meeting notice itself: Article 24 establishes that the notice will always include the agenda for the meeting with the relevant information attached, duly prepared and summarized. The notice and relevant information will be sent five (5) days in advance The notice and relevant information shall be sent at least five (5) days prior to the date of the meeting. In discharging his duties, the Chairman shall coordinate with the Secretary the preparation and dispatch of the agenda to all directors.<br><br>Article 29 further amplifies the directors' right to receive not just information referring to the agenda of the meeting of the board, but any aspect of Telecinco, including examining its books, records, documents and other background to corporate operations. The possibility of inspecting the facilities, as well as communicating with Telecinco's management at any time is also included.<br><br>The mechanism to exercise the said powers shall be channelleed through the chairman, the chief executive officer, or the Secretary to the Board of Directors, who shall satisfy the requests by directly providing the information, offering the appropriate interlocutors at the organizational level or arbitrating the measures, so that the desired examination and inspection can be performed in situ.<br><br>The procedures intended to guarantee that the directors receive information on a timely manner are clearly established in the Regulations, but, apart from these mechanisms, the directors' general obligations include that of being aware of Telecinco's performance and adequately prepare the Board of Directors' meetings and the meetings of the committees in which they participate.<br><br>In 2008, independent directors of the Audit and Compliance Committee held four preparatory meetings with company managers to analyze the issues to be debated at the Committee meetings. |

B.1.43 State and, if applicable, detail whether the Company has established rules forcing its directors to inform of and, if applicable, resign upon, events which may adversely affect the Company's credit and reputation:

YES

| Explanation of the rules |
|---|
| Among the causes for termination, article 14 of the Regulations of the Board of Directors states that directors shall submit their resignation when their permanence on the Board may threaten the interests of Telecinco or adversely affect its credibility and reputation.<br><br>Regarding the question of this section, we would highlight that while it does not constitute grounds for termination, the general obligations of directors include informing of any lawsuits in which they are involved |

| |
|---|
| and their developments (article 31 of the Regulations of the Board of Directors) due to the potential implications for the Company and its shareholders. |

B.1.44 State whether some member of the Board of Directors has informed the Company that it has been for may accused or that an order for the commencement of oral proceedings against it has been issued for some of the crimes mentioned inSection124 of the Limited Companies Act:

NO

| Name of director | Criminal case | Comments |
|---|---|---|
| - | - | - |

State whether the Board of Directors has analysed the case. If yes, explain in a reasonable manner the decision made on whether it is convenient or not for the director to remaining office.

NO

| Decision made | Reasonable explanation |
|---|---|
| May/May not remain in office | - |

B.2. Board committees

B.2.1 Provide details of all the Committees of the Board of Directors:

EXECUTIVE OR DELEGATE COMMITTEE

| Name | Position | Type |
|---|---|---|
| Mr. Alejandro Echevarría Busquet | Chairman | Proprietary Director |
| Mr. Paolo Vasile | Director | Executive director |
| Mr. Giuseppe Tringali | Director | Executive director |
| Mr. Fedele Confalonieri | Director | Proprietary Director |
| Mr. Giuliano Adreani | Director | Proprietary Director |
| Mr. Francisco de Borja Prado Eulate | Director | Independent director |
| Mr. José Ramón Álvarez Rendueles | Director | Independent director |

AUDIT COMM ITTEE

| Name | Position | Type |
|---|---|---|
| Mr. Francisco de Borja Prado | Chairman | Independent director |

| | | |
|---|---|---|
| Eulate | | |
| Mr. Ángel Durández Adeva | Director | Independent director |
| Mr. Fedele Confalonieri | Director | Proprietary Director |
| Mr. Giuliano Adreani | Director | Proprietary Director |
| Mr. Marco Giordani | Director | Proprietary Director |
| Mr. Alfredo Messina | Director | Proprietary Director |

APPOINTMENTS AND REMUNERATION COMMITTEE

| Name | Position | Type |
|---|---|---|
| Mr. José Ramón Álvarez Rendueles | Chairman | Independent director |
| Mr. Fedele Confalonieri | Director | Proprietary Director |
| Mr. Giuliano Adreani | Director | Proprietary Director |
| Mr. Ángel Durández Adeva | Director | Independent director |

B.2.2 State whether the below functions are under the Audit Committee's remit:

| | Yes | No |
|---|---|---|
| Supervise the process for the preparation and integrity of financial information on the Company and the Group and, if applicable, review compliance with statutory requirements, adequate limitation of the scope of consolidation and proper application of accounting criteria. | + | |
| Periodically review internal risk management and control systems so as to identify, manage and properly inform the main risks. | + | |
| See to the independence and effectiveness of the internal audit functions; Propose the selection, appointment, re-election and dismissal of the head of the Internal Audit Department; propose a budget for that service; receive period icinformation on its activities; and verify that the senior management considers the conclusions and recommendations of its reports. | + | |
| Establish and supervise a mechanism allowing employees to communicate, in a confidential manner and, if applicable, anonymously, any potentially important irregularities, particularly financial and accounting irregularities, detected in the Company. | | + |
| File with the Board of Directors any proposal for the selection, appointment, re-election, and replacement of the external auditor as well as the hire conditions thereof. | + | |
| Regularly receive from the external auditor information on the audit plan and the results for the year and verify that the senior management considers its recommendations. | + | |
| Ensure the independence of the external auditor. | + | |

| | | |
|---|---|---|
| In the case of groups, cause the group's auditor to assume liability on the audits of the companies which make it up. | + | |

B.2.3 Describe the organization and operating rules as well as the responsibilities allocated to each of the committees of the Board of Directors.

APPOINTMENTS AND REMUNERATION COMMITTEE

The composition of the Appointments and Remuneration Committee has also changed. Before the amendments approved in 2008, there were three proprietary directors and one independent director. Now there are two independent and two proprietary directors. The Chairman is still an independent director.

As with the Audit and Compliance Committee, in addition to the Regulations of the Board of Directors, there exists a specific Set of Regulations governing this Committee which includes all the existing recommendation as well as the new recommendations following the publication of the Unified Code.

Composition:

Members of the Appointments and Remuneration Committee will be appointed by the Board of Directors from among members with the knowledge and experience necessary.

The Appointments and Remuneration Committee shall be comprised of four (4) outside directors, and the Board of Directors will see that a balance will be maintained between proprietary directors and independent directors. Without prejudice to the above, the executive directors and senior management shall attend the meetings if expressly requested to do so by the Committee.

The Chairman of the Appointments and Remuneration Committee shall be appointed by the Board of Directors from among its independent members, and shall be substituted every four years. He may be reelected after one year has passed from his removal.

The Appointments and Remuneration Committee shall have a Secretary, who is not necessarily a member of it, but who may not bean executive director.

Members of the Appointments and Remuneration Committee shall be appointed and removed by the Board of Directors, and in any case shall resign simultaneous with their resignation as directors.

In the event of his vacancy, absence, or illness, the Chairman shall be substituted by the oldest member present; and the Secretary, as required, shall be substituted by the youngest member.

Functioning:

The Appointments and Remuneration Committee shall meet whenever deemed appropriate, upon notice from the Chairman, its own decision, or in response to three (3) of its members, members of the Executive Committee or the Board of Directors. In any event, the Committee shall meet twice (2) per year to prepare the information regarding directors' remuneration, to be approved by the Board of Directors and included within the annual public documentation.

Notice shall be provided at least forty eight (48) hours in advance.

Without prejudice to the foregoing, the Appointments and Remuneration Committee shall be constituted with no need for notice if all the members are present either personally or by representation, and unanimously accept that the meeting beheld and the points listed on the agenda.

When circumstances justify, the Chairman may call a meeting of the Appointments and Remuneration Committee by telephone and the advance notice and other requirements indicated above shall not apply

Meetings of the Appointments and Remuneration Committee shall be held in the registered offices of the company, and in any other place decided on by the Chairman and stated in the notice.

Constitution and adoption of resolutions

The Appointments and Remuneration Committee shall be validly constituted with the attendance, either personal or through representative, of at least half plus one of its members; and resolutions shall be adopted by a majority vote of those attending.

In case of tie, the Chairman shall have the deciding vote. The members of the Committee may grant proxies to other members, with a maximum of two (2) proxies being held by any one member.

A members of the management team or the company's staff shall be required to attend the meetings of the Appointments and Remuneration Committee and to collaborate and provide access to information in their power, if requested. Any person not a member of Telecinco may also attend meetings of the Committee when considered appropriate.

The Secretary of the Appointments and Remuneration Committee shall take the minutes of each meeting, which shall then be reported to the Board of Directors.

Sphere of influence:

The spheres of influence of the Committee, of a consultative nature, are as the following:

a) Protect the integrity of the selection process for directors and senior executives, defining the profile (knowledge, experience and skis) of the candidates and in particular, making proposals to the Board with regard to the appointment and removal of Directors, either by co-optation, at the proposal of the Board to the Annual General Meeting, and proposing to the Board which members should belong to each of the Committees.

b) To advise on the dedication required from the directors in carrying out their duties.

c) Advise on the number of directors who may form part of the Board of Directors. A report shall be issued by the Committee on members of the Board of Directors before they join the boards of directors of other companies.

d) Collect information regarding other professional obligations of the Directors.

e) Advise the Board of Directors of the succession of the chairman and top executives of the company, formulating the suggestions it deems pertinent.

f) Inform the Board of Directors of the appointment and removal of members of senior management occurred within the company.

g) To inform the Board of Directors about questions relating to gender diversity, ensuring that the selection procedures for filling new vacancies do not result an obstacle for the selection of female directors. The Committee shall further more motivate the company to search for and include in the list of candidates, women who meet the professional profile sought.

h) Oversee compliance with rules regarding conflict of interest.

i) Advise the Board of Directors on the removal and appointment of the Secretary.

j) Oversee the compliance of the Directors with the obligations and duties established in the Regulations and in the Articles of Association.

k) Oversee the transparency of remunerations and inclusion of information regarding remunerations to Directors in the Annual Report and Annual Corporate Governance Report, submitting all the information appropriate to the Board for said effect.

l) Assist the Board of Directors in evaluating the Chairman of the Board and the top executives of the company, and specifically insetting and supervising the remuneration policy for directors and senior management, proposing the modality, procedures and amounts of annual remuneration to the Directors (including, as appropriate, proposed incentives such as stock option plans), periodically reviewing the remuneration programmes and seeing that remunerations paid to Directors comply with the criteria of moderation and are in accordance with the results of the company.

m) Draft a report on Directors‘ Remuneration Policy, to be approved by the Board of Directors and presented to the Annual General Meeting.

n) Advise the Board of Directors in assigning the deserved status to each director at the time of his appointment or renewal and review the said status on an annual basis at the time of preparing the Annual Corporate Governance Report.

As in the case of all Committees, the minutes of all Appointments and Remuneration Committee meetings held in 2008 were drawn up and reported to the Board of Directors in a timely manner.

EXECUTIVE COMMITTEE

Composition:
In 2008, the number of proprietary directors on the Committee was reduced and the number of independent directors increased. Instead of one, now two independent directors attend the meetings: Borja Prado Eulate and José Ramón Alvarez-Rendueles.

The Committee is comprised of seven (7) members, a directors of Telecinco, appointed by the Board of Directors by a majority vote of at least two thirds of the members.

In any case, the chairman of the Board of Directors and the chief executive officers shall be members of the Committee, being the Secretary the Secretary to the Board of Directors. Members shall be renewed in the time, form and number decided on by the Board.

Functioning:
The Committee shall meet at least four (4) times per year and as many other times as the chairman considers appropriate. The chairman may also decide to suspend any of the ordinary meetings when he considers it appropriate. The Executive Committee shall have at he powers inherent to the Board, except those which cannot be delegated. Resolutions adopted by the Executive Committee are referred to the Board of Directors at its first meeting. The Articles of Association and the Regulations of the Board shall apply to the Executive Committee, insofar as they are not incompatible with its specific nature.

Sphere of influence:
The Executive Committee shall have at he powers inherent to the Board, except those which pursuant to law or the by laws cannot be delegated.

Minutes of all Executive Committee meetings held in 2008 were drawn up and reported to the Board of Directors in a timely manner.

AUDIT COMMITTEE

The Audit and Compliance Committee is governed by the Regulations of the Board of Directors and its own rules, which include the recommendations of the Unified Code.

In 2008, the number of proprietary directors on the Audit Committee was reduced in order to increase the number of independent directors. Now, in addition to the Chairman, there is another member classed as independent.

Composition:
The Committee is comprised of six( 6) outside directors, all appointed by the Board of Directors.

The Chairman of the Committee is appointed by the Board from among its independent members, and shall be substituted every four years. He may be re-elected after one year has passed from his removal.

The independent director acting as chairman shall be an accredited expert in accounting, auditing and risk management.

The Committee also has a secretary who is not a member, appointed by the Committee.

Functioning:
The Audit and Compliance Committee shall meet at least once per quarter and whenever deemed appropriate, upon notice from the Chairman, on its own decision, or in response to three (3) of its members, members of the Executive Committee or the Board of Directors. It shall in any case meet when the Board of Directors requires it to do so to issue reports, present proposals or adopt agreements.

One of its meetings shall be dedicated to evaluating the efficiency of and compliance with the Telecinco rules of governance and procedures, and to prepare the information to be approved by the Board of Directors and included as part of the annual public documentation.

Notice shall be given maximum seven (7) days in advance, and in any case minimum forty eight (48)hours in advance, and may be sent by fax, telegram, or e-mail.

Without prejudice to the foregoing, the Audit and Compliance Committee shall be constituted with no need for notice if all the members are present either personally or by representation, and unanimously accept that the meeting beheld and the points listed on the agenda heard.

When circumstances justify, the Chairman may call a meeting of the Audit and Compliance Committee by telephone and the advance notice and other requirements indicated above shall not apply.
Meetings of the Audit and Compliance Committee shall be held in the legal offices of the company, or in any other place decided on by the Chairman and stated in the notice.

Sphere of influence:

Regarding the external auditor:

The Audit and Compliance Committee shall be responsible for all matters related to the external auditor of the Telecinco Group, and specifically shall:

a) Propose that the Board of Directors appoint an accounts auditor, specifying the conditions for his hiring, length of his professional duties, and if applicable, the cancellation or non-renewal of the appointment. The Audit Committee shall abstain from proposing the appointment of any audit firm when it is aware (i)that it is incompatible pursuant to current audit legislation, or (ii)that the fees anticipated to be paid by the Company for all concepts exceed five percent (5%)of its total income during the financial year.

The Audit and Compliance Committee shall propose the same accounts auditor for Telecinco and for companies in the Telecinco Group.

In the event the auditor resigns, the Committee shall examine the reasons for it.

b) Act as a communications channel between the Board of Directors and the Auditor, evaluate the results of each audit and response of the Telecinco management staff to its recommendations, and mediate and act as arbitrator in the event of discrepancies between Telecinco's management and the auditor with regard to the principles and criteria applicable in preparing the financial statements. It shall see that the accounts prepared by the Board of Directors are not subject to any qualifications by the auditor.

c) The Audit and Compliance Committee shall propose any follow up on there commendations issued by the auditor, unless the Committee considers that it should keep its own criteria, in which case it shall explain the content and scope of its discrepancy.

d) Supervise compliance with the auditors‘ contract and see that the auditor‘s opinion on a financial statements and principal contents of the auditor‘s report are drafted clearly and precisely;

e) Maintain contact with the accounts auditor to receive information on any matters that may place the auditor‘s independence at risk, and any other matters related to the account auditing process, as well as receive information and maintain with the accounts auditor the communications specified in audit law and technical audit standards;

f) Supervise the independence of the accounts auditor, paying special attention to circumstances or matters that may present a risk to said independence and to any others related to the process carried out by the accounts auditor.

g) Verify that the accounts auditor respects current legislation regarding the provision of services other than audit service, the limits to the concentration of the auditor‘s business and any other standard that may represent a risk to his independence.

h) Verify that Telecinco reports the change of the accounts auditor to the CNMV as a relevant fact, accompanying, as applicable, a declaration with any possible discrepancies with the existing auditor and their content.

i) The Audit and Compliance Committee shall authorize contracts between the company and the accounts auditor for any activities outside those of account auditing.

Regarding the financial information:

The Audit and Compliance Committee shall see that the financial information, both periodic and annual, complies with a legal requirements, and is responsible for and shall:

a) Supervise the accounts of Telecinco and its Group, in compliance with legal requirements and the correct application of accounting principles used in Spain and International Accounting Standards (IAS), and issuing opinions on management proposals to modify accounting principles and criteria;

b) Supervise periodic as well as annual financial information prior to its publication, to ensure that it is provided to the markets and their supervising bodies, and see that it is prepared in accordance with the same principles and practices as the annual accounts;

c) Supervise the correct delimitation of the scope of consolidation of the Telecinco Group.

With regard to internal control and relations with the Internal Audit Department:

The Audit and Compliance Committee shall over see the correct functioning of the internal control and information systems, and shall supervise the functioning of the Internal Audit Department of Telecinco. In connection with this, it shall:

a) Propose the selection, appointment and re-election and removal of the person responsible for the Telecinco Internal Audit Department.

b) Oversee that the Internal Audit Department performs its functions with full freedom and independence, assuring that the Telecinco management takes its recommendations into account.

c) Periodically learn of the actions and studies performed by the Internal Audit Department and propose its budget.

d) Approve the Annual Internal Audit Plan as well as any other additional plan required in response to the needs of the organization. The person responsible for the Internal Audit Department shall inform the Committee of the development and possible incidents regarding its execution, and shall present are port of its activities at the end of each financial year. The Annual Plan shall be submitted to the Board of Directors for approval, with appropriate publicity.

e) Be informed of the extent to which the different departments comply with the recommendations of the Internal Audit Department, informing the Board of Directors of cases which may present a risk to Telecinco or its Group.

f) Review compliance with the actions and measures resulting from the reports or in section activities of the supervisory and control administrative authorities.

With regard to risk management and control policy:

The Audit and Compliance Committee is the body responsible for supervising and controlling the Telecinco policy regarding the identification, management and reporting of any possible risks, and in terms of said policy it is responsible for and shall:

a) Determine the types of risk for Telecinco, both operating as well as technological, financial, legal, and any other, including contingent liabilities and other economic and financial risks.
b) Set a risk level acceptable for Telecinco.
c) If risks materialise, set mechanisms to precisely determine the measures to mitigate the impact of the risks identified.
d) Establish internal communication and control measures to control and manage any risk

With regard to transactions between related parties while these are not attributed to any other Committee, the Audit and Compliance Committee shall be responsible for proposing policies regarding this type of transactions, informing the Board of Directors of them. The policy on related-party transactions should be made public in the Annual Corporate Governance Report.

B.2.4 Mention any advisory and consulting powers of the individual committees, and any authorities delegated in them:

| Name of the committee | Brief outline |
|---|---|
| Appointments and Remuneration Committee | See section B.2.3 above. |
| Executive Committee | See section B.2.3 above. |
| Audit Committee | See section B.2.3 above. |

B.2.5 State whether the Committees of the Board of Directors have any regulations, where these may be consulted, and any changes made in the regulations during the year. Also state whether any annual reports have been voluntarily drawn up on the activities of the individual committees.

APPOINTMENTS AND REMUNERATION COMMITTEE

The Audit and Compliance Committee and the Appointments and Remuneration Committee are governed by the Regulations of the Board of Directors and their own rules and regulations, which include the amendments made following the publication of the Unified Code.

No articles were amended in 2008.

Both sets of regulations are available for consultation on the Telecinco website at http://www.inversores.telecinco.es/es/home.htm.

As in 2007, each committee prepared a report discussing the meetings held, the resolutions adopted and attendance figures.

AUDIT COMMITTEE

The Audit and Compliance Committee and the Appointments and Remuneration Committee are governed by the Regulations of the Board of Directors, as well as their own regulations, which include the amendments made following the publication of the Unified Code.

No articles were amended in 2008.

Both sets of regulations are available for consultation on the Telecinco website at http://www.inversores.telecinco.es/es/home.htm.

As in 2007, each committee prepared a report discussing the meetings held, the resolutions adopted and attendance figures.

B.2.6 State whether the composition of the executive committee reflects the participation of the various directors in the Board according to their status:
YES

| If not, explain the composition of the Executive Committee |
| --- |
| - |

C TRANSACTIONS WITH RELATED PARTIES

C.1 State whether the Board of Directors has reserved the power to approve, upon favourable report from the Audit Committee or any other committee entrusted with the task, the transactions the company may conduct with directors, significant shareholders, shareholders represented on the Board or with people linked to these shareholders:

YES

C.2 Detail any material transactions involving the transfer of resources or liabilities between the company or Group member companies and major shareholders of the company:

| Name of the individual or company who is a major shareholder | Name of the company or Group member company | Nature of the relation | Type of transaction | Amount (thousands of euros) |
| --- | --- | --- | --- | --- |
| VOCENTO,S.A | BOCA BOCA PRODUCCIONES S.L. | Contract | Purchase of assets intangible and others | 7,182 |
| VOCENTO, S.A | BOCA BOCA PRODUCCIONES S.L. | Contract | Receipt of services | 8,770 |
| VOCENTO, S.A | BOCA BOCA PRODUCCIONES S.L. | Business | Provision of services | 92 |
| VOCENTO, S.A | CANAL BILBOVISIÓN, S.L. | Business | Receipt of services | 99 |
| VOCENTO, S.A | COMUNICACIÓN MEDIATRADER. S.L.U | Business | Receipt of services | 8 |
| VOCENTO, S.A | DIARIO ABC | Business | Receipt of services | 1 |
| VOCENTO, S.A | EUROPRODUCCIONES | Business | Provision of services | 14 |
| VOCENTO, S.A | INVERSOR EDICIONESS.L. | Business | Receipt of Services | 20 |
| Name of the individual or | Name of the company or | Nature of | Type of | Amount |

| company who is a major shareholder | Group member company | the relation | transaction | (thousands of euros) |
|---|---|---|---|---|
| VOCENTO, S.A | INVERSOR EDICIONES S.L. | Business | Provision of services | 13 |
| VOCENTO, S.A | INVERSOR EDICIONES S.L. | Contract | Purchase of goods | 1,316 |
| VOCENTO, S.A | RIOJA TV | Business | Receipt of services | 3 |
| VOCENTO, S.A | TELEDONOSTI, S.L. | Business | Receipt of services | 86 |
| VOCENTO, S.A | TRIPICTURES, S.A. | Contract | Purchase of assets; tangible, intangible and others | 11,440 |
| VOCENTO, S.A | VIDEOMEDIA, S.A. | Contract | Purchase of assets; tangible, intangible and others | 18,754 |
| VOCENTO, S.A | VIDEOMEDIA, S.A. | Contract | Receipt of services | 577 |
| VOCENTO, S.A | VIDEOMEDIA, S.A. | Business | Provision of services | 97 |
| MEDIASET INVESTMENTI SPA | ARNOLDO MONDADORI EDITORE SPA | Contract | Purchase of goods | 89 |
| MEDIASET INVESTMENTI SPA | MEDIASET INVESTMENT SARL | Contract | Other expenses | 3,487 |
| MEDIASET INVESTMENTI SPA | MEDIASET SPA | Business | Receipt of services | 12 |
| MEDIASET INVESTMENTI SPA | MEDIASET SPA | Business | Provision of services | 75 |
| MEDIASET INVESTMENTI SPA | MEDUSA FILM SPA | Contract | Purchase of assets; tangible, intangible and others | 451 |
| MEDIASET INVESTMENTI SPA | PUBLIEUROPE INTERNACIONAL LTD | Business | Receipt of services | 450 |
| MEDIASET INVESTMENTI SPA | PUBLIEUROPE INTERNACIONAL LTD | Business | Provision of services | 170 |
| MEDIASET INVESTMENTI SPA | PUBLITALIA 80 | Business | Receipt of services | 1,188 |
| MEDIASET INVESTMENTI SPA | PUBLITALIA 80 | Business | Provision of services | 110 |
| MEDIASET INVESTMENTI SPA | RETI TELEVISIVE ITALIANE SPA | Business | Receipt of services | 1,241 |
| MEDIASET INVESTMENTI SPA | VIDEOTIME | Business | Provision of services | 1 |

C.3 Mention any material transactions involving a transfer of resources or liabilities between the company or Group member companies and directors or senior managers of the company:

| Name of the individual or company who is a director or senior manager | Name of the company or Group member company | Nature of the transaction | Type of transaction | Amount (thousands of euros) |
|---|---|---|---|---|
| - | - | - | - | - |

C.4 Mention any material transactions between the company and other Group member companies which are not written off in drawing up the consolidated financial statements and do not form part of the company's ordinary business because of their scope or terms:

| Name of the Group member company | Brief description of the transaction | Amount (thousands of euros) |
|---|---|---|
| - | - | - |

C.5 State whether the members of the Board of Directors have been involved, throughout the year, in some conflict of interest, as provided for in Section 127 of the Limited Companies Act.

NO

| Name or company name of the director | Description of conflict of interest |
|---|---|
| - | - |

C.6 Describe the arrangements in force for discovering, determining and settling possible conflicts of interest between the company and/or the Group and their directors, senior managers or major shareholders.

The mechanisms established to detect and solve any possible conflict of interest are governed by the Board of Directors' Regulations and the Appointments and Remuneration Committee's Regulations. The Appointments and Remuneration Committee is the body in charge of guaranteeing compliance with the provisions governing these cases. The directors shall avoid getting involved in conflicts of interest and, should they fail to do so, they shall communicate such situation to the Board of Directors' Secretary.

Based on the foregoing, the directors undergoing this situation shall refrain from attending and participating in discussions which may interfere with their personal interests.

The Regulations extend the cases where a director may get involved in a conflict of interest to include not only the existence of a personal interest but also situations in which the person affected is related to a director.

Once the situation is detected, the director affected may not conduct any type of operations with Telecinco, neither directly nor through persons related thereto it, unless it notifies the Board of Directors of such situation and the Board of Directors, upon a report by the Appointments and Remuneration Committee, approves the operation.

C.7 Is more than one company in the Group listed in Spain?

NO

Identify the affiliates listed in Spain:

| Listed affiliates |
|---|
| - |

D RISK CONTROL SYSTEMS

D.1 General description of the risk policy of the company and/or its group, detailing and evaluating the risks covered by the system, and showing that those systems are we-suited to the profile of each type of risk.

In 2007, the Telecinco Group implemented a Corporate Risk Management System based on the Enterprise Risk Management (ERM) framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO II). In addition, an Integral Corporate Risk Management Policy was defined for all Telecinco Group companies.

In general, the primary aim of the Telecinco Group's Corporate Risk Management System is to control and manage risks in order to ensure the maximum guarantees and safety to our shareholders, regulators (e.g. the CNMV, CMT), other stakeholders and the financial markets in general, as well as to create value for the company by adequately managing risks and tapping opportunities that arise.

As part of this process, the Integral Corporate Risk Management Policy was developed and implemented. This policy provides the framework for action in which the Telecinco Group's Integral Corporate Risk Management Model is carried out.

The COSO II (Committee of Sponsoring Organizations of the Treadway Comission) approach was followed in the preparation of this framework, and its terminology and risk management concepts were used. The Integral Corporate Risk Management Policy is, therefore, an adaptation of the integrated framework developed in COSO II, tailored to the needs of the Telecinco Group.

The targets defined by the Telecinco Group within the COSO II framework are:

- Oversee the effectiveness and efficiency of its operations.
- Safeguard the assets owned by the Group.
- Guarantee the reliability and integrated of financial reporting.
- Comply with applicable laws, regulations and contracts.

Therefore, the scheme of the Integral Corporate Risk Management Policy follows the structure proposed by COSO II, which recognizes eight components of enterprise risk management. Each mark an essential step towards appropriate risk management.

The first two components, Internal Environment and Objective Setting, set the framework for our organization, so that we can carry out the risk management processes represented by the following five components: Event Identification, Risk Assessment, Risk Response, Control Activities and Monitoring.

The eighth component, Information and Communication, provides a tool for fostering a risk culture within our organization that helps Group employees assume responsibilities.

The Integral Risk Management System allows us to measure the relevance, in euros, of each of the risks identified and that could potential affect Group companies, the probability that this risk will occur and the degree of control over the risk.

Thus, Telecinco Group has, at all relevant times, an updated risks map where different potential risks identified are classified based on their probability of occurrence and their impact measured in economic terms. The risk map allows identifying those risks which call for specific control and follow-up, classified based on their degree of relevance. These risks are prioritised and managed internally or passed to a third party.

Telecinco Group perform continuous follow-ip of the most relevant risks affecting any of the companies in the Group.

As part of the Integral Risk Management Policies, Telecinco Group has set the following principles:

- Establish the degree of risk accepted by the management in line with Telecinco Group's objectives.
- Strictly identify potential responses to risks and selection thereof.
- Increase the capacity to identify potential events, evaluate risks and establish responses thereto.
- Identify and manage the risks in all companies in the Group, profiting from any opportunity which may arise.

Based on the Corporate Risk Management System, the types of risks identified and managed in Telecinco Group can be classified into the following categories:

- Strategic risks: Directly related to high-level objectives, in line with and supporting the company's mission.
- Operating risks: Related to the effective and efficient use of resources of companies in the Group.
- Reporting risks: Related to the reliability and integrity of the internal and external reporting, whether financial or not, prepared and provided by the Company to its stakeholders.
- Compliance risks: Related to compliance by the Group's companies with any applicable laws or regulations.

Telecinco Group's risk management model is based on the COSO II methodology and defines the policies, practices, procedures, managers and owners of the risks, the tools provided for a correct development of the model implemented and the Group's risk management processes. Theses processes are as follows:

- The owners of the processes are responsible for identifiying the risks, which are verified by the senior management.
- The risks are evaluated to determine how they are to be managed and which objectives they may compromise. The risk evaluation is made in terms of probability of occurrence and impact on the companies in Telecinco Group.
- Management responses to risks.
- Setting control activities by the different departments supported and coordinated by Internal Audit.
- Risk supervision and follow-up.

With respect to Telecinco Group management bodies, the Board of Directors has the responsibility of identification of the principal Group risks as well as the development and follow-up of the appropriateness of the information systems and internal control.

Furthermore, the Audit and Compliance Committee is responsible of the understanding and verification of the appropriateness and completeness of the financial information and internal control systems.

Telecinco Group encourages and supports risks management from Internal Audit. Annually, the Audit Plan is prepared and filed with the Board of Directors and the Audit and Compliance Committee for their approval.

In 2008, four meetings of the Audit and Compliance Committee were held, prior to the filing of the reporting of financial information of Telecinco Group to the market and the Regulator.

Internal Audit is responsible for evaluating, controlling and conducting a follow-up of the business risks identified and managed by each of the different areas and departments of the Telecinco Group companies. With this purpose, it uses an ad hoc computer tool providing a dynamic view of the risks affecting the companies in the Group.

During 2008, following instructions from Mediaset, main shareholder of the company and in compliance with Law 262/05 on savings protection, the group set in motion a project to identify the most significant processes related to financial reporting. The mentioned project, divided into different stages, principally consist on the following activities:

- Identification and documentation of processes related to financial reporting at Telecinco Group companies.
- Identification and documentation of risks inherent in the processes related to financial reporting and the control mechanisms in place.
- Assessment of the degree of effective application of the financial reporting processes via tests to ensure the correct operation of the controls applied in the financial reporting processes.

The Internal Audit Department presented the 2008 Audit Plan and the project for adaptation of the Telecinco Group to Law 262 on savings protection to the Internal Control Committee and the Mediaset Group’s audit committee.

As an aid to the audit of the Telecinco Group’s annual financial statements for 2007, in the first quarter of 2008 the Internal Audit Department and the external auditor reviewed the IT systems control environment that supports the financial processes. In addition, it was concluded that the Telecinco Group had a reasonable and appropriate level of control in business cycles.

As part of this project, the existing general controls were reviewed and certain substantive tests of the IT applications and systems were conducted with the aim of verifying the degree of integrity among critical business applications.

The final result of the work showed that the level of control in place in the areas and processes reviewed was satisfactory, affording a reasonable degree of confidence, although some areas where improvement could be made were detected.

In 2008, the Internal Audit Division developed and implemented the Corporate Security Policy in accordance with the UNE ISO/IEC 17799:2005 standard, which establishes best practice for information security management and within the framework of COBIT, the international standard for IT management and control, which provides regulations on technical and physical security applied to information, support systems and audiovisual technical means, considered an essential part of the assets required for the Group to carry out its business.

The Policy establishes guidelines and general principles for initiating, implementing, maintaining and improving information security management in the organization.

The Policy aims to avoid or mitigate potential risks related to the Group's technology assets and the harmful effects in the form of financial loss or image, which they could have if they materialize.

This Policy also strives to guarantee the continuity of the business, maximize return on investments (ROI) and leverage new business opportunities.

By implementing this Policy, the company aims to help users and technicians in the daily work through the use of different resources, and to help managers implement the security mechanisms of the new resources and maintain those in existing resources.

Finally, during 2008 Internal Audit have performed an analysis of the Information Systems Risks with respect to the consolidation and reporting applications, identifying and assessing the impact of the vulnerabilities detected.

As stated above, Telecinco Group's risk management model is based on the Enterprise Risk Management (ERM) of the Committee of Sponsoring Organizations of the Treadway Commission (COSO II) whose main objectives areas follows:

1. Efficiency and effectiveness of its operations.
2. Safeguard of assets.
3. Reliability of financial information.
4. Compliance with applicable laws and regulations.

On the other hand, apart from the controls established for each of the operating processes, Telecinco Group counts on the following control elements:

- Internal Audit Office, covering all the activities conducted by Telecinco Group and developing its functions pursuant to the best practices and professional criteria and standards set forth by the Internal Auditors Institute. The internal audit an independent and objective safeguard and consulting activity that adds value to the Group's operations. It also helps the Telecinco Group meet its targets through a systematic and disciplined approach to measuring and enhancing the efficiency of the risk management, control and corporate governance procedures.
- Companies in Telecinco Group, based on the separation of functions and responsibilities assigned and supervision and authorization levels. The internal procedures developed for a processes shall serve as support to the Organization to define and design the control related to the risks in different value added activities.
- The Annual Accounts of a significantly important companies in the Group are subject to review by are cognized external auditing firm.
- As regards Information Technology management, the Internal Audit Office supervises and coordinates the activities related to the safety of the computer systems and the initiatives for improvement.
- The Internal Audit Department oversees and coordinates personal data protection-related activities and carries out the legal audits established in article 17 of the Regulations on Security Measures (RD 994/1999) related to Law 15/9999 on Personal Data Protection dated 13th December (LOPD).
- In compliance with Italian law 262 on the protection of savings, the Internal Audit Department performs an evaluation every six months to ensure that the financial reporting procedures are being applied
- Furthermore, Telecinco continues conducting controls relating to the budget management, expenses, compliance with objectives and performance through the Control Units under the charge of the Management and Operations General Office.

- The Acquisitions and Sales Committee supervises purchase and sale transactions on goods and services whose amount exceeds (€) 20,000.

Occupational risks:

The Occupational Risk Prevention Plan was drawn up to lay down the general guidelines which, via appropriate annual prevention planning, would guarantee the health and safety of workers in all work-related areas. Therefore, it establishes the actions and general foundations for integration preventive activities at all levels of Telecinco Group companies and the general guidelines that allow any measure necessary to be adopted.

The implementation and application of the Telecinco Group's Occupational Risk Prevention Plan include:

- The structure of the organization.
- The responsibilities.
- The functions, practices, procedures and processes .
- The necessary resources

To develop the Plan, on April 29, 2002 the task forces decided to set up, as an organizational approach, a Joint Prevention Service to advise and assist the company, its workers and their representatives. At any rate, the definition of this organizational scheme does not means the Company no longer needs integrated prevent management for the rest of its processes and activities.

The guidelines laid down in the Prevention Plan will affect the work carried out by employees on staff at each company in the community, those from temporary agencies and workers assigned to companies that perform work or render services, contracted or subcontracted, with whom the workplace is shared or those for which a project is carried out or a service provided.

The Prevention Plan is designed after gathering data from the start of the preventive action at the Group companies, which is when the companies are set up or added to the community, including the existing knowledge of each of their businesses, the number of employees, work centers, claims indices, etc.

The general targets pursued by the companies in the GT (task force?), in accordance with the Prevention Policy described above, are as follows:

- Comply with the main principles indicated in the GT's prevention policy.
- Ensure compliance with applicable rules and regulations.

Main bodies:

Occupational Risk Management Committee

Led by the Director of Human Resources and Services, this committee is in charge of coordinating the development of the risk management policy and strategy and will be composed of individuals with greater responsibility in the area of prevention.

Corporate Health and Safety Committee

Comprising workers' representatives with risk prevention qualifications and an equal number of representatives of the GT, this committee has the powers and competences indicated in the article 39 of the Occupational Risk Prevention Law and, inter alia, the following:

- Participate in the design, rollout and evaluation of prevention plans and programs.

- Debate projects related to planning, work organization or the introduction of new technologies, among others
- Spearhead initiatives regarding methods and procedures for effective risk prevention
- Visit the various installations to know the real situation of risk prevention and consult any necessary documents and reports on working conditions. Prevention activity is planned annually.

D.2 State whether any of the different types of risk (operative, technological, financial, legal, reputation, fiscal) affecting the company and/or its group has materialized during the year:

YES

If yes, state the circumstances motivating them and whether the control systems established have worked.

**Risk materializaed during the year**

Sensitivity of advertising investment to the business cycle and economic trends.

**Circumstances motivating it**

Economic crisis, fall in advertising investment, decline in consumption and demand.

**Functioning of the control system**

The control systems defined by the Telecinco Group functioned appropriately for all the risks materialized in 2008.

**Risks materialized in the year**

Change in market conditions

**Circumstances motivating the risks**

Changes in consumption and the advent of alternative supports to free-to-air analogue television (internet, cable, DTT, theme channels, etc.), arrival of new competitors and increase in the price of content.

**Functioning of control systems**

The control systems defined by the Telecinco Group functioned appropriately for the risks materialized in 2008.

D.3 Mention any committee or other governing body responsible for implementing and monitoring these control arrangements:

YES

If yes, describe its functions.

| Name of committee or body | Description of functions |
|---|---|

| | |
|---|---|
| Audit and Compliance Committee | Among the functions introduced in the Committee's Regulations, inspired by the recommendations of the Unified Code, is to supervise and control Telecinco's risk policy in order to adequately identify, manage and report any possible risks, and in terms of said policy it is responsible for:<br>a) Determine the types of risk for Telecinco, both operating as well as technological, financial, legal, and any other, including contingent liabilities and other economic and financial risks.<br>b) Set a risk level acceptable for Telecinco.<br>c) If risks materialise, set mechanisms to precisely determine the measures to mitigate the impact of the risks identified.<br>d) Establish internal communication and control measures to control and manage any risk. |

| Name of committee or body | Description of functions |
|---|---|
| | The Audit and Compliance Committee is responsible for proposing a policy regarding this type of transactions and reporting them to the Board of Directors. |
| Board of Directors | This body is entitled to approve, upon favourable report from the Audit and Compliance Committee, the related-party transactions which Telecinco may conduct with directors or people linked to them or with significant shareholders. |
| Internal Audit Office | Department within Telecinco responsible for supervising control systems; it reports directly to the Secretary General and is under the remit of the Audit and Compliance Committee. |

D.4 Mention and describe the process of compliance of the various regulations applying to your company and/or group.

The procedures for compliance with rules and regulations affecting the Telecinco Group are covered in the Internal Code of Conduct if Gestevisión Telecinco, S.A. and its Group of Companies regarding their Activities on the Stock Markets, which was amended by the Board of Directors of Gestevisión Telecinco, S.A. on 19th December 2007, and are applicable to all departments with access to privileged information.

E ANNUAL GENERAL MEETING

E.1 State and, if applicable, detail whether there are any differences from the regulations on the minimum provided for by the Limited Companies Act regarding the quorum necessary to hold the Annual General Meeting.

YES

| | % of quorum different from that established in Section 102 of the Limited Companies Act for general cases | % of quorum different from that established in Section 103 of the Limited Companies Act for special cases under Section 103 |
|---|---|---|
| Quorum required on 1st call | 50% | 0% |
| Quorum required on 2nd call | 0% | 0% |

| Description of differences |
|---|
| The only difference between the provisions of Sections 102 and 103 of the Limited Companies Act and the Articles of Association is the need for present shareholders or shareholders represented by a proxy to hold at least 50% of the share capital entitled to vote, instead of holding the 25% required under the law, for the Annual General Meeting to be validly held on the first call. The percentages required by the Articles of Association for a validly held meeting on a second call coincide with those set for thin the Limited Companies Act. |

| |
|---|
| The quorum required on the first and second call for the Annual General Meeting to validly agree on the issuance of obligations, a capital increase or reduction, transformation, merger or spin off the Company and, in general, any modification to the Articles of Association (Section103 of the Limited Companies Act)coincides with that established in Article 25 of the Articles of Association. |

E.2 State and, if applicable, detail whether there exist differences form the provisions set forth in the Limited Companies Act for the adoption of company's agreements:

NO

E.3 Mention any rights of shareholders concerning the Annual General Meeting which are different from those foreseen in the Limited Companies Act.

The rights of the shareholders of Telecinco, included in the Articles of Association and the recently amended Regulations of the Annual General Meeting, coincide with those set forth in the Limited Companies Act and in many cases are extended.

Right to information prior to the Annual General Meeting

The call for the Annual General Meeting is published pursuant to legal requirements and requirements set for thin the Articles of Association one month in advance of the date scheduled for the meeting on first call. The call is sent to the Spanish Stock Exchange Commission and published through national written means of communication and is also included on Telecinco's website.

The notice of the call shall inform shareholders of the possibility of consulting the website or requesting a free copy of the documents to be discussed at the Annual General Meeting:

1.-Documents related to the items included in the agenda (annual reports, management report for Telecinco and its group corresponding to the financial year, auditor's report, management report and any other document related to the items included in the agenda).

2.-Full text of the proposed resolutions corresponding to the items included in the agenda, submitted by the Board of Directors.

3.-The Annual Corporate Governance Report for the financial year 2007.

4.-Corporate Responsibility Report.

5.-Explanatory report in accordance with the provisions of Section 116 of the Securities Market Act.

6.-Report on the remuneration policy for directors.

The call informs shareholders of their right to request clarifications or to ask questions in writing regarding matters included in the agenda provided by Telecinco to the Spanish Stock

Exchange Commission from the date of the last Annual General Meeting. Responses would be published in the Telecinco website.

To date, no shareholder has exercised this right.

The Notice shall also include the right of shareholders representing at least 5% (five percent) of share capital to request that a complementary notice be published, including one or more points in the agenda.
Telecinco shall also make the following information available to its shareholders through the website, on the date of publication of the notice:

(i) Form of the attendance and proxy card and, as applicable, the remaining documents to be used to delegate the vote, with an explanation of the procedure to obtain the corresponding originals.

(ii) Information about the site or sites where the meeting is to take place, describing where relevant how to access the venue.

(iii) Description of proxy or remote voting mechanisms available for use.

(iv) Information on systems or procedures selected to facilitate following the meeting, such as simultaneous interpretation mechanisms, broadcasting through audiovisual media, information in other languages, etc.

Information is available in English and in Spanish.

Right to information during the Annual General Meeting.

Shareholders appearing at the place where the meeting is to be held will receive at the time they enter all the documentation to be debated during the meeting, together with the Annual Corporate Governance Report, the Corporate Social Responsibility Report, and in general all documentation placed at the disposal of shareholders since the publication date of the notice.

Shareholders may request to speak at the meeting to raise issues for clarifications, pose questions or request information that they consider appropriate. Article 22 of the Regulations for the Annual General Meeting broadly regulates this right to intervene during the Annual General Meeting.

To facilitate the exercise of this right, the Secretary-General of the Meeting will provide an area in the place where the meeting is to beheld, where shareholders who wish to intervene shall identify themselves at the time indicated by the Secretary. Interventions shall be made in the order in which they are called by the Secretary.

Responses to the interventions shall be provided by the members of the Board of Directors, the Secretary, or any director expert in the matter.

The policy followed until today is that a interventions are answered, except those which fall under the terms of Article 22 of the Regulations. However it must be noted that to date a interventions made during the meetings have been dealt with and answered.

In the event that it is not possible to satisfy the shareholder‘s right at that moment, directors shall provide the information requested in writing within 7(seven) days following the conclusion of the meeting.

At the General Meeting in 2008, three questions were posed to the CEOs that none of the shareholders wanted recorded in the minutes. In 2007, the minutes included two questions and a speech.

Right to attend

There are no restrictions: shareholders holding at least one share and whose shareholding is registered in the accounting record at least five (5) days in advance of the date for the Meeting shall be entitled to attend.

The right of share pooling to be entitled to attend is then eliminated.

The members of the Board of Directors as well as its Secretary may also attend. The managers, technicians, and other individuals with an interest in the correct advance of corporate matters shall also attend the Annual General Meeting. In no case shall the failure of any of these individuals to attend affect the valid constitution of the Annual General Meeting. Access shall also be facilitated to the economic press and analysts.

Shareholders attending the 2007 General Meeting represented 64.584% of share capital, while those attending the 2008 General Meeting represented 63.239%.

Right to representation

Representation of the shareholders in the Annual General Meeting is regulated in Article 27 of the Articles of Association and 10 of the Regulations.

Since 2006, shareholders who cannot attend and wish to be represented by another person, are allowed to proxy their vote through remote communications means, either by post or by e-mail.

Proxies in favour of third parties, not necessarily shareholders, may be granted as follows:

(i) By notarized document containing the agenda, the request for instructions to exercise the right to vote, and indicating the vote to be cast by the representative. In the event no precise instructions are given, then this shall be subject to law.

In the event that instructions cannot be given as the matters are not included in the agenda, the representative shall vote in the way he deems most appropriate in accordance with the interests of the company, and his client.

The requirements to be fulfilled, if representation is granted to a third-party, shall not apply when the representative is a spouse, defendant, or ascendant; or when the representation was granted in a notarized document with a general power of attorney for broad powers to administer the property of the party represented.

(ii)By remote communications means: mail or e-mail.

By mail:

-Shareholders wishing to proxy their vote shall complete the attendance and proxy card sent by Telecinco to their domicile.

Powers of representation may be granted to the Chairman of the Board of Directors or to a third party. In both cases, any proxy not expressly stating the name of the shareholder to whom the vote is proxied, shall be understood as conferred to the Chairman of the Board of Directors.

If the representative incurs in a conflict of interest with regard to the vote on any of the proposals submitted to the meeting either as part of or outside of the agenda, then the representation will be understood as granted to the Secretary of the Board of Directors.

In granting his instructions, the shareholder proxying his vote shall mark the corresponding cell with an “x” demonstrating the vote that he wishes cast.

In the event there is a vote on matters not listed in the agenda sent with the notice, then the proxy will also be understood to extend to these matters unless the shareholder proxying his vote states other wise by marking the corresponding cell. In this case, the representative to shall vote in the form he deems the most convenient.

Once he has granted his representation as stated above, the attendance and proxy card shall be sent to the General Secretary of Telecinco either by mail, using the stamped prepaid envelope attached and personally delivered to a shareholders, or delivered to the corporate offices.

In order to be valid, the proxy shall be received at least twenty four (24)hours prior to the day preceding the date scheduled for the meeting in the first notice.

By remote communications means:

-A section of the corporate website will be prepared so that shareholders who have identified themselves by certified electronic signature can delegate their representation.

In either case, personal attendance of the shareholder will revoke the representation.

At the 2008 General Meeting, 2,075 shareholders exercised their right to vote by proxy and 8 by electronic means, representing a total of 31,249,397 shares (12.670% of share capital). Of the proxies, 31,216,721 shares were granted in favor of the Chairman of the Board of Directors and 3,096 in favor of the Secretary.

Right to vote

Neither the Articles of Association nor the Annual General Meeting‘s Regulations contain any limitations on the exercise of voting rights. Each share grants its owner the right to one vote. The exercise of this right is regulated in Articles 32 -33 and 26 of the Articles of Association and the Regulations of the Annual General Meeting, respectively.

Proposed resolutions will be voted on separately during the Annual General Meeting, following the agenda provided in the notice. The Chairman shall decide the order of voting on resolutions not included in the agenda. The Secretary shall indicate each of the items in the agenda referring to the proposed resolution submitted for vote. It is therefore not necessary to read the proposed resolutions, as the texts have been provided to the shareholders upon their entry into the place where the Annual General Meeting is held.

Generally speaking, resolutions included in the agenda shall be voted on using the negative deduction system, i.e. considering the votes corresponding to each of the shares present or represented to be in favour, and deducting from them votes against, blank votes and abstentions of the shareholders who so stated before the notary public present during the meeting or included in the attendance and proxy card. The procedure for voting on resolutions not included in the agenda shall be the opposite: Votes for the shares present or represented shall be computed as against, except for those of shareholders expressly stating otherwise.

As in the case of the representation during the Annual General Meeting of 2008, in addition to the vote of those present, mechanisms were provided to facilitate a vote prior to holding the meeting, using remote communications means: mail or electronic means.

Voting rights exercised prior to the Annual General Meeting via mail were 334,831 and 7,100 were sent via electronic email.

The form of remote voting by sending the attendance and proxy card by mail to Telecinco, or via electronic means is similar to the process already described for the right to representation.

All the rights mentioned above have been adopted by the Articles of Association and the Annual General Meeting's Regulations available on our website (www.telecinco.es/corporate).

Information related to attendance, representation and remote voting at Annual General Meetings held in prior years is provided below:

| | **2007** | **2008** |
|---|---|---|
| Present Shareholders | 63.239% | 64.585% |
| Represented Shareholders | 10.900% | 12.670% |
| Remote voting | 0.108% | 0.139% |

E.4 Mention any steps taken to encourage shareholders to take part in Annual General Meetings.

The measures adopted to encourage the participation of the shareholders at the Annual General Meeting are included in the paragraphs above; among them, the elimination of the need to hold a certain number of shares to attend a meeting should be noted.

Apart from the increased dissemination of the call for the Annual General Meeting through publications on major media, publications of information on our website, a phone number for shareholders to call and ask for additional information, make questions, and ask for clarifications, etc, Telecinco shall send through ordinary mail to each of its shareholders a letter informing the date, place and time of the Annual General Meeting on first and second ca, the possibility of voting and arranging representations through remote means of communication, and attach an attendance and delegation card should shareholders not be able to attend. A stamped prepaid envelope is also included so that in the event they decide to exercise their right to remote or proxy vote by regular mail, they may easily send the card to the company at no additional cost.

As regards the precinct where the Annual General Meetings are to beheld, since the first Annual General Meeting, held in 2008, meetings have been held in the same precinct, situated in the centre of Madrid, favoured by good public transport connections, easily accessed by the handicapped, and by sufficient space, where specific technical means shall be in stalled to ensure the proper follow-up of the meeting by the shareholders present. The website includes information and a plan which allows knowing how to access the precinct where the meeting shall be held.

E.5 State whether the positions of chairman of the Annual General Meeting and of chairman of the Board of Directors are held by the same person. If so, mention any measures taken to assure the independence and sound performance of the Annual General Meeting:

YES

| Detail of measures |
|---|
| As explained above, the Chairman of the Board of Directors is not an executive director.<br><br>The Chairman of the Board of Directors presides over the meetings of the Annual General Meeting incompliance with Article15 of the Annual General Meeting's Regulations.<br><br>This does not preclude the ordinary development or independence of the Annual General Meeting. However, to reinforce the guarantees of proper operation and independence, two measures have been incorporated:<br><br>1.-The participation of a specialized entity totally independent from the Board of Directors and Telecinco in the preparation of the attendance list and the calculation of the quorum, thus avoiding the intervention of the Chairman and Secretary of the Board of Directors.<br><br>2.-The presence of a Notary Public to draft the Minutes of the meeting and record interventions. |

E.6 Mention any amendments made in the regulations of the Annual General Meeting during the year.

In 2007, the Bylaws, the Regulations of the Board of Directors and the Regulations of the General Meeting were amended to adapt to the Unified Code. The amendments broadened the powers of the General Meeting and the rights of shareholders (authority to reallocate to subsidiaries core activities carried out by Telecinco, elimination of the need to hold a certain number of shares to attend General Meetings and split voting).

In 2008, no further amendments were approved.

E.7 Provide the following figures on attendance to the annual general meetings held during the year covered by this report:

| | Attendance figures | | | | |
|---|---|---|---|---|---|
| Date of the Annual General Meeting | Attended Personally (%) | Attended by Proxy (%) | Remote voting(% ) | Other | Total |
| 09/04/08 | 64.584% | 12.670 | 0.139% | 0% | 77.393 |

E.8 Briefly describe the resolutions approved at the annual general meetings held during the year covered by this report and the percentage of the votes by which each resolution was approved.

Item one.-Approval of the Annual Accounts (Balance Sheet, Profit and Loss Account, as well as the Notes to the Annual Financial Statements) and of the Management Report of both GESTEVISIÓN TELECINCO, S.A. and its Consolidated Group of Companies for the year to 31st December 2007.
Approved by 183,051,456 vote for, representing 97.663%, 600,070 votes against, representing 0.320%, 3,770,002 abstentions, representing 2.011%; and 11,373 blank votes, representing 0.0006%.

Item two.-Approval of the distribution of profit for 2007.

The distribution of the profit for 2007, amounting to € 319,332,000, was approved as follows:

| | (thousands of euros) |
|---|---|
| To Legal Reserve | €0 |
| To Voluntary Reserves | €1,770 |
| To Dividend | €317,562 |
| Total | €319,332 |

To establish the dividend to be received at 1.30 euros per share, after discounting the amount that would correspond to the Company's treasury shares.

Approved by 187,412,217 votes for, (99.989%), 6,268 votes against (0.003 %), 3,702 abstentions, (0.002 %) and 10,696 blank votes (0.006%).

Item three.-Approval of the management of the company‘s business by the Board of Directors during 2007.

Approved by 186,094,327 votes for, (99.286 %), 624,039 votes against (0.333 %), 704,615 abstentions, (0.376 %) and 9,920 blank votes (0.005%).

Item four.-Determination of the maximum over a annual remuneration payable to the Company‘s Directors.
In accordance with Article 56 of the Articles of Association, the maximum amount that may be paid by the Company in 2008 to its Directors as (i) fixed annual remuneration and (ii)per diem allowances is established at €1,800,000.

Approved by 187,372,868 votes for, (99.968%), 30,156 votes against (0.016 %), 19,305 abstentions, (0.010 %) and 10,572 blank votes (0.006%).

Item five.-Delivery of company shares to Directors with executive functions and members of the senior management of the company, as part of their remuneration.

The Annual General Meeting was asked to approve whether a portion of the variable remuneration earned by the Chief Executives and Managing Directors, which may not be greater than € 12,000 per capita, may be paid through delivery of company shares. This system does not imply an additional remuneration but a method of payment of the relevant remunerations.

Approved by 187,343,918 votes for, (99.953%), 487,594 votes against (0.025 %), 31,506 abstentions, (0.017 %) and 9,883 blank votes (0.005%).

Item six.-Approval of the implementation of a remuneration scheme for Executive Directors and Senior Managers of the Company and Group member companies

The Annual General Meting resolved to approve the creation of a remuneration scheme(the"Remuneration Scheme")for Executive Directors and Senior Managers of the Consolidated Group, tied to the value of the Company's shares as well as to the Group's results and to such specific objectives as may be fixed for each participant. The basic features of the proposed Remuneration Scheme are as follows:

-Recipients: Executive directors and managers of the Group determined in each case by the Board of Directors.
-Purpose: To grant an incentive consisting of the payment of a variable remuneration with reference to the value of the company's shares.
-Number of shares: The maximum number of shares to be used as reference in setting the amount of the incentive to be paid to beneficiaries of the Remuneration Scheme shall be the equivalent of 1% of the company's share capital; up to a maximum of 16% of said 1% shall correspond to the executive directors of the company. The Company may not increase its share capital to meet payments under this Remuneration Scheme.
-Date of delivery: Any date agreed upon by the Board of Directors, which shall be within 6 months of the date that the Remuneration Scheme was approved by the Annual General Meeting.
-Strike price: The value of the shares to be used as reference shall be equivalent to the average list price of the shares during the thirty days prior to the date of granting the incentive.
-Duration: Up to five (5) years from the date that they are granted; the incentives may be made effective when determined by the Board of Directors.

Approved by 162,236,640 votes for, (86,557%), 25,089,999 votes against (13.386%), 95,794 abstentions, (0.051%) and 10,468 blank votes (0.006%).

Item seven.- Authorisation so that the company may buy back shares directly or through Group member companies, according to the provisions of Section 75 and related provisions of the Limited Companies Act, cancelling similar authorisations previously granted by the General Meeting, as well as granting authority for using treasury stock in implementing remuneration plans.

The Annual General Meeting resolved to authorize the Board of Directors of Gestevisión Telecinco S.A., in accordance with the provisions ofArticle75 and following of the Limited Companies Act currently in effect, to proceed to buy back shares of the company by any means, directly or through companies owned by it, subject to the following limits and requirements:

-The shares may be acquired by sale –and-purchase or any other form of transfer for valuable consideration.

-The maximum number of shares to be acquired, in addition to those owned by GESTEVISIÓN TELECINCO, S.A. or any of the Companies under its control, shall not exceed five percent (5%) of the Company's share capital.

-The shares to be acquired shall be free of burden or lien, fully paid up, and not tied to meeting any commitment or liability.

-The minimum purchase price of the shares shall not be less than their nominal value, and the maximum price shall not exceed one hundred twenty per cent (120%) of their listed value on the purchase date.

-Effective period of the authorization: Eighteen (18) months beginning the date of this agreement.

-These transactions shall further more be carried out in compliance with the relevant rules contained in the Company's Internal Code of Conduct.

Approved by 187,384,527 votes for, (99.974 %), 23,967 votes against (0.013 %), 13,830 abstentions, (0.007 %) and 10,577 blank votes (0.006%).

Item eight.-Designation of auditors, both for "GESTEVISIÓN TELECINCO S.A." as well as its consolidated group of companies.

The appointment of Ernst & Young, S.L., which has its domicile at Plaza Pablo Ruiz Picasso, nº 1 Torre Picasso, NIF nº A-789700506 registered in the Mercantile Register on Tome 1225, Folio 1, Page M-23.123 as auditors of the annual accounts of GestevisiónTelecinco, S.A and its group of companies for the years 2008, 2009 and 2010 was put to the vote.

The proposal was approved by 187,404,702 votes for, (99.984 %), 3,225 votes against (0.002 %), 14,176 abstentions, (0.008 %) and 10,778 blanks votes (0.006%).

Item nine.- Appointment of directors in the event of removal or resignation.

Following the resignation of director José M Bergareche Busquet and a favorable report by the Appointments and Remuneration Committee, approval was given to appoint Massimo Musolino as a new member of the Board of Directors for the bylaw-stipulated term.

Item ten.- In accordance with article 9 of the Regulations of the Board of Directors and in light of the report by the Appointments and Remuneration Committee, Mr. Musolino will be an executive director as he is currently a senior executive of the company.

The resolution was adopted with 166,316,792 votes for (88.734%), 20,787,114 votes against (0.002%), 14,176 abstentions (0.008%) and 10,778 blank votes (0.006%).

Item eleven.- Delegation of powers to sign, interpret, correct and execute previous resolutions, as well as to substitute the powers received by the Board of Directors from the Meeting.

The agreement was approved by 187,397,575 votes for, (99.982%), 18,957 votes against (0.010 %), 4,217 abstentions (0.002 %)and 12,152 blank votes (0.006%).

E.9 Indicate whether there is any restriction in the Articles of Association establishing a minimum number of shares necessary to attend the Annual General Meeting:

NO

| | |
|---|---|
| Number of shares necessary to attend the annual General Meeting | - |

E.10 Describe the company's policy on the granting of proxies for voting at the Annual General Meeting and the reasons for such policy.

In accordance with the Articles of Association and the Annual General Meeting's Regulations, any shareholder may delegate its voting rights upon a third party which shall not necessarily be a shareholder. Several means are made available to the shareholders: send through regular mail the attendance and delegation card including the necessary particulars and duly signed or use the remote communication means. For the avoidance of repetitions, all the proceedings to be followed in both cases are detailed in E.3 above.

In the 2008 General Shareholders' Meeting, 2,1002 shareholders, representing 31,249,397 shares (12.670% of share capital) exercised their voting proxies. Of these, 2,075 used the postal service, and 8 used telematic systems.

E.11 State whether institutional investors have a policy of taking part or not taking part in company decisions, as far as the company is aware:

NO

| Describe the policy |
|---|
| - |

E.12 Mention the URL and way of accessing the corporate governance pages on your website.

Corporate governance materials are available at http://www.inversiones .telecinco.es/es/home.htm.

F DEGREE OF ADHERENCE TO THE RECOMMENDATIONS ON CORPORATE GOVERNANCE

State the company's degree of adherence to the recommendations on good governance included in the Unified Code.

If the company does not comply with any of the recommendations, explain the recommendations, standards, practices or criteria applied by the company.

1. That the Articles of Association of listed companies not limit the maximum number of votes to be issued by a single share holder or contain other restrictions hindering the take over of the company through the acquisition of its shares in the market.

See: A.9, B.1.22 , B.1.23 and E.1, E.2.

COMPLIES

Telecinco´s Articles of Association contain no limitation whatsoever to the maximum number of votes to be issued by a single shareholder or restrictions hindering the take over.

As set forth in E.1, the only difference under the provisions of the Limited Companies Act and solely as far as the call is concerned is that the first call requires a attending or represented shareholders to hold, at least, fifty per cent of the share capital entitled to vote instead of the twenty-five per cent shareholding required under the Law.

2. That where the main offices and a dependant company are listed, they both accurately define:

a) The relevant areas of activities and business relations between them and between the dependant listed company and the other companies of the group;

b) The mechanisms provided for to solve any conflict of interest which may arise.

See: C.4 and C.7

NOT APPLICABLE

3. That, although not expressly required under the business Laws, the operations involving a structural modification to the company and, particularly, the following modifications be subject to the approval by the Annual General Meeting:

a) The transformation of listed companies into holding companies by way of “affiliation“ or incorporation to entities depending on essential activities conducted up to that moment by the company itself, even where they are fully owned by the company;

b) The acquisition or sale of essential operating assets when involving an actual modification to the corporate purpose;

c) Any operations whose effect is equivalent to the liquidation of the company.

COMPLIES

4. That the proposals detailed in the agreements to be adopted at the Annual General Meeting including the information referred to in Recommendation No. 28be made public upon publication of the notice of the call for the Meeting.

COMPLIES

5. That at the Annual General Meeting, any substantially independent matters be voted separately so that shareholders may separately exercise their voting preferences. This regulation shall apply, particularly, to:

a) The appointment or confirmation of directors, which shall be voted individually;

b) In the case of modifications to the Articles of Association, each article or set of articles which are substantially independent.

See: E.8

COMPLIES

6. That the companies allow the fractioning of votes so that the financial intermediaries authorized as shareholders but acting on behalf of different clients may issue their votes pursuant to their instructions.

See: E.4

COMPLIES

7. That the Board of Directors conduct its operations for a single purpose and using independent criterion, provide the same treatment to all shareholders and follow the interest of the company which is understood as a maximization of the company‘s sustained economic value.

Moreover, it shall see that, in its relations with the stake holders, the company abides by the laws and regulations, complies in good faith with its obligations and agreements, adheres to the uses and good practices of the sectors and territories where it does business and observes any additional principles on corporate responsibility voluntarily accepted by it.

COMPLIES

8. That the Board of Directors assume, as the core of its mission, the approval of the company's strategy and accurate organization for its implementation and supervise and control compliance by the Board of Directors with the objectives established and observe the corporate purpose and interest of the company. For this purpose, the Board of Directors reserves the right to approve:

a) The company's general policies and strategies and, particularly:

The strategic or business plan as well as the management and annual budget objectives;
Investment and financing policy;

i) The definition of the structure of the group of companies;

ii) The corporate governance policy;

iii) The corporate social responsibility policy;

iv) The senior management's remuneration and performance evaluation policy;

v) The risk management and control policy as well as the periodic follow up of information and control internal systems;

vi) The dividends policy as well as the treasury stock policy and, particularly, their limits.

See: B.1.10, B.1.13, B.1.14 and D.3

b) The following decisions:

i) Upon request by the Company's chief executive officer, the appointment and termination of the senior managers as well as the compensation clauses.

See: B.1.14.

ii) The directors' remuneration and, in the case of executives, additional remuneration for their executive functions and other conditions to be met by their agreements.

See: B.1.14.

iii) The financial information that the company must publish on a periodic basis given its condition as listed company.

iv) Any kind of investments or operations which, given their great amount or special features, are strategic in nature, except approval thereof by the Annual General Meeting;

v) The creation or acquisition of shareholdings in entities having a special purpose or domiciled in tax haven countries and territories, as well as any other similar transaction or operation which, given its complexity, may impair the transparency of the group.

c) Any transactions between the company and its directors, significant shareholders or shareholders represented in the Board of Directors or related entities ("related-party transactions").

This authorization by the Board of Directors shall not be construed, however, as accurate in related operations simultaneously complying with the following three conditions:

1st. To be executed under the agreements whose conditions are standardized
and to be applied massively to many clients;

2nd. To be executed at prices or rates established as general by anyone
Acting as supplier of the good or service in question;

3rd. Their amount must not exceed 1% of the company's annual income.

It is advisable that the Board of Directors approves the related operations upon a favourable report by the Audit Committee or, as the case may be, by any other body entrusted with this task, and that the directors affected do not exercise or delegate their voting rights and leave the meeting room during the deliberations and voting thereon by the Board of Directors.

It is advisable that the powers here by granted to the Board of Directors may not be delegated except those mentioned in b)and c),which may be adopted upon emergencies by the Delegate Committee followed by ratification of the Board of Directors.

See: C.1 and C.6

COMPLIES

9. That the Board of Directors have the proper number of members to achieve an effective and participating operation; it is advisable that it be made up of no less than five members and no more than fifteen.

See: B.1.1

COMPLIES

10. That the outside directors, the proprietary directors and the independent directors constitute a vast majority in the Board of Directors and that the number of executive directors be the necessary minimum, considering the complexity of the group of companies and the shareholding percentage of executive directors in the company's share capital.

See: A.2, A.3, B.1.3 and B.1.14.

COMPLIES

11. That should there be any outside director who may not be considered a proprietary director or an independent director, the company explain this circumstance and its relations whether with the company or with its directors or shareholders.

See: B.1.3

NOT APPLICABLE

12. That, within the group of outside directors, the relation between the number of proprietary directors and the number of independent directors reflects the existing proportion between the company's share capital represented by proprietary directors and the remaining share capital.

This strict proportion criterion maybe reduced so that the relevance of proprietary directors is greater than the relevance that would correspond to the total percentage of the company's share capital represented in:

1º Highly capitalized companies in which there are scarce or no shareholdings legally considered significant but there are shareholders holding shares of stock of high absolute value.

2º Companies where there is plurality of shareholders represented in the Board of Directors not related to each other.

See: B.1.3, A.2 and A.3

EXPLAIN

The structure of the Board of Directors is due to the existence of a shareholder (Mediaset Investimenti SpA) with an ownership interest of 50.135%. Despite this fact, there are six outside proprietary directors (46.154%) and four independent (30.739%) on the Board of Directors.

13. The number of independent directors shall account for less than one third of the total directors.

See: B.1.3

EXPLAIN

As mentioned in the paragraph above, Telecinco's shareholdings determine the composition of the Board of Directors; however, it should be pointed out that the number of independent directors accounts for 30.769% of the total members. The Appointments and Remuneration Committee will submit to the Board of Directors the appointment of a new independent director by the shareholders in general meeting in 2009.

14. That the capacity of each director be explained by the Board of Directors before the Annual General Meeting which shall effect or ratify its appointment, and be confirmed, or, as the case may be, annually reviewed in the Annual Corporate Governance Report upon verification by the Appointments and Remuneration Committee. Likewise, the Annual Corporate Governance Report shall explain the reasons why proprietary directors have been appointed upon request by shareholders whose share holding is lower than 5% of the share capital; the Annual Corporate Governance Report shall also state the reasons why, as the case may be, formal requests to be part of the Board of Directors filed by shareholders whose share holding is equal to or greater than that of others upon whose request proprietary directors were appointed have not been met.

See: B.1.3 and B.1.4

COMPLIES

15. That, should the number of female directors be scarce or null, the Board of Directors explain the reasons and initiatives adopted to correct this situation, particularly, the Appointments Committee shall see that, upon the opening of new vacancies:

a) The selection procedures lack implied slants hindering the selection of female directors;

b) The company deliberately searches for and includes among the potential female candidates meeting the professional profile sought.

See: B.1.2, B.1.27 and B.2.3.

EXPLAIN

PARTIALLY COMPLIES

The measures adopted to ensure that the appointment process has no implicit bias against women are establisehd in the Rules of the Appointments and Remuneration Committee. The text includes the obligation to inform the Board of Directors about questions relating to gender diversity, ensuring that the selection procedures for filling new vacancies do not result an obstacle for the selection of female directors. In addition, the Committee shall encourage Telecinco to search for an include women in the list of candidates meeting the required professional profile.

In this respect, the Board of Directors, together with the Appointments and Remuneration Committee, will submit a proposal at the 2009 General Meeting to increase the number of directors in order to appoint a new female director.

16. That the Chairman responsible for the effective operation of the Board of Directors make sure that directors receive in advance sufficient information, encourage the discussion and active participation of directors during the sessions of the Board of Directors meetings safe guarding their capacity and right to speak and organize and coordinate together with the chairmen of the relevant Committees the periodice valuation of the Board of Directors as well as of the managing director or chief executive.
See: B.1 42

COMPLIES

Even though the Chairman of the Telecinco's Board of Directors is not the company's chief executive, articles 24 and 23 of the Board of Directors' Regulations have been modified so that any of its members, not only the independent directors, may call for a meeting or include new items to be transacted in the Agenda and so that the Appointments and Remuneration Committee may incorporate into the evaluation process any suggestion or comment it deems necessary.

17. That, where the Chairman of the Board of Directors is also the company's chief executive, one of the independent directors be authorized to call for a meeting of the Board of Directors or include new items in the agenda, coordinate and get involved in any concerns by outside directors and direct the evaluation of the Chairman by the Board of Directors.

See: B.1.21

NOT APPLICABLE

18. That the Secretary of the Board of Directors particularly see that the acts by the Board:

Conform to the provisions and spirit of the Laws and their regulations, including those passed by the regulatory entities;
Are consistent with the company's Articles of Association and the Annual General Meeting's Regulations, the Board of Directors' Regulations and other regulations in the company;
Consider the recommendations on good governance included in the Unified Code accepted by the company.

That in order to safeguard the Secretary's independence, impartiality and professionalism, its appointment and removal be informed by the Appointments Committee and approved by the Board of Directors; this appointment and removal procedure shall be recorded in the Board of Directors' Regulations;

See: B.1.34
COMPLIES

19. That the Board of Directors meets frequently enough to effectively perform its functions following the schedule and items established by it at the commencement of the year; each Director may propose other items in the agenda not originally included.

See: B.1.29

COMPLIES

20. That non-attendances by directors be reduced to essential cases and be quantified in the Annual Corporate Governance Report and that if the proxy is essential, it be made under instructions.

See: B.1.28 and B.1.30

COMPLIES

21. That where the directors or the Secretary express their concern about any proposal or, in the case of directors, about the operation of the company and these concerns are not solved in the Board, upon request by the person who expressed them, these concerns must be recorded in the minutes.

NOT APPLICABLE

22. That once a year, the Board of Directors evaluate:

a) The quality and efficiency of the Board of Directors' operation;

b) Based on the report sent by the Appointments Committee, the performance of functions by the Chairman of the Board of Directors and the company's chief executive;

c) The operation of its Committees, based on the report the Committees may send.

See: B.1.19

EXPLAIN

During 2008 no assessment on the operation of the Board of Directors has been carried out.

23. That all directors exercise their right to collect any additional information they deem necessary on the Board of Directors' matters. Unless the Articles of Association or the Board of Directors' Regulations establish other wise, this request shall be sent to the Board of Directors' Chairman or Secretary.

See: B.1.42

COMPLIES

24. That all directors be entitled to obtain from the company the necessary advice to comply with their duties. The company shall arbitrate the suitable means for the exercise of this right which, in special circumstances, may include external advice charged to the company.

See: B.1.41

COMPLIES

25. That the companies establish an orientation program providing new directors with fast and sufficient knowledge of the company as well as of its rules of corporate governance. This program shall also provide directors with knowledge update programs where the circumstances so require.

COMPLIES

26. That the companies require directors to devote to their duties the time and efforts that are necessary to perform it efficiently and therefore:

a) That directors inform the Appointments Committee of the rest of their professional duties in case these may interfere with the dedication required;

b) That the companies establish rules regarding the number of boards of directors in which directors may participate.

See: B.1.8, B.1.9 and B.1.17

PARTIALLY COMPLIES

All the members of the Board of Directors communicate the professional obligations they perform outside Telecinco and this information is detailed inB.1.9 of this Report. However, the rules on the number of Boards of Directors in which directors may participate have not been defined yet.

27. That the directors appointment and re-election proposal filed with the Annual General Meeting by the Board of Directors as well as their temporary appointment upon co-optation be approved by the Board of Directors:

a) Upon proposal filed by the Appointments Committee in the case of independent directors.

b) Upon report by the Appointments Committee in the case of the remaining directors.

See: B.1.2

COMPLIES

28. That the companies make public through their websites and keep updated the following information on their directors:

a) Professional profile and biography;

b) Other Boards of Directors in which they participate, whether in listed companies or not;

c) Category of director, as may be applicable, establishing, in the case of proprietary directors, the shareholding represented by them or whoever they have relations with.

d) Date of their first appointment as director in the company as well as any subsequent appointment, and;

e) Company shares and share options thereon.

COMPLIES

29. That the independent directors not remain as such during a continued period exceeding 12 years.

See: B.1.2

COMPLIES

30. That the proprietary directors file their resignation where the shareholder they represent fully sells its shareholding. They shall also do so, in the proper number, where the shareholder reduces its shareholding to a level requiring a reduction in the number of proprietary directors.

See: A.2, A.3 and B.1.2

COMPLIES

31. That the Board of Directors not propose the termination of any independent director before expiration of the term of office established under the Articles of Association only where there exists reasonable cause at the Board of Directors‘ discretion upon report by the Appointments Committee; reasonable cause shall be deemed to exist where a director fails to comply with the duties inherent to its position or falls under any of the grounds described in 5 of paragraph III of the definitions in this Code.

Furthermore, the termination of independent directors resulting from takeover bids, mergers or other similar company-related operations implying a change in the company‘s capital structure may also be proposed where these changes in the structure of the Board of Directors are favoured by the proportion criteria set forth in Recommendation 12.

See: B.1.2, B.1.5 and B.1.26

COMPLIES

32. That the companies establish rules requiring directors to inform and, if applicable, resign upon occurrence of events that may adversely affect the credit and reputation of the company and, particularly, requiring directors to inform the Board of Directors of any criminal cases in which they are the accused party as well as any subsequent procedural events.

If a director is prosecuted or if an order for the opening of oral proceedings is issued against it due to any of the crimes detailed in section 124of the Limited Companies Act, the Board of Directors shall review the case as soon as possible and, in view of the particular circumstances, decide whether it is convenient for the director to continue holding office. The

Board shall reasonably record all these proceedings in the Annual Corporate Governance Report.

See: B.1.43, B.1.44

COMPLIES

33. That all directors clearly express their opposition where they consider that any proposal for decision submitted to the Board of Directors maybe contrary to the interest of the company. The same applies to independent directors and directors not affected by the potential conflict of interest where the decisions in question may cause a detriment to the shareholders not represented in the Board of Directors.

Where the Board adopts significant or repeated decisions which have been challenged by the director, the director shall draw any relevant conclusions and, should it choose to resign, it shall explain the reasons thereof in the letter referred to by the following recommendation.

This Recommendation also covers the Board of Directors' Secretary even where it is not a director.

NOT APPLICABLE

34. That where, due to resignation or due to any other reason, a director ceases to hold office before the expiration there of, the reasons for this be explained in a letter to be sent to all the members of the Board of Directors. Even where this termination is communicated as a relevant event, the reason for it shall be accounted for in the Annual Corporate Governance Report.

See: B.1.5

COMPLIES

35. That the remuneration policy approved by the Board of Directors be passed, at least, regarding the following matters:

a) Amount of the fixed components, including a breakdown, if any, of the per diem allowances for participating in the Board of Directors and Committees thereof and an estimate of the fixed annual remuneration they originate;

b) Variable remuneration items, Including, particularly:

i) Types of directors to which they apply as well as an explanation of the relative relevance of the variable remuneration items with respect to fixed remuneration items.

ii) Criteria for the evaluation of results on which any right to remuneration in shares, share options or any variable component is based;

iii)Main parameters and grounds for any annual premium system (bonus) or for any other benefits not paid in cash; and

iv)An estimate of the absolute amount of variable remunerations to which the remuneration plan proposed shall give origin based on the level of compliance with the hypotheses or objectives taken as reference.

c) Main characteristics of the social security systems (such as, supplementary pensions, life insurance and the like)with an estimate of their value or equivalent annual cost.

d) Conditions to be met by the agreements of senior managers such as executive directors, including:

i) Duration;

ii) Pre-notice terms; and

iii) Any other clause relating to hiring premiums as well as compensations or golden parachutes upon early dissolution or termination of the contractual relation between the company and the executive director.

See: B.1.15

COMPLIES

36. That the remunerations be limited to the executive directors through the delivery of company shares or shares of the group of companies, share options or instruments referring to the share value, variable remunerations related to the company's performance or social security systems.

This recommendation does not cover the delivery of shares where directors are required to keep them until they cease to act as directors.

See: A.3, B.1.3
EXPLAIN

The delivery of share option rights is limited to the two executive directors of the Board of Directors. However, and following the provisions of Article 56 of the Articles of Association, based on the special dedication demanded by the office of Chairman of the Board of Directors without any executive powers, the Board of Directors approved the delivery of a certain number of Telecinco share option rights detailed in paragraph G of this Report.

37. That the remuneration of outside directors be that which is necessary to remunerate the dedication, qualification and responsibility required by the office in question without being as high as to compromise its independence.

COMPLIES

38. That the remunerations related to the company's results consider the exceptions included in the external auditor's report and reduce these results.

COMPLIES

39. That in the case of variable remunerations, the remuneration policies include precise technical precautionary measures to ensure that these remunerations are in pace with the professional performance of its beneficiaries and do not simply derive from the general evolution of markets or the company's activity sector or similar circumstances.

COMPLIES

40. That the Board submit to vote by the Annual General Meeting a report on the directors' remuneration policy, as a separate item in the agenda, and for consultation purposes. This

report shall be made available to the shareholders whether separately or in any other manner the company deems convenient.

This report shall focus, particularly, on the remuneration policy approved by the Board of Directors for the current year and, as the case may be, for future years. The report shall contemplate all matters relating to Recommendation 35, except For extreme situations which may imply the disclosure of commercially sensitive information. It shall stress the most significant changes in such policies based on the policy applied during the previous year mentioned at the Annual General Meeting. It shall also include a global summary of how the remuneration policy was applied during the previous year.

Likewise, the Board shall report the role played by the Remuneration Committee in the preparation of the remuneration policy and, if external consultancy services were used, the identity of the external consultants providing such services.

See: B.1.16

COMPLIES

41. That the Annual Report detail the individual remunerations of directors during the year, including:

a) The itemized breakdown of the remuneration of each director including, If applicable:

i) The per diem allowances for attendance or other fixed remuneration as director;

ii) Any additional remuneration as chairman or member of any committee of the Board;

iii) Any remuneration for participating in profits or premiums and the reason for their grant;

iv) The contributions made in favour of the director to defined contribution pension plans or the increase of consolidated rights of director in the case of contributions to defined social security plans;

v) Any compensations agreed upon or paid in the case of termination of office;

vi) Remunerations received as director from other companies of the group;

vii) Remunerations received from the performance of high managerial powers by the executive directors;

viii) Any other remuneration item different from those mentioned above irrespectively of the nature or entity of the group paying them, particularly where it is considered a related transaction or where its omission distorts the true image of the total remunerations received by director.

b) An itemized breakdown of deliveries of shares, share option rights or any other instrument referring to the value of shares to directors, including details on:

i) The number of shares or share options granted during the year and conditions for their exercise;

ii) The number of share option rights exercised during the year indicating the number of shares affected and the exercise price;

iii)The number of options whose exercise is still pending at the end of the year indicating price, date and other exercise requirements thereof;

iv)Any modification made throughout the year to the conditions to exercise options already granted.

c) Information on the relation, in such previous year, between the remuneration obtained by the executive directors and the results or other measures of performance of the company.

COMPLIES

42. That where there is a Delegate or Executive Committee (hereinafter,—Delegate Committee"),the shareholding structure of the different categories of directors be similar to that of the Board of Directors itself and the Secretary be that of the Board of Directors.

See: B.2.1 and B.2.6

PARTIALLY COMPLIES

The composition of the Board of Directors and the Executive Committee is as follows:

Board of Directors:
13 members:
Executive directors: 3 (23.0769%),
Proprietary directors: 6 (46.1538%),
Independent directors: 4 (30.7692%)

Executive Committee:
7 members.
Executive directors: 2 (28.5714%),
Proprietary directors: 3 (42.8571%),
Independent: 2 (28.5714%).

The Secretary of the Executive Committee is also the Secretary of the Board of Directors.

43. That the Board of Directors be always aware of the items transacted and decisions adopted in the Managing Committee and that all its members receive a copy of the minutes of the Managing Committee sessions.

COMPLIES

44. That the Board of Directors creates from among its members the Audit Committee required under the Stock Exchange Act and the Appointments and Remuneration Committee (or two separate Committees).

The rules governing the composition and operation of the Audit Committee and the Appointments and Remuneration Committee or Committees shall appear on the Board of Directors' Regulations and include the following:

a) The Board of Directors shall appoint the members of these Committees considering the knowledge, skills and experience of directors and the goals of each Committee, decide on their proposals and reports; directors shall report before the entire Board of Directors following their meetings on their activities and the work performed;

b) These Committees shall be exclusively made up of outside directors (at least three). The foregoing applies notwithstanding the attendance by executive directors or senior managers upon express agreement by the members of a Committee.

c)The Chairmen of these Committees shall be independent directors

d) They may call for external counseling where they deem it necessary for the performance of their duties.

e) Their meetings shall be recorded in minutes, a copy of which shall be sent to all members of the Board of Directors.

See: B.2.1 and B.2.3

COMPLIES

45. That the supervision of compliance with the internal codes of conduct and the rules of corporate governance be entrusted to the Audit Committee, the Appointments Committee or, if separate from the latter, the Corporate Governance or Compliance Committee.

COMPLIES

46. That the members of the Audit Committee and, particularly, its chairman, be appointed considering their knowledge and experience in terms of accounting, auditing or risk management.

COMPLIES

47. That the listed companies have an internal auditing body which, under the supervision of the Audit Committee, sees to the proper operation of the internal information and control systems.

COMPLIES

48. That the person in charge of the internal audit file its annual working plan with the Audit Committee and inform directly inform the Committee of any problems found in its preparation and submit are port of activities at the end of each year.

COMPLIES

49. That the risk management and control policy identify, at least, the following:

a) The different types of risks (operating, technological, financial, legal, reputation, etc.)faced by the company, including, among the financial or economic risks, any contingent liabilities and other off-balance risks;

b) The establishment of the risk level considered acceptable by the company;

c) The measures provided for to mitigate the impact of the risks identified in case they materialize;

d) The internal information and control systems to be used to control and manage the risks mentioned, including any contingent liabilities or off-balance risks.

See: D

COMPLIES

50. That the Audit Committee:

1- As to the internal information and control systems:

a) Supervise the preparation process and the integrity of the financial information regarding the company and, if applicable, the group, reviewing compliance with the regulatory requirements, the proper limitation of the consolidation perimeter rand the proper application of the accounting criteria.

b) Periodically review internal risk management and control systems so as to identify, manage and properly inform the main risks.

c) See to the independence and effectiveness of the internal auditing function; propose the selection, appointment, re-election and dismissal of the head of the Internal Audit Department; propose a budget for that service; receive periodic information on its activities; and verify that the senior management considers the conclusions and recommendations of its reports.

d) Establish and supervise a mechanism that allows employees to communicate, on a confidential basis and, if deemed appropriate, anonymously, any potentially significant irregularities, particularly financial and accounting irregularities noted within the company.

2-As to the external auditors:

a) File with the Board of Directors any proposal for the selection, appointment, re-election, and replacement of the external auditor as well as the hire conditions thereof.

b) Receive, on a regular basis, from the external auditor information on the audit plan and the results delivered from its execution, and verify that the senior management considers its recommendations.
c) Ensure the independence of the external auditor and, for such purpose:

i) That, as a relevant event, the company inform the Spanish Stock Exchange Commission of any change of audit or including a declaration on the existence of disagreements with the outgoing auditor and, If any, its content thereof.

ii) That it make sure that the company and the auditor abide by the applicable regulations on the provision of services other than the auditing services, the limits to the concentration of the auditor‘s business and, In general, any other regulation established to ensure the independence of auditors;

iii) That, should the external auditor resign, it must review all circumstances giving rise to this resignation.

d) In the case of groups, cause the auditor of the group to assume responsibility for the audits to the companies that make up this group.

See: B.1.35, B.2.2, B.2.3 and D.3

COMPLIES

51. That the Audit Committee be authorized to call any employee or director of the company and even order their appearance without the presence of any other manager.

COMPLIES

52. That the Audit Committee inform the Board of Directors, before the adoption by the Board of the relevant decisions, of the following issues mentioned in Recommendation No. 8:

a) The financial information which, given its status as a listed company, the company shall make public periodically. The Committee must make sure that the intermediate accounts are calculated based on the same accounting criteria as the annual accounts and, for this purpose, it shall consider whether it is proper to conduct a limited review by the external auditor.

b) The creation or acquisition of shareholdings in special-purpose entities or in entities whose domicile is established in tax haven countries and territories as well as any other transaction or dealing of similar nature which, given its complexity, may impair the transparency of the group.

c) The related dealings, except where the duty of prior report has been entrusted to a Committee other than the Supervision and Control Committee.

See: B.2.2 and B.2.3

COMPLIES

53. That the Board of Directors file the accounts with the Annual General Meeting without reservations or exceptions in the audit report; should there be any reservation or exception, both the Audit Committee's Chairman and the auditors shall clearly explain to shareholders the contents and scope of these reservations or exceptions.

See: B.1.38

COMPLIES

54. That the majority of the members of the Appointments Committee (or Appointments and Remuneration Committee, if only one) be independent directors.

See: B.2.1

EXPLAIN

The Appointments and Remunerations Committee consists of two independent directors, one of whom is the Chairman and two proprietary directors.

55. That the following duties, apart from those set forth in the preceding Recommendations, be met by the Appointments Committee:

a) Evaluate the necessary powers, knowledge and experience of the Board of Directors and define the necessary functions and skills of candidates to fill in each position and evaluate the time and dedication necessary for them to properly perform these duties.

b) Review or organize, as the case may be, the succession of the Chairman and chief executive and, if applicable, file proposals with the Board of Directors so that this succession is conducted in an orderly and planned manner.

c) Inform the appointments and terminations of senior managers proposed by the chief executive to the Board of Directors.

d) Inform the Board of Directors of gender diversity matters as set forth in Recommendation No. 14 of this Code.

See: B.2.3
COMPLIES

56. That the Appointments Committee consults the Chairman and the company's chief executive, particularly regarding issues affecting the executive directors.

Any director may request the Appointments Committee to consider, if suitable, potential candidates to fill in vacancies of directors.

COMPLIES

57. Apart from the duties set forth in the Recommendations above, the Remuneration Committee shall:

a) Propose to the Board of Directors:
i) The remuneration policy for directors and senior managers;
ii) The individual remuneration of executive directors and other conditions of their agreements.
iii) Basic conditions in the agreements of senior managers.
b) See to the observance of the remuneration policy set forth by the company.

See: B.1.14, B.2.3

COMPLIES

In the case of Telecinco, it is the Appointments and Remuneration Committee the one that performs these duties as well as those set forth in paragraphs 55 and 56 above.

58. That the Remuneration Committee consults the Chairman and the company's chief executive, particularly regarding issues affecting executive directors and senior managers.

COMPLIES

## G OTHER INFORMATION OF INTEREST

Since 2006, Telecinco has taken the steps to gradually adapt its structure to the corporate governance recommendations. In the last two years, amendments have been made to the rules governing the organization and operation of the main management bodies: the Bylaws (9 articles), the General Shareholders' Meeting Regulations (4 articles), the Regulations of the Board of Directors (18 articles) and the Internal Code of Conduct of Gestevisión Telecinco, S.A and its Group of Companies regarding their Activities on the Stock Markets.

In 2008, the composition of the board committees was changed in order to increase the presence of independent directors. After the modifications, the composition is as follows:

| | 2007 | 2008 |
|---|---|---|
| Executive Committee | | |
| Independent directors: | 1 | 2 |

| | | |
|---|---|---|
| Audit and Compliance Committee<br>Independent directors | 1 (Chairman) | 2 (Chairman and member) |
| Appointments and Remuneration Committee | 1 (Chairman) | 2 (Chairman and member) |

(There are no executives directors on the board committees except the Executive Committee, on which there are two)

Aware that gender diversity is an area in which the Company needs to improve and having adopted the necessary internal measures, the Board of Directors, together with the Appointments and Remuneration Committee, will submit a proposal at the 2009 General Meeting to increase the number of directors in order to appoint a new female director.

This year, in addition to the Corporate Governance Report, detailed information on remuneration paid to directors in 2008 is also provided in the notes to the annual financial statements.

Finally, in an attempt to continue progressing and guaranteeing greater transparency, this year for the first time the content of this report has been verified by an independent entity, PriceWaterhouseCoopers (see http://www.inversores.telecinco.es/es/home.htm).
SECTION A.1.-

Since the Company went public on June 24th, 2004 there has been no modification to share capital. Since January 3rd, 2005 Gestevisión Telecinco, S.A. is a company listed on IBEX 35.

SECTION A.2.-

With regard to shares, Telecinco is represented in book entries; as such the registration of shareholders is the responsibility of an entity which is not part of the company, and the ownership structure cannot be listed. Information contained in this section comes from the information published in the CNMV's website, according to which owners of significant shareholdings as of December 31st, 2008, are the individuals listed in point A.2.

SECTION A.3.-

As approved by the Annual General Meeting of April 11th, 2007, during the financial year covered by this report the Chairman and Chief Executive Officers were granted the following share options:

(i) Alejando Echevarría (Chairman): in 2008 he was granted 77,338 share options. At the end of 2008, this figure was adjusted and reduced to 33,625 after verifying that he had met only one of the three stated targets, free cash flow, and not the consolidated EBIT target for the Telecinco Group or the gross advertising revenue target. The 33,625 options equate to 33,625 shares. The options may be exercised from 30th July 2011 to 29th July 2013. The options will be equity-settled after the payment of a set price of 8.21 euros per share. The share options granted in 2008 plus those granted previously to Mr. Echevarría amount to a total of 222,125 options, equivalent to 222,125 shares of Telecinco.

(ii) Paolo Vasile (CEO): in 2008 he was granted 154,675 share options. As in the case above, the amount was reduced to 67,250 as he failed to meet two of the established targets, consolidated EBIT for the Telecinco Group and gross advertising revenue. The 67,250 options equate to 67,250 shares. The options may be exercised from 30th July 2011 to 29th July 2013. The options will be equity-settled after the payment of a set price of 8.21 euros per share. This gives Mr. Vasile a total of 444,250 share options, equivalent to 444,250 shares of Telecinco.

(iii) Giuseppe Tringali (CEO): In 2008, he was granted 154,675 share options, which after applying the criteria indicated above, were reduced to 67,250. The options may be exercised from 30th July 2011 to 29th July 2013. The options will be equity-settled after the payment of a set price of 8.21 euros per share. To date, Mr. Tringali has been granted a total of 444,250 share options, equivalent to 444,250 shares of Telecinco.

(iv) Massimo Musolino: in 2008 he was granted 70,150 share options, which were reduced to 30,500, equivalent to 30,500 shares. The options may be exercised from 30th July 2011 to 29th July 2013 and will be equity-settled after the payment of a set price of 8.21 euros per share. Mr. Musolino, a director since 9th April 2008 and member of senior management since the IPO of Telecinco, has been granted a total of 210,500 share options.

SECTION A/4/A5

In 2008, Telecinco did not receive any notification of the existence of family, commercial, contractual or corporate links between major shareholders that are material or are not part of their ordinary business or trade. We would note that Pier Silvio Berlusconi, the son of Silvio Berlusconi, has a seat on the Board of Directors as an external proprietary director, but that he has not been granted any powers or authority to act and that there are no commercial, contractual or corporate links between him and Telecinco.

SECTION A.8

As mentioned in our Corporate Governance Report for the previous financial year, the number of treasury shares as of 31st December 2008 was 3,014,813, representing 1.22% of share capital. Pursuant to the authorization granted by the Annual General Meeting to the Board of Directors in the 2008 financial year, a total of 111,253 shares of the company were purchased for the company's remuneration plans.

SECTION B.- BOARD OF DIRECTORS' STRUCTURE

SECTION B.1.4.

The proprietary directors who are members of the present Board of Directors represent the company‘s two main shareholders: Mediaset Investimenti, S.p.a, holder of 50.135% of the share capital and Vocento, S. A holder of 5,080%. Thus, there are no proprietary directors appointed upon the initiative by shareholders holding less than 5% of the share capital. Likewise, the Company has received no formal request to be part of the Board of Directors filed by shareholders whose shareholding is equal to or greater than that of others upon whose request any of the proprietary directors has been appointed.

SECTION B.1.11

To complement the information contained in this section, following is a breakdown of remuneration paid to each of the directors in 2008:

Mr. Alejandro Echevarría Busquet - Chairman of the Board of Directors

| | 2007 | 2008 |
|---|---|---|
| Fixed Remuneration for the Board: | 60,000 | 60,000 |
| Per diems: | 60,500 | 60,000 |
| Complementary remuneration: | 1,359,549.92 | 688,302.56 |
| | | |
| Total | 1,480,049.52 | 808,302.56 |
| | | |
| Option rights granted: | 67,250 | 33,620 |
| Option rights exercised: | 0 | 0 |

Mr. Paolo Vasile - Chief Executive Officer

| | 2007 | 2008 |
|---|---|---|
| Fixed Remuneration for the Board: | 60,000 | 60,000 |
| Per diems: | 30,250 | 30,000 |
| Fixed remuneration: | 494,794.32 | 719,386.86 |
| Variable remuneration: | 617,500 | 333,460 |
| Bonus: | 1,100,000 | 0 |
| Remuneration in kind: | 34,937.55 | 40,314.10 |
| Total: | 2,337,661.87 | 1,183,160.96 |
| | | |
| Option rights granted: | 134,500 | 67,250 |
| Option rights exercised: | 0 | 0 |

Mr. Giuseppe Tringali-Chief Executive Officer

| | 2007 | 2008 |
|---|---|---|
| Fixed Remuneration for the Board: | 60,000 | 60,000 |
| Per diems: | 30,250 | 30,000 |
| Fixed remuneration: | 479,933.13 | 680,005.85 |
| Variable remuneration: | 617,500 | 333,460 |
| Bonus: | 1,100,000 | 0 |
| Remuneration in kind: | 42,238.54 | 40,560.64 |
| Total: | 2,329,921.67 | 1,144,026.79 |
| | | |
| Option rights granted: | 134,500 | 67,250 |
| Option rights exercised: | 0 | 0 |

Mr. Alfredo Messina

| | 2007 | 2008 |
|---|---|---|
| Fixed Remuneration for the Board: | 60,000 | 60,000 |
| Per diems: | 27,500 | 24,000 |
| | | |
| Total: | 87,500 | 84,000 |

Mr. Fedele Confalonieri

| | 2007 | 2008 |
|---|---|---|
| Fixed Remuneration for the Board: | 60,000 | 60,000 |
| Per diems: | 35,750 | 57,000 |
| | | |
| Total: | 95,750 | 117,000 |

Mr. Marco Giordani

| | 2007 | 2008 |
|---|---|---|
| Fixed Remuneration for the Board: | 60,000 | 60,000 |
| Per diems: | 27,500 | 30,000 |
| | | |
| Total: | 87,500 | 90,000 |

Mr. Pier Silvio Berlusconi

| | 2007 | 2008 |
|---|---|---|
| Fixed Remuneration for the Board: | 60,000 | 60,000 |
| Per diems: | 2,750 | 0 |
| | | |
| Total: | 62,750 | 60,000 |

Mr. Giuliano Adreani

| | 2007 | 2008 |
|---|---|---|

| | | |
|---|---|---|
| Fixed Remuneration for the Board: | 60,000 | 60,000 |
| Per diems: | 49,500 | 57,000 |
| | | |
| Total: | 109,500 | 117,000 |

Mr. José M ª Bergareche Busquet (*)

| | 2007 | 2008 |
|---|---|---|
| Fixed Remuneration for the Board: | 60,000 | 16,500 |
| Per diems: | 49,500 | 15,000 |
| | | |
| Total: | 109,500 | 31,500 |

(*) Mr Bergareche resigned as Director effective from 9th April 2009

Mr. Ángel Durández Adeva

| | 2007 | 2008 |
|---|---|---|
| Fixed Remuneration for the Board: | 60,000 | 60,000 |
| Per diems: | 38,500 | 42,000 |
| | | |
| Total: | 98,500 | 102,000 |

Mr. Miguel Iraburu Elizondo

| | 2007 | 2008 |
|---|---|---|
| Fixed Remuneration for the Board: | 60,000 | 60,000 |
| Per diems: | 46,750 | 18,000 |
| | | |
| Total: | 106,750 | 78,000 |

Mr. Borja de Prado Eulate - Chairman of the Appointments and Remuneration Committee

| | 2007 | 2008 |
|---|---|---|
| Fixed Remuneration for the Board: | 60,000 | 60,000 |
| Per diems: | 16,500 | 42,000 |
| | | |
| Total: | 76,500 | 102,000 |

Mr. José Ramón Álvarez-Rendueles - Chairman of the Appointments and Remuneration Committee

| | 2007 | 2008 |
|---|---|---|
| Fixed Remuneration for the Board: | 60,000 | 60,000 |
| Per diems: | 19,250 | 51,000 |
| | | |
| Total: | 79,250 | 111,000 |

Mr. Massimo Musolino (*)

| | 2007 | 2008 |
|---|---|---|
| Fixed Remuneration for the Board: | - | 40,000 |
| Per diems: | - | 12,000 |
| | | |
| Total: | - | 52,000 |
| | | |
| Option rights granted: | - | 30,500 |
| Option rights exercised: | - | 0 |

(*) Mr Mussolino is a member of the Board of Directors since 9th April 2009

None of the directors received any remuneration for their sitting on other Boards of Directors of the Group companies.

As during the previous year, as of the closing date of the 2008 financial year the company had not granted any advance or loan to any of its directors.

With regard to social security systems, the company has hired life insurance, coverage against illness or death, and medical insurance only for the two Chief Executive Officers, with an annual cost of €36,495.44. The items were included as part of the amount corresponding to remuneration in kind.

As during the previous year, no contributions were made for pension funds or plans in favour of any of the members of the Board of Directors.

SECTION B.1.12

During the year, senior management included seven directors who did not appear in the 2007 Annual Report on Corporate Governance. In addition, Massimo Musolino also appears. Until his appointment as an executive director on 9th April 2008 at the General Meeting, he was a senior manager of Telecinco.

SECTION B.1.13

In order to further clarify the information provided, there follows a summary of the main characteristics of the guarantee and golden parachute clauses not included in the former Reports:

| Position | Clause, guarantee or parachute |
|---|---|
| Managing director | Termination of Contract at the request of the Company (except in case off air dismissal):<br>(replacing the legal compensation applicable, unless such compensation is higher)<br>Termination 24-04-02 to 31-12-07: 24 months of salary<br>Termination 2008 to 2011: 18 months of salary<br>Termination afterwards: 12 moths of salary |
| Managing director | Compensation system:<br>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.<br>Fair or Unfair Dismissal: legal compensation + compensation fixed in a) |
| Managing director | Termination of the 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:<br>a)Compensation starting on €1,020,000, decreasing on a monthly basis by €34,000, during the 30 months following the signature (30-01-2006) until reaching zero.<br>b)Compensation equivalent to 12 months of salary in effect. |
| Managing director | Termination of the Contract at the request of the Company (except in case of dismissal declared fair): Years of service for the period between 22-01-01 and 31-12-04: 7 days of salary per year with the limit of 6 monthly payments, or 20 days of salary with the limit of 12 monthly payments, depending on the reason for termination. Years of service from 01-12-05: 45 days of salary per year with the limit of 12 monthly payments. The salary base used for the calculation will consist of fixed salary plus variable salary (with a minimum amount of €30,000). |
| Division director | Termination of the Contract at the request of the Company (except in case of dismissal declared fair): compensation will consist of one year of fixed salary in addition to the corresponding legal compensation. |

| | |
|---|---|
| Director | Termination of the Contract at the request of the Company (except in case of dismissal declared fair): 18 months of fixed salary. |

SECTION B.16

No external advice was given in the preparation of the Report on Remuneration Policy.

SECTION B.1.26

As indicated in this section, the term of offices established by the Bylaws for independent directors is twelve (12) years. For Board Committees, the rules and regulations of the Audit and Compliance and Appointments and Remuneration committees limit independent directors' term of office as Chairman to four (4) years.

SECTION B.2.2

In 2009, a procedure will be put in place so employees can confidentially report any irregularities they observe in the company's conduct.

SECTION B.2.3

To complete this section, we include the following responsibilities of the Audit and Compliance Committee:

On the question of related-party transactions, until this matter is passed on to another committee, the Audit and Compliance Committee shall be responsible for proposing the policy to be pursued in this kind of transaction and for informing the Board of Directors of this policy. The policy on related-party transactions should be made public in the Annual Corporate Governance Report.

Regarding shareholders: The Audit and Compliance Committee should maintain an ongoing channel of communication with the shareholders and in this regard inform the General Shareholders' Meeting of any matters which may be raised by the shareholders during it and which are within the Committee's remit; it should also be aware of and if necessary respond to the initiatives, suggestions or complaints raised by the shareholders with respect to the scope of the Committee's functions when such questions are submitted to it by the Board of Directors.

Regarding transparency and the rules of corporate governance: The Audit and Compliance Committee should ensure compliance with the rules of transparency and proper implementation of the rules of corporate social responsibility. Accordingly, it is responsible for:

a) Following up on the observance of the rules on transparency;
b) monitoring the observance of the Internal Code of Conduct in stock markets and, in general, of the rules of governance and making such proposals as may be necessary to improve them;
c) checking timely compliance with the rules in force relating to communicating Relevant Events;
d) Informing the Board of Directors in advance of the creation or acquisition of shareholdings in special purpose entities or those domiciled in countries or territories which are considered tax havens, as well as any other transactions or operations of a similar nature which could, because of their complex nature, threaten the transparency of the Group;
e) Supervise adherence to the recommendations on corporate governance and corporate social responsibility

SECTION C

All transactions included in this section stem from the Company's ordinary business, were carried out on an arm's length basis and are of minor importance, as their disclosure is not required to give a true and fair view of the equity, financial position or results of operations of Telecinco and its Group. Accordingly, as provided for in article 3, 4) of Ministerial Order EHA/3050/2004, they are not considered related party transactions. Nevertheless, to provide more information in section C.2., all business conducted with significant shareholders in 2008 has been described. The majority of the transactions were carried out with companies in the Mediaset or Vocento groups.

RECOMMENDATION F-25

The Secretary provides new directors with a current copy of the Bylaws and Regulations, informs them of their rights and obligations and makes available to them the required information regarding the operations of the Company and its management bodies.

RECOMMENDATION F-56

The Committee raises issues affecting the Chairman and CEOs to the Board of Directors, to which they belong. No director has proposed any candidates to the Committee.

RECOMMENDATION F-58

The Committee may consult the Chairman or CEO on matters affecting executive directors and senior managers. However, all issues are put to debate at the meetings. No individual consultations outside the meetings were held with the Chairman or CEO.

Indicate any information to further clarify the aforementioned sections, if relevant.

-

In particular, indicate if the company is subject to legislation not applicable in Spain with regards to corporate gobernance and provide, if applicable, with the information requested according to that legislation and not included in this report.

-

Definition of Independent Director:

Indicate whether any of the independent directors has or has had any relationship with the company, its significant shareholders or managers which, if sufficiently meaningful or important, would have prevented the director from being considered as independent director pursuant to the provision of paragraph 5 of the Unified Code on proper governance:

NO

| Name of the director | Type of link | Explanation |
|---|---|---|
| - | - | - |

This annual corporate governance report has been approved by the Company's Board of Directors at a meeting held on 25th February 2009.

Indicate if any of the directors has voted against or has refrained from voting the approval of this Report.

NO

| Name or company name of the director who has not voted in favour of the approval of this Report | Grounds (against, abstention, non-attendance) | Explain the grounds |
|---|---|---|
| - | - | - |

Madrid, February 25, 2009

| | | | | |
|---|---|---|---|---|
| (signed on the original in Spanish) | (signed on the original in Spanish) | (signed on the original in Spanish) | (signed on the original in Spanish) | (signed on the original in Spanish) |
| Mr. Alejandro Echevarría Busquet | Mr. Giuseppe Tringali | Mr. Paolo Vasile | Mr. Giuliano Adreani | Mr. José Ramón Álvarez Rendueles |
| (signed on the original in Spanish) | (Absent) | (signed on the original in Spanish) | (signed on the original in Spanish) | (signed on the original in Spanish) |
| Mr. Massimo Musolino | Mr. Pier Silvio Berlusconi | Mr. Fedele Confalonieri | Mr. Ángel Durández Adeva | Mr. Marco Giordani |
| (signed on the original in Spanish) | (signed on the original in Spanish) | (signed on the original in Spanish) | | |
| Mr. Miguel Iraburu Elizondo | Mr. Alfredo Messina | Mr. Borja de Prado Eulate | | |