Audit Report

MEDIASET ESPAÑA COMUNICACIÓN, S.A
Financial Statements and Management Report
for the year ended
31 December 2013

Ernst & Young, S.L.
Torre Picasso
Plaza Pablo Ruiz Picasso, 1
28020 Madrid

Tel: 902 365 456
Fax: 915 727 300
ey.com

AUDIT REPORT ON THE FINANCIAL STATEMENTS

Translation of a report and financial statements originally issued in Spanish.
In the event of discrepancy, the Spanish-language version prevails (See Note 22)

To the shareholders of MEDIASET ESPAÑA COMUNICACIÓN, S.A.:

We have audited the financial statements of MEDIASET ESPAÑA COMUNICACIÓN, S.A., which consist of the balance sheet at December 31, 2013, the income statement, the statement of changes in equity, the cash flow statement, and the notes thereto for the year then ended. The Company's directors are responsible for the preparation of the financial statements in accordance with the regulatory framework for financial information applicable to the entity (identified in Note 2 to the accompanying financial statements), and specifically in accordance with the accounting principles and criteria contained therein. Our responsibility is to express an opinion on the aforementioned financial statements taken as a whole, based upon work performed in accordance with the regulatory audit standards prevailing in Spain, which require the examination, through the performance of selective tests, of the evidence supporting the financial statements, and the evaluation of whether their presentation, the accounting principles and criteria applied, and the estimates made are in agreement with the applicable regulatory framework for financial information.

In our opinion, the accompanying 2013 financial statements give a true and fair view, in all material aspects, of the equity and financial position of MEDIASET ESPAÑA COMUNICACIÓN, S.A. at December 31, 2013, as well as the results of its operations and cash flows for the year then ended, in conformity with the applicable accounting regulations regarding financial information and, especially, the accounting principles and criteria established therein.

While not affecting our audit opinion, we wish to draw attention to the content of Note 19 to the accompanying financial statements, which states that the Company carries out a significant part of its transactions with other Group companies. The related-party transactions carried out in 2013 and the corresponding balances at year end are described in that note.

The accompanying management report for 2013 contains such explanations as the directors consider appropriate concerning the situation of the Company, the evolution of its business and other matters; however, it is not an integral part of the financial statements. We have checked that the accounting information included in the aforementioned management report agrees with the 2013 financial statements. Our work as auditors is limited to verifying the 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 Company's accounting records.

ERNST & YOUNG, S.L.

(Signed on the original in Spanish)

Antonio Vázquez Pérez

February 26, 2014

MEDIASET ESPAÑA COMUNICACIÓN, S.A.

Financial Statements and Management Report for the year ended December 31, 2013

TABLE OF CONTENTS

MEDIASET ESPAÑA COMUNICACIÓN, S.A.

Balance sheets at December 31, 2013 and 2012
(Thousands of euros)

ASSETS	Notes	2013	2012 (*)
NON-CURRENT ASSETS		**1,390,078**	**1,436,186**
Intangible assets	**6**	**732,334**	**732,961**
Patents, licenses, and trademarks		221,342	229,372
Goodwill		287,979	287,979
Software		2,898	3,079
Audiovisual property rights		220,115	212,531
Property, plant and equipment	**5**	**49,154**	**52,500**
Land and buildings		29,697	30,978
Plant and other PP&E items		18,479	20,619
Property, plant and equipment under construction and prepayments		978	903
Investment in group companies and associates	**7**	**520,013**	**604,043**
Equity instruments		505,012	590,079
Loans to companies		11,801	10,620
Loans to associates		3,200	3,344
Financial investments	**8**	**902**	**1,020**
Loans to third parties		824	942
Other financial assets		78	78
Deferred tax assets	**15**	**87,675**	**45,662**
CURRENT ASSETS		**395,247**	**349,366**
Inventories	**9**	**4,661**	**5,939**
Finished products		4,324	5,628
Prepayments to suppliers		337	311
Trade and other receivables	**8,10**	**189,177**	**166,940**
Trade receivables		5,194	5,659
Trade receivables from group companies and associates	**19**	163,503	144,509
Other receivables		793	5
Receivables from employees		44	47
Current income tax assets	**15**	19,643	16,720
Investments in group companies and associates	**8**	**99,857**	**118,395**
Loans to companies		80,669	79,240
Other financial assets		19,188	39,155
Financial investments	**8**	**231**	**752**
Loans to companies		138	122
Other financial assets		93	630
Other current assets	**11**	**11,773**	**10,747**
Cash and cash equivalents	**12**	**89,548**	**46,593**
Cash		89,548	46,593
TOTAL ASSETS		**1,785,325**	**1,785,552**

(*) Restated

Read with the accompanying explanatory notes.

Madrid, February 26, 2014.

MEDIASET ESPAÑA COMUNICACIÓN, S.A.

Balance sheets at December 31, 2013 and 2012

(Thousands of euros)

EQUITY AND LIABILITIES	Notes	2013	2012 (*)
EQUITY	**13**	**1,431,123**	**1,433,783**
CAPITAL AND RESERVES		**1,431,123**	**1,433,783**
Share capital		**203,431**	**203,431**
Issued capital		203,431	203,431
Share premium		**1,064,247**	**1,064,247**
Reserves		**245,484**	**186,358**
Legal and statutory reserves		40,686	40,686
Other reserves		204,798	145,672
Treasury shares		**(73,445)**	**(84,745)**
Profit for the year		**(8,594)**	**64,492**
NON-CURRENT LIABILITIES		**18,701**	**30,139**
Provisions	**14**	**10,177**	**23.314**
Provisions for contingencies and liabilities		10,177	23,314
Borrowings	**8**	**123**	**171**
Other financial liabilities		123	171
Deferred tax liabilities	**15**	**8,401**	**6,654**
CURRENT LIABILITIES		**335,501**	**321,630**
Borrowings	**8**	**61,110**	**71,147**
Bank borrowings		196	131
Liabilities arising from derivative financial instruments		777	417
Other financial liabilities		60,137	70,599
Borrowings from group companies and associates	**8,19**	**147,436**	**111,018**
Trade and other payables	**8**	**125,601**	**139.452**
Suppliers		88,453	107,542
Suppliers, group companies and associates	**19**	10,089	12,078
Other payables		64	75
Employee benefits payable		5,091	5,319
Other payables to public administrations	**15**	21,840	14,374
Customer advances		64	64
Accruals		**1,354**	**13**
TOTAL EQUITY AND LIABILITIES		**1,785,325**	**1,785,552**

(*) Restated

Read with the accompanying explanatory notes.

Madrid, February 26, 2014.

MEDIASET ESPAÑA COMUNICACIÓN, S.A.

Income statement for the years ended December 31, 2013 and 2012
(Thousand of euros)

	Notes	2013	2012
CONTINUING OPERATIONS			
Revenue	**18**	**647,003**	**696,524**
Sale		640,307	689,429
Rendering of services		6,696	7,095
Changes in inventory of finished goods and work in progress	**18**	**(1,304)**	**(1,766)**
Work performed by the entity and capitalized		**6,406**	**15,109**
Cost of sales		**(227,603)**	**(266,461)**
Consumption of goods for resale	**18**	(227,603)	(266,461)
Other operating income		**11,246**	**19,284**
Ancillary income		11,246	19,284
Employee benefits expense	**18**	**(83,752)**	**(86,732)**
Wages, salaries et al.		(69,525)	(72,706)
Social security costs		(14,227)	(14,026)
Other operating expenses		**(177,159)**	**(193,179)**
External services	**18**	(155,908)	(168,467)
Taxes		(21,326)	(23,623)
Losses on, impairment of and change in trade provisions		75	(1,089)
Depreciation and amortization	**5,6**	**(188,735)**	**(207,489)**
Overprovisions		**5,137**	**2,298**
Impairment losses and gains (losses) on disposal of non-current assets		**7,079**	**5,426**
Impairment losses and losses	**6**	7,080	5,444
Gains (losses) on disposal and other gains and losses	**5**	(1)	(18)
OPERATING PROFIT		**(1,682)**	**(16,986)**
Finance Income		**57,531**	**74,044**
From equity investments		53,095	68,272
In group companies and associates	**19**	53,095	68,272
From marketable securities and other financial instruments		4,436	5,772
Of group companies and associates	**19**	3,893	5,073
Of third parties		543	699
Finance cost		**(4,369)**	**(3,991)**
Borrowing from group companies and associates	**19**	(1,263)	(1,644)
Third-party borrowings		(3,106)	(2,347)
Change in fair value of financial instruments	**8**	**-**	**(5,000)**
Trading portfolio and other securities		-	(5,000)
Exchange gains (losses)		**(158)**	**(144)**
Impairment and gains (losses) on disposal of financial instruments		**(83,914)**	**4,622**
Impairment losses and losses		**(83,914)**	4,622
FINANCIAL RESULT		**(30,910)**	**69,531**
PROFIT BEFORE TAX		**(32,592)**	**52,545**
Income tax	**15**	**23,998**	**11,947**
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**(8,594)**	**64,492**
DISCONTINUED OPERATIONS			
Profit/(loss) after tax for the year from discontinued operations		**-**	**-**
PROFIT FOR THE YEAR		**(8,594)**	**64,492**

Read with the accompanying explanatory notes.

Madrid, February 26, 2014.

MEDIASET ESPAÑA COMUNICACIÓN, S.A.

Statements of changes in equity for the years ended December 31, 2013 and 2012
(Thousand of euros)

A) Statement of recognized income and expenses for the years ended December 31, 2013 and 2012

	Notes	2013	2012
PROFIT FOR THE PERIOD		**(8,594)**	**64,492**
INCOME AND EXPENSES RECOGNIZED DIRECTLY IN EQUITY			
From measurement of financial instruments		**-**	**-**
Available-for-sale financial assets		-	-
Other income/expense		-	-
From cash flows hedges		**-**	**-**
Currency translation differences		**-**	**-**
Grants, donations and bequests received		**-**	**-**
From actuarial gains and losses, and other adjustments		**-**	**-**
Tax effect		**-**	**-**
TOTAL INCOME AND EXPENSE RECOGNIZED DIRECTLY IN EQUITY		**-**	**-**
AMOUNTS TRANSFERRED TO INCOME STATEMENT			
From measurement of financial instruments		**-**	**-**
Available-for-sale financial assets		-	-
Other income/expense		-	-
From cash flows hedges		**-**	**-**
Grants, donations and bequests received		**-**	**-**
Tax effect		**-**	**-**
TOTAL AMOUNTS TRANSFERRED TO INCOME STATEMENT		**-**	**-**
TOTAL RECOGNIZED INCOME AND EXPENSE		**(8,594)**	**64,492**

Read with the accompanying explanatory notes.

Madrid, February 26, 2014.

MEDIASET ESPAÑA COMUNICACIÓN, S.A.

Statements of changes in equity for the years ended December 31, 2013 and 2012
(Thousand of euros)

B) Statement of changes in equity for the years ended December 31, 2013 and 2012

	Issued Capital	Share Premium	Legal Reserve	Reserves for share option plans	Goodwill reserve	Voluntary reserves	Total other reserves	Treasury shares	Profit for the year	TOTAL
BALANCE AT DECEMBER 31, 2011	**203,431**	**1,064,247**	**40,686**	**14,135**	**-**	**145,629**	**159,764**	**(84,745)**	**137,264**	**1,520,647**
Adjustments changes in accounting policies, errors and changes in accounting estimates in 2011 and earlier (Note 2)	-	-	-	-	-	**(97,318)**	**(97,318)**	**-**	-	(97,318)
ADJUSTED BALANCE AT JANUARY 1, 2012 (*)	**203,431**	**1,064,247**	**40,686**	**14,135**	**-**	**48,311**	**62,446**	**(84,745)**	**137,264**	**1,423,329**
Total recognized income and expense	-	-	-	-	-	-	-	-	64,492	64,492
Transactions with shareholders and owners										
Profit distribution	-	-	-	-	14,399	67,605	82,004	-	(137,264)	(55,260)
Transactions with shares or own equity instruments (net)	-	-	-	-	-	-	-	-	-	-
Incentive plans though share-based payments	-	-	-	1,222	-	-	1,222	-	-	1,222
Other changes in equity	-	-	-	-	-	-	-	-	-	-
ADJUSTED BALANCE AT DECEMBER 31, 2012 (*)	**203,431**	**1,064,247**	**40,686**	**15,357**	**14,399**	**115,916**	**145,672**	**(84,745)**	**64,492**	**1,433,783**
ADJUSTED BALANCE AT JANUARY 1, 2013	**203,431**	**1,064,247**	**40,686**	**15,357**	**14,399**	**115,916**	**145,672**	**(84,745)**	**64,492**	**1,433,783**
Total recognized income and expense	-	-	-	-	-	-	-	-	(8,594)	(8,594)
Transactions with shareholders and owners										
Profit distribution	-	-	-	-	14,399	50,093	64,492	-	(64,492)	-
Transactions with shares or own equity instruments (net)	-	-	-	(927)	-	(4,578)	(5,505)	11,300	-	5,795
Incentive plans though share-based payments	-	-	-	139	-	-	139	-	-	139
Other changes in equity	-	-	-	-	-	-	-	-	-	-
ADJUSTED BALANCE AT DECEMBER 31, 2013	**203,431**	**1,064,247**	**40,686**	**14,569**	**28,798**	**161,431**	**204,798**	**(73,445)**	**(8,594)**	**1,431,123**

(*) Restated
Read with the accompanying explanatory notes.

Madrid, February 26, 2014.

MEDIASET ESPAÑA COMUNICACIÓN, S.A.

Cash flow statement for the year ended December 31, 2013 and 2012
(Thousand of euros)

	Notes	2013	2012
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		**(32,592)**	**52,545**
Adjustments to profit		**204,826**	**127,373**
Depreciation and amortization	**5,6**	188,735	207,489
Impairment losses	**6,7**	76,832	(10,067)
Changes in provisions		(7,579)	(4,996)
Gains/(losses) from derecognition and disposal of financial instruments	**8**	-	5,000
Finance income		(57,531)	(74,044)
Finance costs		4,369	3,991
Change in working capital		**(31,546)**	**11,944**
Inventories	**9**	1,304	1,771
Trade and other receivables		(19,314)	38,495
Other current assets		(1,026)	54,653
Trade and other payables		(13,851)	(82,867)
Other current liabilities		1,341	(108)
Other cash flows from operating activities		**47,870**	**57,500**
Interest paid		(4,369)	(3,991)
Dividends received	**19**	53,095	68,272
Income tax receipts (payments)		4,436	5,772
Other payments (collections)		(5,292)	(12,553)
CASH FLOWS FROM OPERATING ACTIVITIES		**188,558**	**249,362**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments on investments		**(193,932)**	**(234,760)**
Group companies and associates		-	(16,842)
Intangible assets		(184,016)	(208,808)
Property, plant and equipment		(4,332)	(6,557)
Other financial assets		(5,584)	(2,553)
Proceeds from disposal		**42,517**	**137,765**
Group companies and associates		41,196	82,671
Intangible assets	**6**	167	1,941
Property, plant and equipment	**5**	37	20
Other financial assets		757	52,716
Other assets		360	417
CASH FLOWS FROM INVESTING ACTIVITIES		**(151,415)**	**(96,995)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from and payments on equity instruments		**5,795**	**-**
Disposal of own equity instruments		5,795	-
Proceeds from and payments on financial liabilities		17	(61,557)
Issues	**8**	65	70
Bank borrowings		65	-
Other borrowings		-	70
Repayment and redemption of	**8**	(48)	(61,627)
Bank borrowings		-	(61,627)
Other borrowings		(48)	-
Dividends paid and payments on other equity instruments		**-**	**(55,260)**
Dividends		-	(55,260)
CASH FLOWS FROM FINANCING ACTIVITIES		**5,812**	**(116,817)**
NET FOREIGN EXCHANGE DIFFERENCE		**-**	**-**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		**42,955**	**35,550**
Cash and cash equivalents at January 1	**12**	**46,593**	**11,043**
Cash and cash equivalents at December 31	**12**	**89,548**	**46,593**

Read with the accompanying explanatory notes.

Madrid, February 26, 2014.

1. ACTIVITY

MEDIASET ESPAÑA COMUNICACIÓN, S.A. (called Gestevisión Telecinco, S.A. until April 12, 2011), (hereinafter "the Company") was incorporated in Madrid on March 10, 1989. Its registered address is Carretera de Fuencarral a Alcobendas 4, 28049 Madrid.

The Company engages in the indirect management of a public television service. The Company operated eight TV channels (Telecinco, Siete, Factoría de Ficción, Boing, Cuatro, Divinity, Energy and Nueve).The licenses to operate these channels were granted as follows:

- Under the terms of the State concession granted by the General Secretariat of Communications' Resolution of August 28, 1989 and the concession agreement contained in the public deed of October 3, 1989, as well as all natural operations related to and as a consequence of that management.

- This agreement was renewed for ten years from March 10, 2000 under a Council of Ministers' agreement dated March 10, 2000.

- A Council of Ministers' resolution of November 25, 2005 extended this concession agreement as well as those of other national concessionaires to include three DTT (digital terrestrial television) channels.

- A Council of Ministers' agreement of March 26, 2010 renewed this concession for an additional ten years.

  The Company made all the investments required to start digital transmissions pursuant to Royal Decree 2169/1998, of October 9, which approved the Spanish National Technical Plan for Digital Terrestrial TV. Without prejudice to the above and in conformity with Transitional Provision Two of the Audiovisual Law, on May 3, 2010 the Company requested that the concession be changed to a license to offer an audiovisual communication service. Under the Council of Ministers' resolution of June 11, 2010 the concession became a 15-year license to offer an audiovisual communication service. This license is automatically renewable for the same period provided the Company meets the requirements of Article 28 of the Audiovisual Law 7/2010, of March 31.

- Since the analogical blackout on April 3, 2010 (when analogical broadcasts ended), and by virtue of Additional Provision Three of Royal Decree 944/2005 on May 4, 2010, the Company has access to a multiple digital license with national coverage, which increases the channels it manages to four.

- Following the acquisition of Sogecuatro, S.A. in 2010, the Company obtained Cuatro's multiplex licenses (Cuatro and three more channels).

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

The Company became exchange-listed on June 24, 2004, when it was listed on the stock exchanges of Madrid, Barcelona, Bilbao and Valencia and became an IBEX-35 company on January 3, 2005.

Corporate transactions

On July 27, 2011, the merger of Agencia de Televisión Latino-Americana de Servicios y Noticias España, S.A.U., Sociedad General TV Cuatro, S.A.U., and Compañía Independiente de Noticias de Televisión, S.L. by Mediaset España Comunicación, S.A. was registered with the Madrid Mercantile Registry. Mediaset España Comunicación, S.A. was the sole shareholder of these companies. The merger was authorized by the Board of Directors on July 22, 2011.

Mediaset España Comunicación, S.A., acquired all the absorbed companies' assets based on the merger balance sheets at December 31, 2010 by universal succession, and assumed all their rights and obligations without reservation, exception or limitations as established by law.

The merger took effect for accounting purposes on January 1, 2011.

In respect of the aforementioned takeover and merger, the Company elected to apply the option set forth in Chapter VIII, Title VII of the revised Spanish Corporation Law, approved by Royal Legislative Decree 4/2004 of March 5, regarding mergers, spin-offs, contributions of assets and exchanges of securities.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with Spanish GAAP enacted by Royal Decree 1514/2007 of November 16, which was amended by Royal Decree 1159/2010, of September 17, and all prevailing mercantile law.

The figures shown in these financial statements are presented in thousands of euros unless otherwise indicated.

True and fair view

The accompanying annual financial statements have been prepared from the Company's accounting records in accordance with prevailing accounting legislation in order to give a true and fair view of the equity, financial position and results of the Company, as well as the cash flows reported in the cash flow statement.

These financial statements have been prepared by the directors of the Company and will be submitted for approval by the shareholders in general meeting. It is expected that they will be approved without modification.

Comparative information

Thus, in accordance with mercantile law, for comparative purposes the Company has included the 2012 figures in addition to those of 2013 for each item of the balance sheet, of the income statement, of the statement of changes in equity and of the cash flow statement.

The notes to the financial statements also include quantitative information from the previous year, except when an accounting standard specifically establishes this as unnecessary.

When comparing the figures from 2013 to those of 2012, it is important to note that the figures presented in the previous year differ in some headings from those contained in the approved financial statements for the same period. In accordance with Spanish GAAP measurement rule 22 on changes in accounting policies, errors and changes in accounting estimates, it was considered necessary to adjust the amount of deferred tax assets corresponding to temporary differences arising from valuation adjustments to equity investments in group companies; these were therefore considered permanent differences. This change was made retroactively, including 2012 figures as well as the initial reserves for that year.

The total effect on the Company's equity of these changes amounted to 97,318 thousand euros corresponding to prior years. These changes have no significant impact on nor are they reflected in the consolidated financial statements of the Group of which Mediaset España Comunicación, S.A. is parent.

Changes made to the comparative figures of each of the items in the documents comprising the financial statements are as follows:

- Balance sheet at December 31, 2012

(Thousands of euros)	**Debit/(Credit)**
Reserves – Decrease	97,318
Deferred tax assets (Note 15.2) – Decrease	(97,318)

- Statement of changes in equity for the year ended December 31, 2012

	Debit/(Credit)			
(Thousands of euros)	**Reserves**	**Profit (loss) from prior years**	**Profit for the year**	**Total**
Adjusted balance at January 1, 2012	97,318	-	-	97,318
Movements in 2012	-	-	-	-
Adjusted balance at January 1, 2013	97,318	-	-	97,318

Preparation of the consolidated financial statements

The Company, as the parent of a corporate group in accordance with mercantile law and given that it is a listed company, is obliged to present consolidated financial statements in accordance with the International Accounting Standards as approved by the European Union. Accordingly, the corresponding consolidated financial statements were prepared together with these individual financial statements. Consolidated equity and net profit for the year ended December 31, 2013 totaled 1,419,141 thousand euros and 4,161 thousand euros, respectively.

Critical issues concerning the assessment of uncertainty

The preparation of the Company's annual financial statements requires the Directors to make judgments, estimates and assumptions which affect the application of accounting principles and the balances of assets, liabilities, income and expenses, and the disclosure of contingent assets and liabilities at the reporting date. These estimates and assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying amount of the assets and liabilities that are not readily apparent from other sources. Those estimates and assumptions are reviewed on an ongoing basis. The effects of the reviews of the accounting estimates are recognized in the period during which they are carried out, if they relate solely to that period, or in the period reviewed and future periods if the review affects both current and future periods. Nevertheless, the uncertainty inherent in the estimates and assumptions may lead to results that necessitate adjusting the carrying values of the assets and liabilities affected in the future.

Aside from the general process of making systematic and periodically revising estimates, the directors made certain value judgments on issues that have a special effect on the financial statements.

The main judgments as well as the estimates 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

When measuring non-current assets other than financial assets, especially goodwill and intangible assets with an indefinite useful life, estimates must be made to determine their fair value to assess if they are impaired. To determine fair value, the directors estimate the expected cash flows from assets or the cash-generating units to which they belong and apply an appropriate discount rate to calculate the present value of these cash flows.

Future cash flows depend on meeting the business plan for upcoming years, whereas discount rates depend on the interest rate and the risk premium associated with each cash generating unit. Note 6 includes the hypotheses used to calculate the value of the cash-generating units, and includes a sensitivity analysis of the changes in the hypotheses utilized.

Deferred tax assets

Deferred tax assets are recognized when the income tax Group is likely to have future taxable profit against which these assets may be utilized.

To determine the amount of deferred tax assets that can be recognized, the directors estimate the amounts and dates on which future taxable profits will be obtained, and the reversion period of taxable temporary differences.

Useful life of property, plant and equipment, and intangible assets

The Company 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.

Provisions and contingent liabilities

The Company recognizes provisions for risks in accordance with the accounting policy set forth in Note 4. The Company has made judgments 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. When risks are only considered to be possible, no provisions are recognized (Note 14).

Calculation of fair values, values in use and present values

Estimating fair values, values in use, and present values entails calculating future cash flows and making assumptions on the future values of flows as well as the applicable discount rates. The estimates and related assumptions are based on historical experience and various other factors understood to be reasonable under the circumstances.

The Company values incentive plans through shares at fair value on the date of the concession. Making such an estimate at that date requires making estimates and judgments on the valuation option models 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, an estimate of dividend payments, and the risk-free interest rate for the life of the option.

3. APPROPRIATION OF PROFIT

The Directors have proposed the following appropriation of profit, expressed in thousands of euros, pending approval by the General Shareholders' Meeting:

	Amount
Proposed appropriation	
Loss for the year	(8,594)
Total	(8,594)
Appropriation to:	
Prior year losses	(8,594)
Total	(8,594)

Limitations on the distribution of dividends

The Company is obliged to transfer 10% of the profit for the year to a legal reserve until this reserve reaches an amount at least equal to 20% of share capital. Unless the balance of the reserve exceeds this amount, it cannot be distributed to shareholders. At the date of preparation of these financial statements, the mandatory legal reserve had been duly set aside

Once the legal or the company bylaw requirements have been met, dividends may only be distributed against profit for the year or against freely distributable reserves if the value of equity is not lower than share capital or would not be caused to be less than share capital by the distribution of dividends. Accordingly, profit recognized directly in equity may not be distributed either directly or indirectly. Where losses exist from previous years that reduce the Company's equity to below the amount of share capital, profit must be allocated to offset these losses.

Companies are required to set aside a restricted reserve equal to the amount of goodwill shown in assets. An amount of profit representing at least 5% of goodwill must be earmarked for this purpose. If no profit or insufficient profit is earned, unrestricted reserves must be used for this purpose. As this year the parent reported losses, the related allocation for goodwill will be made against voluntary reserves (14,399 thousand euros).

4. RECOGNITION AND MEASUREMENT ACCOUNTING POLICIES

The main recognition and measurement accounting policies applied in the preparation of these financial statements are as follows:

Intangible assets

Intangible assets are measured at cost of acquisition or production, less accumulated depreciation and any impairment losses. Intangible assets with indefinite useful lives are not amortized but are subject to an impairment test at least annually and whenever there are indications. An intangible asset is recognized as such only if it is likely to generate future income for the Company and its cost can be reliably measured.

The financial expenses of specific or generic funding of assets with installation periods exceeding one year accrued before the assets are put to use are included in the acquisition or production cost.

In each case, the Company assesses the intangible asset's useful life to be either finite or indefinite.

Those that have finite useful lives are amortized over their estimated useful lives, and their recoverability is analyzed when events or changes arise that indicate that the net carrying amount might not be recoverable. Amortization methods and periods are reviewed at year end and adjusted prospectively where applicable.

Goodwill

Upon acquisition, goodwill is initially measured at cost, being the excess of the cost of the business combination over the Company's share in the net fair value of the acquiree's identifiable assets, less the liabilities assumed.

Goodwill is not amortized. Instead, cash-generating units to which goodwill has been assigned at the acquisition date are tested for impairment at least annually, and any impairment loss is recognized accordingly.

Goodwill impairment losses cannot be reversed in future periods.

Computer software

This includes the amounts paid for title to or the right to use computer programs; those developed in-house are included only when they are expected to be used over several years.

Computer software maintenance costs are expensed directly in the year in which they are incurred.

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

Concessions, patents and trademarks

These relate mainly to trademarks and concessions for television channels. The “Cuatro” trademark and the “Cuatro” multiplex operators’ license were identified in the Sogecuatro Group purchase price allocation price. The “Cuatro” trademark has an estimated useful life of 20 years.

The license is considered to be an intangible asset with an indefinite useful life. Intangible assets with indefinite useful lives are not amortized, but are assessed for impairment at least annually or when there are indications of impairment.

Audiovisual property rights

The following intangible assets are recognized under this heading:

Property rights on external audiovisual production

These rights are initially recognized at their acquisition price. If they are acquired in closed packages and the breakdown of the individual value of each product is not provided, individual values are calculated based on a weighting factor equivalent to the acquisition cost of products of a similar type and category, as if the acquisition were made on an individual basis. If the contract stipulates the individual value of each product/title, this is taken directly as the asset value.

The right is recognized at the time the material becomes available for broadcasting pursuant to the contract, and is recognized under “Customer Advances” until it becomes available for broadcasting. In the case of several rights associated with a single contract that become available during the same year but on different dates, the Company recognizes the inclusion of the rights under the contract on the date on which the first right is available for broadcasting.

These rights are amortized based on the number of screenings, as follows:

1. Films and TV movies (non-series)

   * Contractual rights for two screenings:

     First screening: 50% of acquisition cost

     Second screening: 50% of acquisition cost

   * 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)

   * 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 above percentages, is amortized on the basis of the buyer's territorial capacity to distribute the television signal. A cost of goods sold is recognized based on the revenues generated in the territory where the screening has been sold and adjustments are made to the unsold value of the screening.

When audience figures for first screenings or channel programming indicate that the net carrying amount is not in line with the estimated real value, specific impairment provisions are recognized for each product or right.

In-house series production rights

These include productions that the Company, as the owner, may both broadcast and subsequently sell.

Their value includes both the costs incurred directly by the Company and recorded in the line "Work performed by the entity and capitalized" of the Income Statement, and the amounts billed by third parties.

The residual value, estimated at 2% of total cost, is amortized on a straight-line basis over three years from the time the productions are available, unless these rights are sold to third parties during the amortization period, in which case the remaining value is expensed to the revenues generated by the sale.

Amortization is based on the screenings, as follows:

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

  First screening: 100% of the amortizable double value

- Series of 60 minutes or more and/or broadcast weekly

  First screening: 90% of the amortizable value

  Second screening: 10% of the amortizable value, excepting promotional coupons.

In addition, the residual values of broadcasting rights over three years old, from the date of recording of the assets, are written off.

When audience figures for first screenings or channel programming indicate that the net carrying amount is not in line with the real estimated value, each specific product or right is amortized.

Distribution rights

These include the rights acquired by the Company for use in all windows in Spanish territory.

The cost of the right is that stated in the contract. Amortization of distribution rights is recognized on the basis of the revenue generated in each window in which the right is used and an estimate of future revenue from each window.

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

In the free-to-air window, the amortization of the rights is recognized in the same way as in the case of audiovisual property rights, as detailed in the corresponding note.

Coproduction rights

These include the coproduction rights acquired by the Company for use in all windows.

The cost of the right is that stated in the contract. Amortization of distribution rights is recognized on the basis of the revenue generated in each window in which the right is used and estimated revenue from each window.

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

In the free-to-air window, the amortization of the rights is recognized in the same way as in the case of audiovisual property rights, as detailed in the corresponding note.

Rights: options, scripts, development

Necessary expenses to analyze and develop new projects are recognized under this heading. Scripts acquired are measured at cost.

When a right to a production to which it is associated commences, the right is reclassified to the related rights account and amortized accordingly.

Master copies and dubbing

Master copies refer to the media supporting the audiovisual rights and dubbing to the cost of dubbing original versions.

These are measured at cost and amortized in the same proportion as the audiovisual rights with which they are associated.

(Thousand of euros)

Retransmission rights

The costs for the rights to broadcast sport are recognized under “Procurements” on the income statement at the cost stipulated in the agreement. The costs are recognized when each event is broadcast. Advance payments are recognized in the balance sheet under “Current assets – Other current assets.”

Property, plant and equipment

Property, plant and equipment are initially measured at either acquisition or production cost.

Following initial measurement, they are stated at cost less accumulated depreciation and any impairment losses.

The financial expenses of specific or generic funding of assets with installation periods exceeding one year accrued before the assets are put to use are included in the acquisition or production cost.

When, based on an analysis of the nature and conditions of a lease agreement, all risks and rewards incidental to ownership of the leased item are considered to be substantially transferred to the Company, the agreement is classified as a financial lease. Therefore, the ownership acquired through these financial leases is measured, based on its nature in the PPE, at an amount equivalent to the lower of its fair value and the present value of the minimum payments set forth at the beginning of the lease agreement, minus the accumulated depreciation and any impairment loss. There were no finance lease agreements at year end 2013 and 2012.

Expenses for repairs which do not prolong the useful life of the assets, as well as maintenance expenses, are recognized in the income statement in the year incurred. Expenses incurred for expansion or improvements which increase the productivity or prolong the useful life of the asset are capitalized as an increase in the value of the item.

Depreciation expenses are recognized in the income statement. The elements of this item are depreciated from the time in which they are available to be brought into service. Property, plant and equipment are depreciated by the straight-line method during the following years of estimated useful life:

	Ratio
Buildings	4 %
TV equipment	20 %
Plant	10 %
Tools	20 %
Automobile-related material	14-15 %
Furniture	10 %
Data-processing equipment	25 %
Sundry inventoriable materials	20 %

The Company reviews the assets’ residual value, useful lives and the depreciation methods of property, plant and equipment at year end and adjusts them prospectively where applicable.

Impairment of non-current non-financial assets

The Company assesses at least at each year end whether there is an indication that a non-current asset or, where applicable, a cash-generating unit may be impaired. If any such indication exists, and in all events when goodwill or intangible assets have indefinite useful lives, the Company estimates the asset's recoverable amount.

The recoverable amount is the higher of the fair value less cost to sell and the value in use. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired. To assess value in use, expected future cash flows are discounted to their present value using risk-free market rates, adjusted by the risks specific to the asset. For those assets that do not generate cash inflows largely independent of those from other assets or groups of assets, the recoverable amount is determined for the CGU to which the asset belongs.

Impairment loss and its reversion are recognized in the income statement. Impairment loss is reversed only if the circumstances giving rise to it have ceased to exist, except those related to goodwill. The reversal is limited to the carrying amount that would have been determined had no impairment loss been recognized for the asset.

Goodwill and intangibles with indefinite lives are tested for impairment by determining the recoverable amount of the cash-generating unit to which they relate. If the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized.

Financial instruments

Financial assets

A) Recognition and measurement

Financial instruments are classified into one of the following categories for measurement purposes:

1. Loans and receivables
2. Held-to-maturity investments
3. Financial assets held for trading
4. Other financial assets at fair value through profit or loss
5. Investments in group companies, joint ventures and associates
6. Available-for-sale financial assets

Financial assets are initially recognized at fair value. Unless there is evidence to the contrary, fair value is the transaction price. The transaction price is equivalent to the fair value of the consideration paid plus directly attributable transaction costs, except, for financial assets held for trading and other financial assets at fair value through profit or loss, directly attributable transaction costs are recognized directly in the income statement of the year in which the financial asset is acquired. In addition, for financial assets held for trading and available-for-sale financial assets, preferential subscription and any similar rights acquired will be part of the initial measurement.

a.1) Loans and receivables

Loans and receivables comprise financial assets arising from the sale of goods or the rendering of services in the ordinary course of the Company's business. The category also includes trade receivables, which are defined as financial assets that, in addition to not being equity instruments or derivatives, have no commercial substance, have fixed or determinable payments and are not traded on an active market. This category does not include financial assets for which the Company might not substantially recover all of its initial investment due to circumstances other than credit impairment.

Following initial recognition, financial assets included in this category are measured at amortized cost. Interest is recognized in the income statement using the effective interest rate method.

Nevertheless, trade receivables that mature within less than one year with no contractual interest rate, as well as advances and loans to personnel, dividends receivable and called-up payments on equity instruments, the amount of which is expected in the short term, are carried at nominal value both at initial and subsequent remeasurement, when the effect of not discounting cash flows is not significant.

Loans and receivables maturing in less than twelve months as of the balance sheet date are classified as current, and those maturing at over 12 months as non-current.

a.2) Held-to-maturity investments

Held-to-maturity investments include debt instruments with fixed maturities and fixed or determinable payments traded on active markets, and which the Company has the positive intention and the financial capacity to hold to maturity.

Following initial recognition, financial assets included in this category are measured at amortized cost. Interest is recognized in the income statement using the effective interest rate method.

a.3) Financial assets held for trading

A financial asset is considered to be held for trading when:

a) It is originated or acquired to be sold in the short term.

b) It is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit taking.

c) It is a derivative financial instrument, providing that is not a financial guarantee contract and has not been designated as a hedging instrument.

After initial recognition, these assets are stated at fair value including any transaction costs relating to their sale. Changes to fair value are recognized in the income statement for the year. The Company maintained no investments of this type at year end 2013 and 2012.

a.4) Other financial assets at fair value through profit or loss

This category includes hybrid financial instruments, when it is not possible to separately measure the value of the embedded derivative or to reliably determine its fair value, either at the time of acquisition or at a subsequent date, or, when so elected, at the time of initial recognition, because the instrument has been measured at fair value.

This category also includes all financial assets that the Company has designated, at the time of initial recognition, for inclusion. This designation is only made when it results in more relevant information, because:

a) It eliminates or significantly reduces inconsistencies in recognition or valuation that otherwise would exist due to the measurement of assets or liabilities or due to the recognition of losses or gains thereon through the application of different criteria.

b) A group of financial assets or financial assets and liabilities is managed, and the return thereon is evaluated on the basis of the assets' fair value, according to a documented investment or risk-management strategy, and, in addition, information regarding the Group is provided on a fair-value basis to the key management personnel.

After initial recognition, these assets are stated at fair value including any transaction costs relating to their sale. Changes to fair value are recognized in the income statement for the year.

a.5) Investments in Group companies, joint ventures, and associates

This category includes equity investments in companies in which the entity exercises control (group companies), joint control via by-law resolutions or contractual arrangements with one or more partners (jointly controlled entities) or has significant influence (associates).

Upon initial recognition in the balance sheet, the investments are recognized at fair value, which, unless there is evidence to the contrary, is the transaction price, which is equivalent to the fair value of the consideration paid.

Investments in Group companies are recognized, where applicable, based on accounting principles for transactions with group companies and those used for determining the cost of business combinations in accordance with the accounting policy governing business combinations.

When an investment is newly classified as a group company, joint venture or associate, the carrying amount of that investment immediately prior to its new classification is taken as the cost of that investment. If applicable, any unrealized value adjustments to the investment which have been previously recognized directly in equity are left in equity until the investment is either sold or impaired.

Following initial measurement, these financial assets are measured at cost, less any accumulated impairment loss.

When a value must be assigned to these assets because they are derecognized or for another reason, the homogenous-groups weighted average cost method is applied, with homogenous groups understood to be those that have the same rights. Where preferential subscription or similar rights are sold or separated for the purpose of being exercised, the cost of these rights decreases the carrying amount of the respective assets.

a.6) Available-for-sale financial assets

This category includes debt securities and equity instruments of other companies not classified in any of the preceding categories.

After initial recognition, these assets are stated at fair value including any transaction costs relating to their sale. Changes in fair value are recognized directly in equity until the investment is derecognized or determined to be impaired, at which time the cumulative gain or loss is recognized in the income statement. However, impairment losses and foreign exchange gains, and losses on monetary assets denominated in foreign currency are recognized in the income statement. Interest, calculated according to the effective interest rate method and dividend income are also recognized in the income statement.

Investments in equity instruments whose fair value cannot be reliably determined are measured at cost, less any cumulative impairment. When a value must be assigned to these assets because they are derecognized or for another other reason, the homogenous-groups weighted average cost method is applied, with homogenous groups understood to be those that have the same rights. Where preferential subscription or similar rights are sold or separated for the purpose of exercising being exercised, the cost of these rights decreases the carrying amount of the respective assets. This amount is the fair value or the cost of the rights consistent with the measurement of the associated financial assets.

B) Interest and dividends received from financial assets

Interest and dividends from financial assets accrued subsequent to acquisition are recognized as income. Interest must be recognized using the effective interest rate method; dividends are recognized when the right to receive them is established.

For these purposes, financial assets are recognized separately on initial measurement, based on maturity, accrued explicit interest receivable at that date and the proposed dividends at the time the assets are acquired. For these purposes, explicit interest refers to the contract interest rate applied to the financial instrument.

In addition, when distributed dividends are derived unmistakably from profit generated prior to the date of acquisition given that the amounts of distributed dividends exceeded the profit generated by the associate since acquisition, the dividends are not recognized as income and decrease the cost of the investment.

C) Impairment of financial assets

At year end, the Company evaluates if its financial assets or group of financial assets are impaired.

Financial assets recognized at amortized cost (receivables and investments held to maturity)

Valuation adjustments are made, provided that there is objective evidence that the value of a financial asset, or group of financial assets, recognized at amortized cost has suffered an impairment loss as a result of one or more events that have occurred after their initial recognition causing a reduction or delay in estimated future cash flows.

The impairment loss on these financial assets is the difference between their carrying value and the present value of the future cash flows expected to be generated, minus the effective interest rate calculated at the time of their initial recognition. For financial assets with floating interest rates, the effective interest rate corresponding to the balance sheet date is used, in accordance with the contractual conditions. To calculate the impairment losses of a group of financial assets, models based on statistical methods or formulas are used. For investments held to maturity as a substitute for the present value of future cash flows, the market value of the instrument may be used, provided that it is sufficiently reliable to be considered representative of the value that the Company might recover.

Impairment losses, as well as the reversion thereof when the amount of the loss diminishes for reasons related to a subsequent event, are recognized as revenue or expense, respectively, in the income statement. The reversal of an impairment is limited to the carrying value of the credit that would have been recognized on the reversal dates had no impairment loss been recognized.

Investments in Group companies, joint ventures and associates

When there is objective evidence that the carrying amount of an investment will not be recoverable, the required valuation adjustments must be made.

The valuation adjustment is the difference between the carrying amount of the investment and the recoverable amount, which is the greater of the investment's fair value, less costs to sell and the present value of future cash flows derived from the investment. Unless better evidence of the recoverable amount of the investments is available, impairment of this type of asset has been estimated taking into account the equity of the subsidiary, adjusted by any unrealized capital gain existing on the measurement date.

Unless financial support has been promised to the investee, no provisions are set aside in excess of the value of the investment.

Impairment loss and its reversion are recognized as expenses or as revenue, respectively, in the income statement. The reversal of an impairment is limited to the carrying value of the estimate that would have been recognized on the reversal dates had no impairment loss been recognized.

Available-for-sale financial assets

When there is objective evidence of a decline in the fair value of this category of financial assets due to impairment, the underlying capital losses recognized as "Unrealized gains (losses) reserve" in equity are taken to the income statement.

The reversal of an impairment loss is recognized in the income statement. Such reversal is limited to the carrying amount of the financial asset that would have been recognized on the reversal date had no impairment loss been recognized.

D) Derecognition of financial assets

The Company derecognizes all or part of a financial asset when the contractual rights to related cash flows expire or are transferred. In such cases, substantially all of the risks and rewards of ownership must be assigned, under circumstances that are evaluated by comparing the Company's exposure before and after the transfer with the variability in the amounts, and the timing of the net cash flows of the transferred asset.

If the Company has not transferred or retained substantially all of the risks and rewards, the financial asset is derecognized if control over the asset has not been retained. The situation is determined in accordance with the transferee's capacity to transfer the asset. If control over the asset is retained, the Company continues to recognize it to the extent to which it is exposed to the changes in the value of the transferred asset, i.e., due to its continuing involvement, and the associated liability is also derecognized.

When the financial asset is derecognized, the difference between the consideration received, net of attributable transaction costs, including any new financial asset obtained less any liability assumed, and any cumulative gain or loss directly recognized in equity, determines the gain or loss generated upon derecognition and is included in the income statement in the year to which it relates.

The Company does not derecognize financial assets and it recognizes a financial liability for an amount equal to the compensation received in the transfers of financial assets in which it has retained substantially the risks and rewards incidental to ownership, such as discounted bills, recourse factoring, disposals of financial assets under repurchase agreements at fixed prices or sale price plus interest, and securitizations of financial assets in which the company, as transferor, retains subordinated debt or other types of guarantees that substantially absorb estimated losses.

Financial liabilities

A) Recognition and measurement

The Company classifies its financial liabilities into the following categories:

1. Trade and other payables
2. Financial liabilities held for trading
3. Other financial liabilities at fair value through profit or loss

Financial liabilities are initially measured at fair value, which, unless there is evidence to the contrary, is equivalent to the fair value of the consideration received. For financial liabilities included in trade and other payables, directly attributable transaction costs are part of the initial recognition; for other financial liabilities, these costs are recognized in the income statement. Liabilities maturing in less than twelve months as of the balance sheet date are classified as current, and those maturing at over twelve months as non-current.

a.1) Trade and other payables

Trade and other payables comprises financial liabilities arising from the purchase of goods and services in the ordinary course of the Company's business. The category also includes non-trade payables, which are defined as financial liabilities that, in addition to not being derivative instruments, have not commercial substance.

Upon initial recognition in the balance sheet, they are recognized at fair value, which, unless there is evidence to the contrary, is the transaction price, which is equivalent to the fair value of the consideration received, adjusted by directly attributable transaction costs.

Following initial recognition, financial assets included in this category are measured at amortized cost. Interest is recognized in the income statement using the effective interest rate method.

Nevertheless, trade payables maturing within less than one year with no contractual interest rate, as well as called-up payments on shares the amount of which is expected in the short term are carried at nominal value, both in the initial recognition and in the subsequent recognition, when the effect of not discounting cash flows is not significant.

a.2) Financial liabilities held for trading:

A financial liability is considered to be held for trading when:

a) It is issued primarily for the purpose of being repurchased in the short term.

b) It forms part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit taking.

c) It is a derivative financial instrument, providing that is not a financial guarantee contract and has not been designated as a hedging instrument.

Financial liabilities are initially measured at fair value, which, unless there is evidence to the contrary, is equivalent to the fair value of the consideration received. Directly attributable transaction costs are directly recognized in the income statement.

After initial recognition, these assets are measured at fair value including any transaction costs relating to their sale. Changes to fair value are recognized in the income statement for the year. The Company maintained no investments of this type at year end 2013 and 2012.

a.3) Other financial liabilities at fair value through profit or loss

This category includes hybrid financial instruments, when it is not possible to separately measure the value of the embedded derivative or to reliably determine its fair value, either at the time of acquisition or at a subsequent date, or, when so elected, at the time of initial recognition, because the financial instrument has been measured at fair value.

This category also includes all financial liabilities that the Company has designated, at the time of initial recognition, for inclusion. This designation is only made when it results in more relevant information, because:

a) It eliminates or significantly reduces inconsistencies in recognition or valuation that otherwise would exist due to the measurement of assets or liabilities or due to the recognition of losses or gains thereon by applying different criteria.

b) A group of financial liabilities or financial assets and liabilities is managed, and the return thereon is evaluated on the basis of its fair value, according to a documented investment or risk-management strategy, and, in addition, information regarding the Group is provided on a fair-value basis to the key management personnel.

After initial recognition, these assets are stated at fair value including any transaction costs relating to their sale. Changes to fair value are recognized in the income statement for the year. The Company maintained no investments of this type at year end 2013 and 2012.

B) Derecognition of financial liabilities

The Company derecognizes a financial liability when the obligation under the liability is extinguished. And it also proceeds to derecognize its own financial liabilities that it acquires, even with a view to reselling them in the future.

When debt instruments are exchanged, provided that their contractual terms are substantially different, the original financial liability is derecognized and the new financial liability is recognized. Financial liabilities whose contractual terms are substantially modified are treated in the same way.

The difference between the carrying amount of the derecognized financial asset (or part of it) and the compensation paid, including any attributable transaction costs, which also includes any new asset transferred other than cash or liability assumed, is recognized in the income statement in the year to which it relates.

When debt instruments are exchanged whose contractual terms are not substantially different, the original financial liability is not derecognized, and the commissions paid are recognized as an adjustment to the carrying amount. The amortized cost of a financial liability is determined by applying the effective interest rate, which is the rate the makes the carrying amount of the financial liability on the modification date equal to the cash flows to be paid as per the new terms.

Financial derivatives and hedges

Cash flow hedges are hedges to exposure to variability in cash flows attributable to a specific risk associated with a recognized asset or liability or to a highly probable forecast transaction that may affect the income statement. The effective portion of the gain or loss on the hedge instrument is recognized directly in equity, whereas the ineffective portion is recognized in the income statement.

The amounts recognized in equity are transferred to the income statement when the hedged transaction affects profit or loss, as well as when financial expense or revenue is recognized, or when a forecast sale or purchase takes place.

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

If the forecast transaction is no longer expected to take place, the amounts previously recognized in equity are transferred to the income statement. If a hedge instrument expires, is sold, terminates or is exercised without being replaced or renegotiated, or its designation as a hedge is revoked, the amounts previously recognized in equity continue to be recognized under that heading until the transaction occurs. If the related transaction is not expected to take place, the amount is recognized in the income statement.

The Company’s financial derivatives at December 31, 2013 and 2012 were classified as held for trading, with gains or losses recognized in profit or loss.

Treasury shares

Treasury shares are recognized in equity as a decrease in “Capital and reserves” when acquired. No loss or gain is shown in the income statement on sale or cancelation. Expenses incurred in connection with transactions with treasury shares are recognized directly in equity as a decrease in reserves.

Inventories

In-house production programs are recognized as inventories. These programs are recognized at production cost, which is determined by considering all costs attributable to the product which are incurred by the Company.

Advances paid for programs are also included.

They are expensed when the related programs are broadcast.

When the net realizable value of inventories is less than acquisition or production cost, the corresponding provision is recognized in the income statement.

Cash and cash equivalents

This heading includes cash, current accounts, short-term deposits and purchases of assets under resale agreements that meet the following criteria:

- They are readily convertible to cash.
- They mature within less than three months from the acquisition date.
- The risk of change in value is insignificant.
- They are part of the Company's standard cash management strategy.

In terms of the cash flow statement, occasional bank overdrafts used as part of the Company's cash management strategy are recognized as a decrease in cash and cash equivalents.

Provisions

Provisions are recognized in the balance sheet when the Company has a present obligation (derived from a contract or a legal provision or from an explicit or implicit obligation) as a result of past events, and a quantifiable outflow of resources is likely to be required to settle the obligation.

Provisions are measured at the present value of the best estimate of the amount that an entity would have to pay to settle the obligation at the balance sheet date or to transfer it to a third party at that time, with provision discount adjustments recognized as a finance cost as they accrue. No discounts are made on provisions falling due within twelve months that do not have a significant financial effect. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Compensation receivable from a third party when provisions are settled is recognized as an asset, albeit not deducted from the amount of the provision, and provided that there is no doubt that this compensation will actually be received, and that it does not exceed the amount of the liability recognized. When a contractual or legal relationship exists by virtue of which the Company is required to externalize the risk, and thus it is not liable for the related obligation, the amount of the reimbursement is deducted from the amount of the provision.

In addition, contingent liabilities are considered to be possible obligations that arise from past events whose materialization depends on the occurrence of future events not wholly within the Company's control, as well as present obligations arising from past events regarding which it is not probable that an outflow of resources will be required to settle them or which cannot be reliably measured. Contingent liabilities are not recognized in the financial statements but are disclosed in the accompanying notes, unless the likelihood of an outflow of resources is considered remote.

Equity-settled transactions

The Company maintains share option plans related to the compensation system for executive 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' 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.

The granting of Company shares to the other executive directors and directors of group companies is recognized in the financial statements by increasing the value of the investment of said subsidiaries.

Transactions in foreign currency

The financial statements are presented in thousands of euros, which is the Company's functional currency.

Monetary items

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

Non-monetary items

Non-monetary items measured at historical cost are translated at the exchange rate prevailing on the date of the transaction.

Non-monetary items measured at fair value are translated at the exchange rate prevailing when the fair value is determined. When a gain or loss on a non-monetary item is recognized directly in equity, any exchange component of that gain or loss is recognized directly in equity. Conversely, when a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in the income statement.

Income tax

Since 1999, the Company has filed its income tax return on a consolidated basis with two of its subsidiaries: Grupo Editorial Tele 5, S.A.U. and Estudios Picasso Fábrica de Ficción, S.A.U. In 2000, Agencia de Televisión Latinoamericana de Servicios y Noticias España, S.A.U., Agencia de Televisión Latinoamericana de Servicios y Noticias Andalucía S.A., and Agencia de Televisión Latinoamericana de Servicios y Noticias Levante S.A. were included in the consolidated tax group.

In 2001, Digitel 5 Media, S.A.U. was included.

In 2002, Agencia de Televisión Latinoamericana de Servicios y Noticias Galicia, S.A. and Agencia de Televisión Latinoamericana de Servicios y Noticias Cataluña, S.A.U. were included.

In 2004, Micartera Media, S.A.U. was included.

In 2004, due to the merger by absorption of Agencia de Televisión Latinoamericana de Servicios y Noticias Andalucía S.A., Agencia de Televisión Latinoamericana de Servicios y Noticias Levante S.A., and Agencia de Televisión Latinoamericana de Servicios y Noticias Galicia, S.A. into Agencia de Televisión Latinoamericana de Servicios y Noticias Cataluña, S.A.U., which subsequently changed its business name to Atlas Media, S.A.U., the acquirees ceased to exist.

In 2005, Publiespaña, S.A.U., Publimedia Gestión, S.A.U., and Advanced Media, S.A.U. were included.

In 2006, Digitel 5 Media, S.A.U. was excluded, since a resolution had been passed in July 2006 to dissolve and liquidate it.

In 2007, Mediacinco Cartera, S.L. was included and Estudios Picasso Fábrica de Ficción, S.A.U. changed its company name to Telecinco Cinema, S.A.U.

In 2008, Conecta 5 Telecinco, S.A.U. was included.

In 2009, Canal Factoria de Ficción, S.A.U. was included.

In 2010, Advanced Media, S.A.U. was excluded as on March 25, 2010 it was agreed to dissolve and liquidate the company.

In 2011, Sogecable Media, S.L.U and Sogecable Editorial, S.L.U. were included. As a result of the merger of Agencia de Televisión Latinoamericana de Servicios and Noticias España, S.A.U., they no longer form part of the tax group.

Premiere Megaplex, S.A.U. was included in 2012; due to their dissolution and liquidation, Atlas Media, S.A.U., Mi Cartera Media, S.A.U., and Canal Factoría de Ficción, S.A.U. were excluded.

In 2013, Integración Transmedia, S.A.U. was included.

Income tax expense for the year is calculated as the sum of current tax resulting from applying the corresponding tax rate to taxable profit for the year, less any applicable rebates and tax credits, taking into account changes during the year in recognized deferred tax assets and liabilities. The corresponding tax expense is recognized in the income statement, except when it relates to transactions recognized directly in equity, in which case the corresponding tax expense is recognized in equity, and in business combinations in which is recorded as other assets and liabilities of the acquired business.

Deferred income tax is recognized on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts. The tax base of an asset or liability is the amount attributed to it for tax purposes.

The tax effect of temporary differences is included in “Deferred tax assets” or “Deferred tax liabilities” on the balance sheet, as applicable.

Deferred tax liabilities are recognized for all temporary differences, except where disallowed by prevailing tax legislation.

The Company recognizes deferred tax assets for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that future taxable profit will be available against which these assets may be utilized, except where disallowed by prevailing tax legislation.

For business combinations in which deferred tax assets have not been accounted for separately at initial recognition because they do not meet the criteria, the deferred tax assets which are recognized during the measurement period and which arise from new information regarding matters and circumstances existing at the acquisition date will require an adjustment of the related goodwill. After the abovementioned measurement period, or as a result of new information regarding matters and circumstances existing at the acquisition date, they are written off or recognized directly in equity, depending on the applicable accounting policy.

At each financial year end, the Company assesses the deferred tax assets recognized and those that have not yet been recognized. Based on this analysis, the Company derecognizes the asset recognized previously if it is no longer probable that it will be recovered, or it recognizes any deferred tax asset that had not been recognized previously, provided that it is probable that future taxable profit will be available against which these assets may be utilized.

Deferred tax assets and liabilities are measured at the tax rate expected to apply to the period in which they reverse, as required by enacted tax laws and in the manner in which it reasonably expects to recover the asset’s carrying value or settle the liability.

Deferred tax assets and liabilities are not discounted and are classified as non-current assets or non-current liabilities, respectively.

Income and expenses

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

Income from sales and services

Revenue is recognized according to the economic substance of the transaction.

Income is recognized when it is probable that the profit or economic benefits from the transaction will flow to the Company and the amount of income and costs incurred or to be incurred can be reliably measured.

Revenue from the sale of goods or the rendering of services is measured at the fair value of the consideration received or receivable stemming from those goods or services, less any discounts, rebates and similar items given by the company, as well as indirect taxes on transactions reimbursed by third parties. Interest included in trade receivables maturing in not more than one year that have no contractual rate of interest is included as an increase in value of the revenue, because the effect of not discounting cash flows is not significant.

Leases

Leases in which the lessor maintains a significant portion of the risks and benefits of ownership of the leased asset are treated as operating leases. Payments or collections carried out under contracts of this type are recognized in the income statement throughout the period of the lease on an accrual basis.

Business combinations

Business combinations, understood as operations in which the Company acquires control of one or more businesses, are recognized using the purchase method. Under the purchase method, assets acquired and liabilities assumed are recognized, at the acquisition date, at fair value, provided that this value can reliably measured. In addition, the difference between the cost of the business combination and the value of these assets and liabilities is recognized, in the income statement, as goodwill, when the difference is positive, or as income, when the difference is negative. The criteria contained in the section on intangible assets of these Notes apply to goodwill.

Provisional values are used to measure business combinations when the necessary valuation process has not been completed prior to the financial year end. These values should be adjusted within a year from the date of acquisition. Adjustments recognized to complete initial measurement are made retroactively, thus the resultant values are those which would have been stated initially had the information been available, and therefore the comparative figures are restated.

The cost of a business combination is determined by the sum of:

a) The fair values on the acquisition date of the assets received, the liabilities incurred or assumed, and the equity instruments issued by the acquirer. Nonetheless, when the fair value of the business acquired is more reliable, this value is used to estimate the fair value of the compensation paid.

b) The fair value of any contingent compensation which depends on future events or the fulfillment of certain conditions. Such compensation must be recognized as an asset, a liability or equity depending on its nature.

Under no circumstances is the cost of the business combination to include expenses related to the issuing of equity instruments or financial liabilities exchanged for assets acquired; these must be recognized according to the standard on financial instruments.

Other fees paid to legal advisors or other professionals involved in the transaction are recorded as an expense in the income statement. Under no circumstances are internal expenses generated as a result of any of these concepts to be included in the cost of the business combination. Likewise, those incurred by the acquiring entity related to the business combination are not to be included.

Generally, unless there is a more reliable valuation, the fair value of equity instruments or financial liabilities which are provided as compensation for a business combination is the quoted price if these instruments are quoted on an active market. If this is not the case, in the specific case of a merger and spin-off, the fair value is the value given to the shares or participation in the acquiring company when determining the corresponding exchange ratio.

When the carrying amount of the assets provided by the acquirer as compensation is not the same as their fair value, if applicable, the related difference is recognized in the income statement.

Related-party transactions

Related-party transactions are measured according to the valuation methods described above.

The prices of related-party transactions are adequately documented; hence the Company's directors consider there to be no risk of significant liabilities arising from these.

In mergers, the acquiree's assets and liabilities are measured at the related amount in the Group's consolidated financial statements.

If no consolidated financial statements exist, or if the consolidated financial statements were prepared according to IFRS, rather than Spanish GAAP, acquired assets are carried at the amount at which they are stated in the transferring company's separate financial statements.

Classification of current and non-current assets and liabilities

Assets and liabilities are classified in the balance sheet as current and non-current. Accordingly, assets and liabilities are classified as current when they are associated with the Company's operating cycle and it is expected that they will be sold, consumed, realized or settled within the normal course of that cycle; if they differ from the aforementioned assets, and are expected to mature, to be sold or settled within one year; if they are held for trading or are cash and cash equivalents whose use is not restricted to one year.

Audiovisual rights, classified as intangible assets, are included in full as non-current assets. Note 6 details those which the Company expects to use within a period of less than 12 months.

Environmental issues

In view of the business activities carried out by the Company, it does not have any environmental liability, expenses, assets, provisions or contingencies 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.

Termination benefits

In accordance with prevailing labor legislation, the Company is required to pay indemnities to employees who are dismissed under certain circumstances. Reasonably quantifiable indemnity payments are recognized as an expense in the year in which the Company creates a valid expectation on the part of the affected third parties that the dismissals will occur.

(Thousand of euros)

Regulations for application in forthcoming years

At the preparation date of the accompanying financial statements, ICAC resolution dated September 18, 2013 on recognition and measurement standards as well as information to include in notes to the financial statements on the impairment of assets had been published. It introduces modifications on estimating impairment, and is applicable for the years beginning January 1, 2014 and beyond.

The Company has yet to assess the potential impact of its application on the 2014 financial statements; however, based on the analysis performed to date, application of these standards should not be significant.

5. PROPERTY, PLANT AND EQUIPMENT

The breakdown and movements in property, plant and equipment in 2013 and 2012 were as follows:

2013	**01/01/13**	**Additions**	**Disposals**	**Transfers**	**12/31/13**
Cost					
Land	14,970	-	-	-	14,970
Buildings	37,551	88	-	148	37,787
TV equipment, plant and tools	95,237	1,834	(1,234)	913	96,750
Furniture and fixtures	4,224	300	(179)	-	4,345
Data processing equipment	15,266	723	(1,132)	224	15,081
Other PP&E	600	27	(80)	-	547
Property, plant, and equipment under construction	903	1,360		(1,285)	978
Total	168,751	4,332	(2,625)	-	170,458
Accumulated depreciation					
Buildings	(21,543)	(1,517)	-	-	(23,060)
TV equipment, plant and tools	(79,484)	(4,260)	1,227	-	(82,517)
Furniture and fixtures	(2,918)	(263)	175	-	(3,006)
Data-processing equipment	(11,779)	(1,567)	1,107	-	(12,239)
Other PP&E	(527)	(34)	79	-	(482)
Total	(116,251)	(7,641)	2,588	-	(121,304)
Net carrying amount	**52,500**				**49,154**

2012	01/01/12	Additions	Disposals	Transfers	12/31/12
Cost					
Land	14,970	-	-	-	14,970
Buildings	32,443	157	-	4,951	37,551
TV equipment, plant and tools	90,582	1,930	(2,747)	5,472	95,237
Furniture and fixtures	4,027	239	(42)	-	4,224
Data processing equipment	14,801	932	(624)	157	15,266
Other PP&E	587	32	(19)	-	600
Property, plant, and equipment under construction	8,216	3,267	-	(10,580)	903
Total	165,626	6,557	(3,432)	-	168,751
Accumulated depreciation					
Buildings	(20,094)	(1,449)	-	-	(21,543)
TV equipment, plant and tools	(78,023)	(4,201)	2,740	-	(79,484)
Furniture and fixtures	(2,698)	(254)	34	-	(2,918)
Data processing equipment	(10,665)	(1,734)	620	-	(11,779)
Other PP&E	(514)	(31)	18	-	(527)
Total	(111,994)	(7,669)	3,412	-	(116,251)
Net carrying amount	**53,632**				**52,500**

Additions in 2013 and 2012 are due primarily to the acquisition of plant for the Company to continue its business and to enlargements of the buildings where it performs its operations which was finished in 2013. Decreases in 2013 and 2012 relate primarily to idle and fully depreciated assets that the Company has eliminated from its balance sheet.

At December 31, 2013 and 2012, the amounts of fully depreciated assets still in use are as follows:

	2013	2012
Data processing equipment	8,682	8,971
TV equipment, plant, and tools	71,409	67,161
Other PP&E	4	4
Furniture and fixtures	2,160	2,040
	82,255	**78,176**

In 2013, the Company did not acquire of items of property, plant, and equipment from group companies.

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.

Operating leases

Amounts recognized under "Operating leases" are as follows:

	Thousand of euros	
	2013	2012
Operating lease payments recognized as loss/profit for the year (Note 18.d)	659	635
	659	**635**

(Thousand of euros)

The Company's future lease payments fall due within a year and are for similar amounts to those assumed during the year.

6. INTANGIBLE ASSETS

The breakdown and movements in intangible assets in 2013 and 2012 are as follows:

2013	**01/01/13**	**Additions**	**Disposals**	**Transfers**	**12/31/13**
Cost					
Cuatro signal transmission license	85,000	-	-	-	85,000
Merger goodwill	287,979	-	-	-	287,979
Trademarks and trade names	173,997	-	-	-	173,997
Audiovisual property rights	454,699	121,830	(155,324)	1,508	422,713
Master copies and Customs	7	-	(1)	-	6
Dubbing and other work	10,931	3,114	(712)	-	13,333
Coproduction rights	6,712	-	-	-	6,712
Fiction series rights	1,225,431	35,431	-	5,121	1,265,983
Distribution rights	10,397	-	-	-	10,397
Other auxiliary services (distribution)	539	-	-	-	539
Rights: options, scripts, development	548	520	(158)	(185)	725
Prepayments, audiovisual property rights	2,549	1,485	(9)	(1,508)	2,517
Prepayments, fiction rights	190	9,771	-	(4,936)	5,025
Computer software in progress	642	851	-	(1,301)	192
Software	18,769	552	(1,597)	1,301	19,025
Total	2,278,390	173,554	(157,801)	-	2,294,143
Accumulated depreciation					
Trademarks and trade names	(29,625)	(8,030)	-	-	(37,655)
Audiovisual property rights	(264,971)	(128,027)	155,324	-	(237,674)
Master copies and Customs	(7)	-	1	-	(6)
Dubbing and other work	(9,426)	(2,778)	712	-	(11,492)
Coproduction rights	(6,712)	-	-	-	(6,712)
Fiction series rights	(1,195,189)	(40,675)	-	-	(1,235,864)
Distribution rights	(10,397)	-	-	-	(10,397)
Other auxiliary services (distribution)	(539)	-	-	-	(539)
Software	(16,332)	(1,584)	1,597	-	(16,319)
Total amortization	(1,533,198)	(181,094)	157,634	-	(1,556,658)
Impairment losses	(12,231)	(4,789)	11,869		(5,151)
Total	(1,545,429)			-	(1,561,809)
Net carrying amount	**732,961**				**732,334**

(Thousand of euros)

2012	01/01/12	Additions	Disposals	Transfers	12/31/12
Cost					
Cuatro signal transmission license	85,000	-	-	-	85,000
Merger goodwill	287,979	-	-	-	287,979
Trademarks and trade names	173,997	-	-	-	173,997
Audiovisual property rights	453,453	124,924	(126,861)	3,183	454,699
Master copies and Customs	7	-	-	-	7
Dubbing and other work	9,081	2,116	(266)	-	10,931
Coproduction rights	6,712	-	-	-	6,712
Fiction series rights	1,173,188	51,416	-	827	1,225,431
Distribution rights	10,397	-	-	-	10,397
Other auxiliary services (distribution)	539	-	-	-	539
Rights: options, scripts, development	836	54	(342)	-	548
Start-up expenses	4,939	793	-	(3,183)	2,549
Prepayments, audiovisual property rights	230	787	-	(827)	190
Prepayments, fiction series rights	1,600	-	(1,600)	-	-
Prepayments, fiction rights	539	425	-	(322)	642
Computer software in progress	17,939	793	(285)	322	18,769
Software	2,226,436	181,308	(129,354)	-	2,278,390
Total					
Accumulated amortization					
Trademarks and trade names	(21,592)	(8,033)	-	-	(29,625)
Audiovisual property rights	(254,645)	(137,187)	126,861	-	(264,971)
Master copies and Customs	(7)	-	-	-	(7)
Dubbing and other work	(7,830)	(1,863)	267	-	(9,426)
Coproduction rights	(6,713)	1	-	-	(6,712)
Fiction series rights	(1,144,076)	(51,113)	-	-	(1,195,189)
Distribution rights	(10,397)	-	-	-	(10,397)
Other auxiliary services (distribution)	(539)	-	-	-	(539)
Software	(14,992)	(1,625)	285	-	(16,332)
Total amortization	(1,460,791)	(199,820)	127,413	-	(1,533,198)
Impairment losses	(17,675)	(1,851)	7,295	-	(12,231)
Total	(1,478,466)				(1,545,429)
Net carrying amount	**(747,970)**				**732,961**

The additions relate to the acquisition of audiovisual rights for future broadcasts. The retirements mainly relate to transmission rights which have expired and which have been fully amortized; hence the Company derecognizes these from its balance sheet.

Outstanding provisions at year end 2013 and 2012 correspond to the net carrying amount of rights which, while expiring later than December 31, 2013 and 2012, did not feature in the channel's future broadcasting plans at the time of these financial statements were prepared. Should one of the Company's networks exercise these broadcasting rights, the provision would be reversed and the right would be amortized for the amount of the reversal. This would not have an impact on the income statement.

Of the total amount recognized under "Non-current assets – Audiovisual property rights" in the balance sheet at December 31, 2013, the Company estimates a 75% percentage consumption for the 12 months subsequent to year end. This estimate was based on the best information available at that date using the programming budget for the next year and comparable to 2012 for the next 12 months.

At year-end 2013, there were firm commitments to acquire audiovisual property rights available starting January 1, 2014 for a total amount of $29,798 thousand and 184,008 thousand euros. At December 31, 2013, prepayments of 2,247 thousand euros and $352 thousand had been made in connection with said firm commitments to acquire audiovisual property rights.

(Thousand of euros)

At year-end 2012, there were firm commitments to acquire audiovisual property rights available starting January 1, 2013 for a total amount of $83,939 thousand and 189,333 thousand euros. At December 31, 2012, prepayments of 2,549 thousand euros had been made in connection with said firm commitments to acquire audiovisual property rights.

At December 31, 2013, advances paid for fiction series totaled 5,025 thousand euros. At December 31, 2012, these advances totaled 190 thousand euros.

At December 31, 2013 and 2012, the amounts of fully depreciated assets still in use are as follows:

	2013	**2012**
Trademarks	39	39
Software	13,399	13,506
Co-production rights	6,712	6,712
Distribution rights	10,397	10,397
Other auxiliary services	539	539
	31,086	31,193

The amounts related to property, plant, and equipment items acquired from Group companies at December 31 totaled 2,959 thousand euros (2012: 806 thousand euros).

Impairment testing of goodwill

In accordance with accounting standards, at December 31, 2013, the Company tested its goodwill and intangibles with indefinite lives for impairment.

The impairment test was carried out by comparing the recoverable value of the cash-generating unit to which the goodwill and intangibles with indefinite lives are assigned with the carrying value of the cash-generating unit.

The cash-generating unit is the free-to-air TV business.

To test its goodwill for impairment, the Company took the free-to-air TV business' strategic plan and discounted the estimated future cash flows. The assumptions used in the cash flow estimates include the best estimate of future trends of advertising markets, audiences and costs.

The Company's estimates on the future trend of the advertising market are based on market forecasts and historic performance, as well as its correlation to economic conditions, using reasonable projections in accordance with external information sources.

Projected income estimated for future years is calculated based on the abovementioned advertising market trend calculation, while taking into account reasonable hypotheses regarding audience numbers. Using this hypothesis, the Company considered the possible impact of the contingency described in Note 14.

Programming cost assumptions took into account forecasted internal and external audiovisual production costs, as well as the amount of investment necessary to maintain audience levels.

(Thousand of euros)

These estimates cover a period of five years and for cash flows not considered, income to perpetuity is estimated using a growth rate of around 2% (the percentage applied during the prior year). Estimated cash flows are discounted at a rate that represents the current market assessment of the risk-free rate and the specific situation of the industry. The discount rate used was 9.57% (2012: 9.75%).

Based on the assumptions used and the estimated cash flows calculated, no impairment was identified for either goodwill or intangibles with indefinite lives.

Sensitivity to changes in assumptions

Management believes that, based on information currently available, no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

7. INVESTMENT IN GROUP COMPANIES AND ASSOCIATES

The breakdown and movements in non-current investments in Group companies and associates in 2013 and 2012 are as follows:

2013	01/01/13	Additions	Disposals	Transfers	12/31/13
Cost					
Equity instruments	919,584	125	-	-	919,709
Impairment losses	(329,505)	(86,093)	901	-	(414,697)
Total equity instruments	590,079	(85,968)	901	-	505,012
Receivables from group companies (Note 8)	41,724	-	(243)	-	41,481
Impairment losses	(27,760)	-	1,280	-	(26,480)
Total group companies	13,964	-	1,037	-	15,001
	604,043	(85,968)	1,938	-	520,013

2012	01/01/12	Additions	Disposals	Transfers	12/31/12
Cost	918,101	1,483	-	-	919,584
Equity instruments	(328,261)	(1,980)	736	-	(329,505)
Impairment losses	589,840	(497)	736	-	590,079
Total equity instruments					
	40,772	952	-	-	41,724
Receivables from group companies (Note 8)	(33,627)	(1,018)	6,885	-	(27,760)
Impairment losses	7,145	(66)	6,885	-	13,964
Total group companies					
	596,985	(563)	7,621	-	604,043

(Thousand of euros)

7.1 Description of investments in group companies and associates

The information relating to investments in group companies and associates is as follows:

Company	12/31/13 Direct equity interest (%)	12/31/12 Direct equity interest (%)	Activity
Group companies and associates:			
Publiespaña, S.A.U. Ctra. de Fuencarral a Alcobendas, 4, 2804 Madrid	100	100	Exclusive advertising concessionaire, Mediaset España
Premiere Megaplex, S.A. C/ Enrique Jardiel Poncela, 4, 28016 Madrid	100	100	Gaming and betting activities
Grupo Editorial Tele 5, S.A.U. Ctra. de Fuencarral a Alcobendas, 4, 28049 Madrid	100	100	Exploitation of rights; production, and distribution of publications
Telecinco Cinema, S.A.U. Ctra. de Fuencarral a Alcobendas, 4, 28049 Madrid	100	100	Television broadcasting services and intermediation in the markets for audiovisual rights
Conecta 5 Telecinco, S.A.U. Ctra. De Fuencarral a Alcobendas, 4 28049 Madrid	100	100	Exploitation of audiovisual content on the Internet
Editora Digital de Medios, S.L. C/Condesa de Venadito,1,3º 28027 Madrid	50	50	Digital editing, writing, and distribution of social media information on the website
60dB Entertainment, S.L.U. Avda. Diagonal, 558,1º 08021 Barcelona	30	30	Production of audiovisual programs
Mediacinco Cartera, S.L. Ctra. De Fuencarral a Alcobendas, 4 28049 Madrid	75	75	Financial management and intermediation services
BigBang Media, S.L. C/ Almagro, 3 28010 Madrid	30	30	Production, distribution, and exploitation of audiovisual rights; exploitation of industrial and intellectual property rights. Management and financial intermediation of audiovisual companies
Pegaso Televisión, Inc. Brickell Avenue, 1401 - Suite 33131 - Miami, Florida	43.71	43.71	Television stations and production of television content
Distribuidora Televisión Digital, S.A. Avda. de los Artesanos,6 28760 Tres Cantos Madrid	22	22	Indirect management of the public pay TV service
Producciones Mandarina, S.L. C/María Tubau, 3 4º, 28050 Madrid	30	30	Production of audiovisual programs
La Fabrica de la Tele, S.L. C/Ángel Ganivet, 18, 28007 Madrid	30	30	Production of audiovisual programs
Sogecable Media, S.L.U. Ctra. De Fuencarral a Alcobendas, 4 28049 Madrid	100	100	Management and sale of advertising
Sogecable Editorial, S.L.U. Ctra. De Fuencarral a Alcobendas, 4 28049 Madrid	100	100	Management of intellectual property rights
Supersport Televisión, S.L. C/Federico Mompou, 5-BIS 28049 Madrid	30	-	Production of programs for television and internet

Company	Net carrying value at 12/31/13	Percentage ownership	Share capital	Reserves	Profit (loss) for the year	Total capital and reserves	Operating profit (loss)	Dividends distributed during the year
		Information on the year ended 12/31/13						
Publiespaña, S.A.U.	74,436	100	601	2,374	46,121	49,096	61,911	45
Premiere Megaplex, S.A.	1,683	100	131	651	1,039	1,821	296	-
Grupo Editorial Tele 5, S.A.U.	120	100	120	(1,677)	4,968	3,411	7,090	5,242
Telecinco Cinema, S.A.U.	-	100	160	(23,857)	1,042	(22,655)	305	-
Conecta 5 Telecinco, S.A.U.	-	100	62	(451)	118	(271)	322	-
Mediacinco Cartera, S.L.	39,780	75	50	54,044	(1,055)	53,039	(620)	-
BigBang Media, S.L.	60	30	200	2,236	350	2,786	470	-
Pegaso Televisión, Inc. (*)	3,047	44	28,203	(2,402)	(3,469)	22,332	(3,643)	-
DTS Distribuidora TV Digital (**)	385,000	22	126,286	800,743	(73,935)	853,094	(65,477)	-
Sogecable Media, S.L.U. (*)	-	100	3	(1,385)	9	(1,373)	37	-
Sogecable Editorial, S.L.U. (*)	3	100	3	287	135	425	192	148
60Db Entertainment, S.L.U. (*)	439	30	10	313	(21)	302	(11)	-
Editora Digital de Medios, S.L. (*)	293	50	1,000	(134)	(280)	586	(281)	-
La Fábrica de la Tele, S.L.	40	30	13	2,441	5,716	8,170	7,937	2,826
Producciones Mandarina, S.L.	90	30	5	4,668	2,503	7,176	3,833	-
SuperSport Televisión, S.L	21	30	70	-	697	767	996	-
	505,012							

(*) Unaudited data
(**) Company audited by Deloitte, S.L.

Company	Net carrying value at 12/31/12	Percentage ownership	Share capital	Reserves	Profit (loss) for the year	Total capital and reserves	Operating profit (loss)	Dividends distributed during the year
		Information on the year ended 12/31/12						
Publiespaña, S.A.U.	74,343	100	601	7,285	39,880	47,766	53,558	39,837
Premiere Megaplex, S.A.	783	100	131	(85)	736	782	992	-
Grupo Editorial Tele 5, S.A.U.	120	100	120	(2,577)	6,142	3,685	8,754	5,467
Telecinco Cinema, S.A.U.	-	100	160	(27,627)	3,759	(23,708)	(1,625)	-
Canal Factoria de Ficción, S.A.U. (***)	-	-	-	-	-	-	-	-
Conecta 5 Telecinco, S.A.U.	-	100	62	(3,436)	2,985	(389)	1,417	-
Mediacinco Cartera, S.L.	40,571	75	50	56,445	(2,401)	54,094	(173)	-
BigBang Media, S.L.	60	30	200	1,897	342	2,439	476	242
Pegaso Televisión, Inc. (****)	3,540	-	-	-	-	-	-	-
DTS Distribuidora TV Digital (**)	469,649	22	126,286	748,336	52,407	927,029	83,647	19,933
Sogecable Media, S.L.U. (*)	-	100	3	(1,467)	82	(1,382)	201	-
Sogecable Editorial, S.L.U. (*)	3	100	3	287	148	438	210	867
60Db Entertainment, S.L.U. (*)	447	30	10	495	(175)	330	(235)	-
Editora Digital de Medios, S.L. (*)	433	50	1,000	-	(134)	866	(134)	-
La Fábrica de la Tele, S.L.	40	30	13	6,413	5,441	11,867	7,727	997
Producciones Mandarina, S.L.	90	30	5	3,153	1,515	4,673	2,163	929
	590,079							

(*) Unaudited data
(**) Company audited by Deloitte, S.L.
(***) Dissolved and liquidated
(****) Information not available

The profit (loss) of the group companies and associates shown in the above table corresponds entirely to continuing operations. None of the group companies or associates is listed on the stock exchange.

The breakdown of the long term loans extended to the group companies at December 31, 2013 and 2012 is as follows:

	Thousands of euros	
	2013	**2012**
Conecta 5 Telecinco, S.A.U.	5,729	5,611
Telecinco Cinema. S.A.U.	5,845	4,791
Sogecable Media, S.L.U	227	218
	11,801	10,620

Interest rates on these loans are EURIBOR plus a market spread.

The breakdown of “Loans to associates” at December 31, 2013 and 2012 is as follows:

	Thousands of euros	
	2013	**2012**
Pegaso Televisión Inc	3,200	3,344
	3,200	3,344

Interest rates on these loans are EURIBOR plus a market spread.

7.2 Significant movements

7.2.1 Equity instruments

a) Main changes in the year ending December 31, 2013

Acquisition of SuperSport

On July 18, 2013, the Company purchased 30% of Volare Sport, S.L.'s share capital, represented by 21,000 shares with a nominal value of 1 euro each, all of which was fully subscribed and paid in. In their extraordinary general meeting on September 9, 2013, the shareholders agreed to change this company's name to SuperSport Televisión, S.L.

b) Main changes in the year ending December 31, 2012

Acquisition of 60dB Entertainment, S.L.

On July 2, 2012, the Company assumed and fully paid in the capital increase (3 thousand euros) as well as the corresponding share premium (497 thousand euros). The partner expressly forfeited its right to exercise the pre-emptive subscription rights to 3,000 new shares, which were fully assumed and paid in by the Company, which thereby acquired 30% of 60dB Entertainment, S.L.

Acquisition of Editora Digital de Medios, S.L.

On September 26, 2012, the Company subscribed all of the newly-issued shares issued by Editorial Ecoprensa, S.A. in accordance with the terms of the capital increase, and paid in 500 thousand euros for them. Following the capital increase, the Company currently owns 500,000 shares with a par value of 1 euro each, representing 50% of Editora Digital de Medios, S.L.

7.2.2. Receivables from Group companies

Participating loan granted to Telecinco Cinema, S.A.U

The participating loans amounted to 28,500 thousand euros at December 31, 2013 and 2012. Given the situation of Telecinco Cinema, S.A.U.’s equity, provisions were recognized for those loans amounting to 22,655 thousand euros in 2013 and 23,709 thousand euros in 2012.

Participating loan to Sogecable Media, S.L.U.

During 2013, the Company had a participating loan agreement with Sogecable Media, S.L.U. amounting to 1,600 thousand euros (during 2011, it agreed to a partial conversion of this line of credit to a participating loan). 8 thousand euros of the provision was reversed (a provision of 1,463 thousand euros was recognized in 2011, decreasing the amount of the participating loan and in 2012 82 thousand euros of the provision were reversed).

Participating loan to Conecta 5 Telecinco, S.A.U.

In 2013, the Company had a participating loan agreement with Conecta 5 Telecinco, S.A.U. amounting to 6,000 thousand euros (in 2011, it agreed to a partial conversion of this line of credit to a participating loan). 118 thousand euros of the provision was reversed (a provision of 3,374 thousand euros was recognized in 2011, decreasing the amount of the participating loan and in 2012 2,985 thousand euros of the provision were reversed).

7.2.3. Loans to associated companies

Long-term loan to Pegaso Televisión, Inc.

In 2013, the long-term loan to Pegaso Television amounted to 3,200 thousand euros (3,344 thousand euros in 2012).

7.3. Impairment testing

DTS Distribuidora de TV Digital, S.A.

In accordance with accounting standards, at December 31, 2013, the Company performed an impairment test on its investment in DTS Distribuidora de TV Digital, S.A.

It was done by comparing the recoverable amount with the net carrying amount.

To calculate the recoverable amount, the Company discounted estimated future cash flows based on forecasts and hypotheses using different business parameters for upcoming years.

These hypotheses, depending on the general economic environment foreseen for upcoming years, include pay TV market projection and penetration forecasts, number of subscribers and operating costs as well as investments necessary to carry out future business.

The estimates cover a period of 5 years; for cash flows not included, income to perpetuity is estimated using a growth rate of around 2%. Estimated cash flows are discounted at a rate that represents the current market assessment of the risk-free rate and the specific situation of the industry. The discount rate used was 8.65%.

Based on the assumptions used and the estimated cash flows calculated, the Company made an impairment provision totaling 84,649 thousand euros.

Sensitivity to changes in assumptions

Changes equivalent to one percent which affect any of the basic business parameters included in projections (such as WACC, number of subscribers, ARPU, or to perpetuity growth rates) would imply the recovery of the original acquisition cost in the case of an increase, or additional devaluation not to exceed 90 million euros in the case of a decrease.

Consequently, based on a 1% reduction hypothesis, the growth rates of some of the business parameters would be negative.

Telecinco Cinema, S.A.U.

This subsidiary is engaged in cinematographic co-productions in compliance with the legal precepts that apply to television concessionaires. Therefore, it is not possible to obtain reliably evaluate the amount recoverable either by calculating the present value of the future cash flows from the investment or by estimating dividends to be received, which depend on the number of productions made in the future, on the type of production and on their commercial success. For this reason, the Company has adjusted the valuation in accordance with the equity of the subsidiary as at year-and 2013 and 2012. Given that the value of the capital and reserves of Telecinco Cinema, S.A.U. was negative at December 31, 2011, a provision for the same amount as its negative equity was recognized for the participating loan granted to the company. In 2012, a portion of this provision was reversed, due to the Company's business performance during the year. During 2013, a portion of this provision was reversed, for the same reason as above (Note 7.2.2).

Mediacinco Cartera, S.L.

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. The company was sold in 2013.

In 2011, and considering Mediacinco's capital increase subscribed to by the Company through compensation of the participating loans to restore its equity, a provision was recognized for the shareholding in Mediacinco Cartera for the amount of the share in the investee's equity: this amount was set at 0 euros, and there have been no modifications in 2012 and 2013.

Pegaso Televisión Inc.

At year end 2013 and 2012, this investment's recoverable amount was determined from the market value of the merger with a local operator.

Sogecable Media, S.L.U.

Given that Sogecable Media, S.L.U. had negative equity at December 31, 2011, a provision for the same amount as its negative equity was recognized for the participating loan granted to Sogecable Media, S.L.U. In 2012 and 2013, a portion of this provision was reversed, due to the Company's business performance during those years (Note 7.2.2.).

Conecta 5 Telecinco, S.A.U.

Given that Conecta 5 Telecinco, S.A.U. had negative equity at December 31, 2011, a provision for the same amount as its negative equity was recognized for the participating loan granted to it. In 2012 and 2013, a portion of this provision was reversed, due to the Company's business performance during those years (Note 7.2.2.).

8. FINANCIAL INSTRUMENTS

8.1 Financial Assets

The breakdown of financial assets in 2013 and 2012 was as follows:

	Equity instruments		Debt securities		Loans, derivatives, and other financial assets		Total	
(Thousands of euros)	2013	2012	2013	2012	2013	2012	2013	2012
Non-current financial assets								
Assets at fair value through profit or loss								
Held for trading	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Held-to-maturity investments	-	-	-	-	-	-	-	-
Loans and receivables	-	-	-	-	15,903	14,984	15,903	14,984
Available-for-sale financial assets								
Measured at fair value	-	-	-	-	-	-	-	-
Measured at cost	-	-	-	-	-	-	-	-
Hedging derivatives	-	-	-	-	-		-	-
Total	-	-	-	-	15,903	14,984	15,903	14,984
Current financial assets								
Assets at fair value through profit or loss								
Held for trading	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Held-to-maturity investments	-	-	-	-	-	-	-	-
Loans and receivables	-	-	-	-	269,622	269,367	269,622	269,367
Available-for-sale financial assets								
Measured at fair value	-	-	-	-	-	-	-	-
Measured at cost	-	-	-	-	-	-	-	-
Hedging derivatives	-	-	-	-	-	-	-	-
Total	-	-	-	-	269,622	269,367	269,622	269,367
					285,525	284,351	285,525	284,351

These amounts are disclosed in the balance sheet as follows:

	Total	
(Thousands of euros)	2013	2012
Non-current financial assets		
Investments in group companies and associates		
Loans to companies (Note 19)	15,001	13,964
Non-current financial investments	902	1,020
Total	15,903	14,984
Current financial assets		
Trade and other receivables (Note 10)	169,534	150,220
Loans to group companies	99,857	118,395
Financial investments	231	752
Total	269,622	269,367
	285,525	284,351

a) Loans and receivables

	Thousands of euros	
	2013	2012
Non-current financial assets		
Loans to Group companies (Notes 7 and 19)	15,001	13,964
Loans to third parties	824	942
Deposits given and prepayments	78	78
	15,903	14,984
Current financial assets		
Trade and other receivables (Note 10)	169,534	150,220
Loans to group companies (Note 19)	99,857	118,395
Loans to companies	138	122
Deposits given and prepayments	93	630
	269,622	269,367

Current receivables from Group companies

Interest rates on these loans are EURIBOR plus a market spread. Loans to Group companies consist of swap facilities.

Also included under this heading are income tax credits with Group companies stemming from the tax consolidation.

The 142,500 thousand euro balance of participating loans in 2010 was offset in full in 2011 with the proceeds from the capital increase and the share premium agreed by shareholders of Mediacinco Cartera, S.L. in an Extraordinary General Meeting as they considered the company had no reserves.

At December 31, 2010, the balance of this loan was 75,662 thousand euros, which was transferred to current loans as it matured on June 30, 2012. In 2012, 23,712 thousand euros of this loan were partially amortized, and its maturity date was extended to June 30, 2013, with interest at the 3-month Euribor plus a market spread. The Company incorporated the interest earned until year end to the loan, which totaled 4,330 thousand euros. In June 2013, the Company extended its maturity date to December 31, 2014. Accrued interest in 2013 amounted to 1,830 thousand euros.

b) Derivatives

The Company uses derivatives to hedge its risks against foreign-currency fluctuations on the purchase of audiovisual property rights made in the year. It also hedges against foreign currency risk on commercial transactions with customers, and these transactions were recognized in the Company's balance sheet. As required by the corresponding measurement and recognition policy, these derivatives are classified as "held for trading."

At December 31, 2013 and 2012 derivative financial instruments were recognized under "Financial liabilities" (Note 8.2 b.3).

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.

8.2 Financial liabilities

The breakdown of financial liabilities in 2013 and 2012 was as follows:

	Bank borrowings		Bonds & other marketable debt securities		Derivatives and other financial liabilities		Total	
(Thousands of euros)	2013	2012	2013	2012	2013	2012	2013	2012
Non-current financial liabilities								
Trade and other payables	-	-	-	-	123	171	123	171
Liabilities at fair value through profit or loss	-	-	-	-	-	-	-	-
Held for trading	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Hedging derivatives	-	-	-	-	-	-	-	-
	-	-	-	-	123	171	123	171
Current financial liabilities								
Trade and other payables	196	131	-	-	311,334	306,695	311,530	306,826
Liabilities at fair value through profit or loss	-	-	-	-	-	-	-	-
Held for trading	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Hedging derivatives	-	-	-	-	777	417	777	417
	196	131	-	-	312,111	307,112	312,307	307,243
	196	131	-	-	312,234	307,283	312,430	307,414

These figures are classified in the balance sheet as follows:

	Total	
Thousands of euros	2013	2012
Non-current financial liabilities		
Borrowings	123	171
	123	171
Current financial liabilities		
Borrowings	61,110	71,147
Borrowings from group companies and associates (Note 19)	147,436	111,018
Trade and other payables	103,761	125,078
	312,307	307,243
	312,430	307,414

a) Bank borrowings

In 2013, existing credit facilities were maintained amounting to 360,000 thousand euros. These bear interest at EURIBOR plus a market spread in line with Company solvency. At year-end 2013, no amounts had been drawn down on existing credit facilities, which strongly bolsters its working capital at December 31, 2013.

360,000 euros of these credit facilities fall due in 2014, 2015 and 2016.

At year-end 2012, the Company had credit facilities amounting to 345,000 thousand euros, of which no amounts had been drawn down.

b) Derivatives and other financial liabilities

b.1) Borrowings from Group companies

The interest rate on these borrowings is EURIBOR plus a market spread. Loans to Group companies consist of swap facilities. Also included under this heading are current payables for income tax payable with Group companies stemming from the tax consolidation. Note 19 provides the breakdown of these balances.

b.2) Others

The breakdown at December 31, 2013 and 2012 is as follows:

	Balance 12/31/13	Balance 12/31/12
Trade and other payables	103,761	125,078
Other financial liabilities	60,137	70,599
	163,898	195,677

Other financial liabilities consist of current borrowings from suppliers of audiovisual rights.

b.3) Derivatives

The Company carries out derivative transactions to hedge currency risk on the purchases of audiovisual property rights in the year and when necessary to hedge currency risk on trade transactions in other currencies with customers, which are recognized in the Company's balance sheet. As required by the corresponding measurement and recognition policy, these derivatives are classified as "held for trading."

The breakdown of the notional amounts of Company's derivatives at December 31, 2013 is as follows:

		Amount in thousand $		
Liabilities	**Notional amount/Maturity up to one year**	**$**	**(€/$) exchange rate**	**Fair value**
Purchase of unmatured currency:				
Purchase of dollars in euros	23,481	31,212	1.3791	(777)
Sale of dollars in euros	-	-	-	-
Net	23,481	31,212	1.3791	(777)

The breakdown of the notional amounts of Company's derivatives at December 31, 2012 is as follows:

		Amount in thousand $		
Liabilities	**Notional amount/Maturity up to one year**	**$**	**(€/$) exchange rate**	**Fair value**
Purchase of unmatured currency:				
Purchase of dollars in euros	26,201	34.050	1.3194	(417)
Sale of dollars in euros	-	-	-	-
Net	26,201	34,050	1.3194	(417)

The foreign currency derivatives associated with the property rights are measured at the difference between the present value of the quoted foreign currency hedge at the forward exchange rate in the contract and the value of the quoted foreign currency hedge at year end.

8.3 Risk management policy

The Company's operations are exposed to different basic categories of financial risk:

1. Credit risk

Credit risk exists 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 Company's maximum exposure to credit risk at December 31, 2013 and 2012 was as follows:

	Thousands of euros	
	2013	**2012**
Non-current receivables from Group companies and associates	15,001	13,964
Non-current financial investments	902	1,020
Trade and other receivables	169,534	150,220
Current receivables from Group companies and associates	99,857	118,395
Current investments	231	752
Cash and cash equivalents	89,548	46,593
	375,073	330,944

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

Operating activities

Most of the balance of trade payables consists of operations with Group companies that, therefore, do not present a risk.

The breakdown of trade receivables (Group and third parties) at December 31, 2013 and 2012 was as follows:

	2013		2012	
	Number of customers	**Thousands of euros**	**Number of customers**	**Thousands of euros**
With a balance of more than 1,000 thousand euros	3	163,052	7	144,870
With a balance between 1,000 and 500 thousand euros	1	745	-	-
With a balance between 500 and 200 thousand euros	8	2,491	7	1,682
With a balance between 200 and 100 thousand euros	16	2,051	8	1,146
With a balance of less than 100 thousand euros	215	358	146	2,470
Total	243	168,697	168	150,168

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

Investing activities

A Financial Risk Management Procedures Manual sets forth the general criteria governing investments of the Company'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 deposits, debt repos, etc.) on which, in general, the repayment of the invested capital is guaranteed.
- Authorizations for the corresponding investments are limited by the powers granted to the company's senior executives and, in any event, are highly restricted (according to the amount, the Board Members, General Management and Operations Director and the Financial Director).
- Under ordinary circumstances, the longest term is three months and the investments usually offer automatically available funds.

2. Market risk

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 Company has conducted a test to determine the sensitivity of the Company's cash surpluses to certain modifications in interest rates.

The following assumption was used: beginning with our year-end cash surpluses, and taking the 1-month Euribor at December 31, as the benchmark, we applied a variation of -10 +100 basis points for 2013 (in 2012, we applied a variation of -10 + 100).

(Thousand of euros)

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	100b.p.	Annual Interest	-10b.p.	Annual Interest
12/31/13	0.221	30,071	66	1.221	367	0.121	36
12/31/12	0.109	77,082	84	1.109	855	0.009	7

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 (2013: 8.37% and 2012: 9.17%), 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 income statement, which, in any event, is not significant

12/31/2013			12/31/2012		
USD	Exc. Rate	Differences	USD	Exc. Rate	Differences
31,312	1.3791	(777)	34,050	1.3194	(417)
		Sensitivity Test			
31,312	1.2637	1,293	34,050	1.1984	2,153
31,312	1.4945	(2,528)	34,050	1.4404	(2,544)

3. Liquidity risk

The Company's financial structure is at a low liquidity risk, given the low level of financial leveraging and the recurrence of operational cash flow generated every year.

Liquidity risk would result from the Company 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 Company’s 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 2013, the credit lines available totaled 360,000 thousand euros (entirely available). At year-end 2012, the credit lines available totaled 345,000 thousand euros (none of which has been drawn down). 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.

The table below presents information for 2013 and 2012 with respect to Law 15/2010 of July 5, amending Law 3/2004 of December 29, establishing measures against late payment in commercial transactions,

2013

Total payments within the maximum legal payment period	Total payments in 2013	Deferred payments exceeding the legal payment deadline at the reporting date (*)	Average payment period > 60 days
455,656	470,720	19,048	4

(*) Deferrals exceeding the legal payment period at the end of the year relate to administrative incidents in the processing of invoices.

2012

Total payments within the maximum legal payment period	Total payments in 2011	Deferred payments exceeding the legal payment deadline at the reporting date (*)	Average payment period > 75 days
492,318	510,303	15,064	4

(*) Deferrals exceeding the legal payment period at the end of the year relate to administrative incidents in the processing of invoices.

The undiscounted contractual maturity dates of financial liabilities at December 31, 2013 are as follows:

	Thousands of euros				
	Up to 6 months	**6 months - 1 year**	**1-5 years**	**More than 5 years**	**Total**
Non-current borrowings	-	-	114	9	123
Current borrowings	60,137	973	-	-	61,110
Current borrowings from Group companies and associates		147,436	-	-	147,436
Trade and other payables	82,321	21,440	-	-	103,761
	142,458	169,849	114	9	312,430

The undiscounted contractual maturity dates of financial liabilities at December 31, 2012 were as follows:

	Thousands of euros				
	Up to 6 months	**6 months - 1 year**	**1-5 years**	**More than 5 years**	**Total**
Non-current borrowings	-	-	163	8	171
Current borrowings	70,598	548	-	-	71,146
Current borrowings from Group companies and associates	480	110,538	-	-	111,018
Trade and other payables	102,994	22,084	-	-	125,078
	174,072	133,170	163	8	307,413

The undiscounted contractual maturities of the financial assets at December 31, 2013 are as follows:

	Thousands of euros				
	6 months or less	**6 months - 1 year**	**1-5 years**	**More than 5 years**	**Total**
Non-current financial assets					
Loans to group companies (Note 19)	-	-	11,801	-	11,801
Loans to associates	-	-	3,200	-	3,200
Equity instruments	-	-	-	-	-
Loans to third parties	-	-	824	-	824
Derivatives	-	-	-	-	-
Deposits given and prepayments	-	-	-	78	78
Current financial assets					
Trade and other receivables (Note 10)	163,547	5,987	-	-	169,534
Loans to group companies (Note 19)	-	99,857	-	-	99,857
Loans to third parties	-	138	-	-	138
Short-term deposits	-	-	-	-	-
Derivatives	-	-	-	-	-
Deposits given and prepayments	-	93	-	-	93
	163,547	106,075	15,825	78	285,525

The undiscounted contractual maturities of the financial assets at December 31, 2012 were as follows:

	Thousands of euros				
	6 months or less	**6 months - 1 year**	**1-5 years**	**More than 5 years**	**Total**
Non-current financial assets					
Loans to group companies (Note 19)	-	-	10,620	-	10,620
Loans to associates	-	-	3,344	-	3,344
Equity instruments	-	-	-	-	-
Loans to third parties	-	-	942	-	942
Derivatives	-	-	-	-	-
Deposits given and prepayments	-	-	-	78	78
Current financial assets					
Trade and other receivables (Note 10)	144,556	5,664	-	-	150,220
Loans to group companies (Note 19)	-	118,395	-	-	118,395
Loans to third parties	-	-	122	-	122
Short-term deposits	-	-	-	-	-
Derivatives	-	-	-	-	-
Deposits given and prepayments	-	630	-	-	630
	144,556	124,689	15,028	78	284,351

9. INVENTORIES

The balances under this heading at year end are as follows:

	2013	2012
Prepayments to program suppliers	337	311
In-house production programs	4,324	5,628
Total	4,661	5,939

10. TRADE AND OTHER RECEIVABLES

The breakdown of trade and receivables in 2013 and 2012 is as follows:

	12/31/13	12/31/12
Trade receivables	5,194	5,659
Receivables from Group companies and associates (Note 19)	163,503	144,509
Other receivables	793	5
Receivables from employees	44	47
Current income tax assets (Note 15)	19,643	16,720
	189,177	166,940

Impairment losses:

The balance of trade receivables is shown net of impairment loss allowances. The variations in 2013 and 2012 in these impairment losses are as follows

	Thousands of euros
Cumulative impairment losses at January 1, 2012	6,443
Charge to the income statement	1,880
Cumulative impairment losses at December 31, 2012	8,323
Cumulative impairment losses at January 1, 2013	8,323
Charge to the income statement	(813)
Cumulative impairment losses at December 31, 2013	7,510

The breakdown of trade receivables denominated in foreign currency, for 2013 and 2012, is as follows:

	2013		2012	
ASSETS	Dollars	Balance in euros at 12/31/13	Dollars	Balance in euros at 12/31/12
Trade receivables	37	27	89	68

11. OTHER CURRENT ASSETS

The breakdown of this heading at December 31 is as follows:

	Thousands of euros	
	2013	**2012**
Prepaid expenses	11,773	10,747
	11,773	10,747

The amounts shown in this heading arise from the prepayments of transmission rights.

12. CASH AND CASH EQUIVALENTS

The breakdown of "Cash and cash equivalents" at December 31, is as follows:

	Thousands of euros	
	2013	**2012**
Cash	28	26
Current accounts	89,520	46,567
	89,548	46,593

Current accounts earn market interest rates. Cash and cash equivalents are unrestricted.

13. CAPITAL AND RESERVES

a) Issued capital

At December 31, 2013 and 2012 the share capital consisted of 406,861,426 shares with a value of 0.50 euros each, represented by a book-entry system. Share capital is fully subscribed and paid-up and the breakdown of ownership is as follows:

Shareholder	**12.31.13**	**12.31.12**
Mediaset S.P.A.	41.55	41.55
Prisa	17.34	17.34
Free float	39.74	39.53
Treasury shares	1.37	1.58
Total	100	100

At December 31, 2012, the Company was notified of the merger between Mediaset Investimenti, S.p.A. and Mediaset S.p.A; the latter assumed all of the former´s assets and liabilities, which resulted in a new share capital breakdown (see above table).

All the shares making up the company's issued capital enjoy the same rights.

Share transfers are governed by the General Audiovisual Communication Law 7/2010, of March 31.

Listing on the Stock Exchange:

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

Dividends:

On March 28, 2012, approval was given at the Company's General Shareholders' Meeting to pay out 55,260 thousand euros in dividends charged to 2011 earnings. This dividend was paid in May 2012 and was equivalent to 0.1379 euros per outstanding share.

b) Legal reserve

The companies are required to transfer 10% of each year's profit to a legal reserve until this reserve reaches an amount at least equal to 20% of share capital. This reserve cannot be distributed to shareholders, and may only be used to offset losses if no other reserves are available.

c) Goodwill reserve

This reserve is restricted as long as the related goodwill is recognized in the Company's balance sheet.

d) Treasury shares and equity investments

In general, treasury shares have been acquired to meet the Company's commitments related to the compensation system, based on shares of executive directors and directors, as described in Note 17.

Changes under this heading in 2013 were as follows:

				Thousands of euros
	Balance 12.31.12	**Additions**	**Disposals**	**Balance 12.31.13**
Treasury shares	84,745	-	11,300	73,445

The change in the number of shares during the year is detailed below:

				Number of shares
	Balance 12.31.12	**Additions**	**Disposals**	**Balance 12.31.13**
Treasury shares	6,419,259	-	856,036	5,563,223

Changes under this heading in 2012 were as follows:

				Thousands of euros
	Balance 12.31.11	**Additions**	**Disposals**	**Balance 12.31.12**
Treasury shares	84,745	-	-	84,745

The change in the number of shares in 2012 is detailed below:

	12.31.11	Additions	Disposals	12.31.12
				Number of shares
Treasury shares	6,419,259	-	-	6,419,259

14. PROVISIONS AND OTHER CONTINGENT LIABILITIES

Current and non-current provisions

The breakdown and movements in provisions in 2013 and 2012 are as follows:

2013

(Thousands of euros)	Balance at January 1,	Allowances	Reversals / applications	Transfers	Balance at December 31,
Non-current provisions					
Provision for outstanding litigation	23,314	2,933	(16,070)	-	10,177
	23,314	2,933	(16,070)	-	10,177
Current provisions					
Provision for outstanding litigation	-	-	-	-	-
	-	-	-	-	-
Total					
Provision for outstanding litigation	23,314	2,933	(16,070)	-	10,177
	23,314	2,933	(16,070)	-	10,177

2012

(Thousands of euros)	Balance at January 1	Allowances	Reversals / applications	Transfers	Balance at December 31
Non-current provisions					
Provision for outstanding litigation	28,302	5,805	(10,793)	-	23,314
	28,302	5,805	(10,793)	-	23,314
Current provisions					
Provision for outstanding litigation	8	-	(8)	-	-
	8	-	(8)	-	-
Total					
Provision for outstanding litigation	28,310	5,805	(10,801)	-	23,314
	28,310	5,805	(10,801)	-	23,314

Provision for outstanding litigation

At December 31, 2013 and 2012, the non-current provisions for liabilities and charges relate to pending lawsuits and appeals between the Company and third parties. Provisions recognized in the year relate to new lawsuits brought against the Company, while reversals and applications relate to litigations that have been resolved.

The Company's directors and legal advisors have evaluated possible related risks, and where such risks are considered probable and their economic effects quantifiable, they have made the appropriate provisions.

Contingencies

Channel increase through access to a multiple digital license

A sentence handed down on November 27, 2012 by the Third Chamber of the Supreme Court (Appeal 442/2010) canceled the Council of Ministers' resolution dated July 16, 2010 which assigned each of the Digital Terrestrial TV (TDT) channel licensing companies (the operators), including MEDIASET ESPAÑA (previously GESTEVISION TELECINCO) and SOCIEDAD GENERAL DE TELEVISION CUATRO, S.A., a multiple digital license with national coverage comprised of four channels.

This assignment (annulled by the sentence) was enacted by virtue of the application of regulations approved by the National Technical Plan for Digital Terrestrial TV, which starting in 1998 regulated the transition from analogical to TDT transmission, finalizing in 2010. The government verified that the companies to be granted the multiple channels had complied with all the necessary requirements and obligations inherent in proceeding with the appealed assignation in order to make the transition to TDT.

The sentence was based on the inherent problem that the assignment of the multiple channels took place while the General Law on Audiovisual Communication (LGCA, published one month prior to the appealed Agreement), which states that additional channels assigned under each license must be granted through a public bidding process. This dilemma might have been circumvented with the mere introduction of a provision by the LGCA granting continuity to the agreement prior to its enactment.

The Supreme Court viewed this obstacle to be a mere formality, and the TDT's original basis was never questioned; therefore, the eventual assignment of multiple channels to each operator was not a complex issue.

During the Council of Ministers' meeting held March 22, 2013, an agreement was reached to execute the sentence whereby private state TV operators (including MEDIASET ESPAÑA COMUNICACION, S.A.) "must cease broadcasting the digital TV channels affected by the annulled Council of Ministers' resolution dated July 16, 2010." As regards MEDIASET ESPAÑA COMUNICACION, S.A., this would affect 2 of the 8 channels it currently runs and manages.

MEDIASET ESPAÑA COMUNICACION, S.A. challenged the ruling individually as well as collectively through UTECA (private state TV entity association), as it considers that the agreement was reached based on a false assumption regarding the sentence's intentions. The sentence did not contemplate cancellation of the channel's assigned signal nor did it intend to state that cancellations would be linked to a "liberation of the digital dividend."

On December 18, 2013, the Supreme Court resolved the appeal filed against the Council of Ministers' agreement ratifying the sentence as well as the cancellation of the affected channels.

Considering the crux of the problem, however, it is strictly formal in nature, and therefore is subject to amendment by the government; therefore, MEDIASET ESPAÑA COMUNICACIÓN, S.A. considers a satisfactory outcome as likely. In any event, the potential effects of this contingency have been taken into account when testing asset impairment of the goodwill assigned to the free-to-air TV business cash-generating unit (Note 6).

Procedures relative to the late presentation of the Action Plan

On August 2, 2011, the Comisión Nacional de la Competencia (CNC - anti-trust authorities) handed down a resolution on dossier SNC/0012/11 (Concentración Telecinco-Cuatro) in which it declared Mediaset España Comunicación responsible for a very serious violation of Anti-Trust Law, as it did not present an Action Plan (including commitments with the CNC) within the established deadline, setting a fine of 3,600 thousand euros.

This resolution was appealed before the National Court of Justice as part of ordinary civil lawsuit 474/2011. A sentence handed down on January 8, 2013 overruled it, upholding the imposition of the fine.

Another appeal was filed before the Supreme Court; the Company has solid expectations that it will receive a favorable ruling: either an annulment, or a significant reduction in the amount of the fine.

The main arguments against the Supreme Court ruling as well as the CNC's resolution are as follows:

- The alleged Action Plan infraction did not take place: it was presented within the CNC's established deadline.

- In the event that it was indeed presented late, the period did not exceed a month and thus, the Company complied with CNC commitments (that the Action Plan could simply consist of a development outline); thus, no general or underlying interests were harmed.

- Therefore, rather than a material lack of compliance, the Company was guilty of a simple procedural error, and therefore did not breach anti-trust laws; consequently, Law 30/1992 of the Legal Regime of Public Administrations and Common Administrative Procedure laws are applicable.

- It is thus not considered necessary to apply the terms of the Anti-Trust Law: a procedural error cannot be considered a very serious violation, and is thus unworthy of a 3,660 thousand euros fine, as this sum is totally disproportionate to the infringement in question.

- Finally, the fine is a frontal violation and breach of the principles which prohibit reformatio in peius (Articles 89.2 and 113.3 of Law 30/1992), since the CNC only chose to initiate disciplinary proceedings against Mediaset España Comunicación, S.A. once it had decided to appeal the CNC-approved Action Plan, and not when the alleged violation took place.

Thus, the accompanying balance sheet does not include a provision for this contingency, as the Company's directors and legal advisors do not consider it likely that this risk will materialize.

Proceedings related to Mediaset España Comunicación, S.A.'s supposed failure to comply with the Telecinco-Cuatro merger commitments

On February 6, 2013, the el Comisión Nacional de la Competencia (CNC - Anti-trust authorities) handed down a ruling on Dossier SNC/0024/12 Mediaset (the "resolution"), in which Mediaset España Comunicación, S.A. ("Mediaset España") failed to comply with certain commitments and obligations established in the C-0230/09 Telecinco/Cuatro merger dossier; a fine of 15,600 thousand euro was set.

The resolution states that Mediaset España failed to comply with four of the twelve commitments upon which the Telecinco/Cuatro merger was authorized (commitments (ii), (iii), (vi) and (xii)), as well as different requirements for providing information to the CNS regarding these obligations.

The commitments set Mediaset España restrictions in order to neutralize or compensate for potential anti-trust issues arising from the transaction. These include:

- Regarding the sale of TV ad space: Mediaset España agreed that it would not jointly place advertisements with Cuatro and Telecinco or groups of channels whose overall audience topped 22%. Specifically, commitment (ii) prohibited formal or de-facto joint sales of advertising space with Telecinco and Cuatro. Among other stipulations, commitment (iii) established a functional split between Publimedia and Publiespaña, in order to handle free-to-air and pay TV separately.

- Limits were imposed for the acquisition of audiovisual contents from third parties. With respect to commitment (vi), Mediaset España has been charged with delay in granting suppliers the right to reduced contracts, and renouncing extension or preferential acquisition rights which never really existed, considering the deadlines established to that effect as well as legal suspension periods, as a result of Mediaset's legitimately filed appeals.

  The commitments were later developed unilaterally as part of the CVC-imposed Action Plan, which also set certain obligations regarding informing the authorities, to guarantee their compliance.

  The Action Plan's interpretation of the commitments was strict to the point that it substantially modified its content, thereby significantly making Mediaset España's commitments more difficult to assume; this affected advertising as well as content acquisition. For example, the duration of contracts for acquiring content was to be calculated at their signing date, rather than when the rights commenced; thus, this was legally disputed, and a sentence is still pending.

  Mediaset España did not fail to comply with any of its commitments with the CNC.

- Mediaset España did not violate commitment (ii) after the merger finalized: in 2011, it lowered its share of the advertising market as well as the average per-ad price, while managing to keep its audience numbers constant. Reports prepared by external advisors conclude that Publiespaña has not failed to meet its commitments, and that it has not violated anti-trust laws.

- As regards commitment (iii), Mediaset España was careful to ensure that positions in Publimedia and Publiespaña were not duplicated. Likewise, there has been no indication whatsoever of a failure to meet the obligation to guarantee the functional or commercial independence of both companies.

- With respect to commitment (xii), Mediaset España was charged with delay in granting suppliers the right to reduced contracts, renouncing extension or preferential acquisition rights which never really existed, considering the deadlines established to that effect as well as legal suspension periods, as a result of Mediaset's legitimately filed appeals. No effect would have been felt on the market, as no suppliers exercised any of the granted rights.

- With respect to commitment (xii), Mediaset España renounced all the pertinent option rights included in contracts with producers, while fulfilling its other related obligations; thus, it did not fail to comply with any of the stated conditions.

Mediaset España provided information in conformance with the Action Plan, responded to CNC requirements, and took all the necessary steps expected of it. None of the supposed delays or problems in delivering information represent a material failure to comply with the established commitments.

Therefore, Mediaset España filed an appeal and prepared a resolution before the National Court of Justice, to request the suspension of the fine, which was agreed.

As in the previous dossier, the accompanying balance sheet does not include a provision for this contingency, as the Company's directors and legal advisors do not consider it likely that this risk will arise.

As explained in Note 15, the Company is open to inspection of certain tax returns, but its directors and tax advisors consider that no significant tax contingencies will materialize, and if they do, they will not have a significant effect on the accompanying balance sheet.

Federal Court Of First Instance 6 - Madrid: Regular Process # 1181/10

The Company filed a lawsuit of ordinary proceedings on November 19, 2010 against a contents supplier requesting that a contract granting a licensing format, as well as other related contracts, be deemed null and void. The suit requested that the defendant be ordered to return amounts paid within the scope of the agreements, as well as be fined for damages and losses. The defendant requested that the claim be dismissed and also filed a counterclaim requesting that the Company be ordered to pay the contract transaction costs as well as an indemnity for damages and losses (estimated at 15 million euros).

On February 3, 2014, the Court handed down a sentence overturning the order while partially upholding the counterclaim, declaring that the Company had not complied with the agreements reached with the supplier, and that it was in violation of certain rights; the Company was ordered to pay the amounts claimed in the appeal.

The Company is currently preparing an appeal which should be filed soon, to include a number of sound supporting arguments.

From a factual point of view, the Court did not consider any of the numerous items of proof submitted indicating that the defendant is not solely entitled to legal protection, which is the most substantive aspect of the case. Also, a good portion of the reasoning in the Sentence is based on a conceptual error: it does not differentiate between "format" and "program," which leads to a confusion regarding the ownership and the rights arising from one and the other.

Legally speaking, it is contradictory as it grants protection to elements lacking originality to the detriment of those which would make the program easily distinguishable from others similar in nature.

Finally, the fine should be limited to the industrial margin or profit which the supplier would have earned had the terms in the contracts been met, rather than the total amount of the estimated invoicing, as the supplier did not provide any services at all.

Based on the above, we consider it probable that the Appellate Court will overturn the sentence in question, and therefore, no provisions were made in the financial statements.

(Thousand of euros)

15. TAXES

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 Company is open to inspection of all taxes to which it is liable for the last four years. Once the Spanish Tax Authorities' Tax and Customs Control Department of the Central Office of Major Tax Payers had performed its verifications and investigations in 2009 (as explained in the above note), the Company has the following items and years open to inspection:

Item(s)	Periods
Income tax	2009 to 2013
Value added tax	2010 to 2013
Withholding, non-resident income tax	2010 to 2013
Gaming tax: bets and promotional draws:	2012 to 2013
Taxes on games of luck, betting and chance: raffles and tombola	2012 to 2013
Annual transaction statement	2009 to 2013
Consolidated statement of intra-regional delivery and acquisition of assets	2010 to 2013

In 2013 the verification procedures carried out by the Spanish Tax Authorities' Tax and Customs Control Department of the Central Office of Major Taxpayers on the following items finalized: “Taxes on games of luck, bets, or chance: raffles and tombolas" as well as "Gaming tax: bets and promotional draws" for June, 2008 to December 2011. Assessments raised totaling 9,029 thousand euros (Note 16) and the proposed settlement refer to Company transactions carried out in close observance of the criteria established by the tax authorities (more specifically the inspectors) arising from previous inspections and related to the same items and transactions identical in nature, and therefore, the parent's directors and tax advisors consider, there are solid arguments in the Company's defense for applying the above criteria in both lawsuits and appeals, and consequently obtaining a favorable result.

The Company has the last four years open to inspection of all other applicable taxes. Based on the best interpretation of current legislation, the Company’s directors and tax advisors consider that in the event of a tax inspection, no significant tax contingencies would arise as a result of varying interpretations of the tax legislation applicable to the Company's transactions. Therefore, the accompanying balance sheet does not include a provision for tax contingencies.

Value Added Tax

In 2010, the Company has filed consolidated tax as regulated by Chapter IX, Title IX of Law 37/1992. As a result, it has presented consolidated VAT for tax group 049/99, which comprises:

- Mediaset España Comunicación, S.A., as the parent
- Telecinco Cinema, S.A.U.
- Publiespaña, S.A.U.
- Mediacinco cartera, S.L.

Presenting consolidated VAT generates a short-term payable to Group companies for the tax effect (Note 19).

The breakdown of balances relating to income tax assets and liabilities at December 31 is as follows:

	Thousands of euros	
	2013	2012(*)
Deferred tax liabilities	(8,401)	(6,654)
	(8,401)	(6,654)
VAT	(7,920)	(7,634)
Personal income tax withholdings	(2,550)	(2,831)
Social security	(1,225)	(1,238)
Levy to finance RTVE	(3,732)	(2,654)
Gaming tax	-	(17)
Others	(11)	-
Payment on account of corporation tax	(4,637)	-
Public radio spectrum tax	(1,765)	-
Other payables to public administrations	(21,840)	(14,374)
Deferred tax assets	42,525	8,509
Unused tax deductions and relief	45,150	37,153
	87,675	45,662
Other receivables from public administrations		
Income tax (Note 10)	19,643	16,720
	19,643	16,720

(*) Restated

15.1 Income tax

The reconciliation of net income and expenses for the year with tax results is as follows:

	Thousands of euros					
	Income statement			Income and expenses directly recognized in equity		
	Increase	Decrease	Total	Increase	Decrease	Total
2013						
Income and expenses for the year						
Continuing operations	-	(8,594)	(8,594)	-	-	-
Discontinued operations	-	-	-	-	-	-
	-	(8,594)	(8,594)	-	-	-
Income tax						
Continuing operations	-	(23,998)	(23,998)	-	-	-
Discontinued operations	-	-	-	-	-	-
	-	(23,998)	(23,998)	-	-	-
Income and expenses for the year before tax			(32,592)			-
Permanent differences						
Provisions - group companies	-	(377)	(377)			
Non-deductible expenses & penalties	133	-	133	-	-	-
Internal elimination of dividends	-	(52,346)	(52,346)	-	-	-
Others	23,114	-	23,114	-	-	-
Temporary differences	107,569	-	107,569	-	-	-
Utilization of previously unrecognized tax losses	-	-	-	-	-	-
Tax result			45,501			-

	Thousands of euros					
	Income statement			Income and expenses directly recognized in equity		
	Increase	Decrease	Total	Increase	Decrease	Total
2012 (*)						
Income and expenses for the year						
Continuing operations	64,492	-	64,492	-	-	-
Discontinued operations	-	-	-	-	-	-
	64,492	-	64,492	-	-	-
Income tax						
Continuing operations	-	(11,947)	(11,947)	-	-	-
Discontinued operations	-	-	-	-	-	-
	-	(11,947)	(11,947)	-	-	-
Income and expenses for the year before tax			52,545			-
Permanent differences						
Provisions - group companies	-	(5,024)	(5,024)			
Non-deductible expenses & penalties	916		916	-	-	-
Internal elimination of dividends	-	(47,616)	(47,616)	-	-	-
Others	2,689	-	2,689	-	-	-
Temporary differences	-	(12,955)	(12,955)	-	-	-
Utilization of previously unrecognized tax losses	-	-	-	-	-	-
Tax result			(9,445)			-

Temporary differences are due to different taxation and accounting criteria relative to impairment provisions regarding audiovisual rights, contingencies and expenses and provisions for subsidiaries.

The reconciliation between income tax expense/(income) and the result of multiplying total recognized income and expenses by applicable tax rates —with the balance of the income statement being differentiated— is as follows:

(Thousands of euros)	Income statement	Income and expense recognized directly in equity
2013		
Income and expenses for the year before tax	(32,592)	
Tax charge (tax rate: 30%)	(9,778)	
Non-deductible expenses (revenue)	(8,838)	
Tax credits and others	(7,999)	
Tax adjustments (dividends minus deductions from subsidiaries)	2,566	
Tax on foreign profits	51	
Positive adjustments to income tax charge	-	
Negative adjustments to income tax charge	-	
Tax expense (income)	(23,998)	

(Thousands of euros)	Income statement	Income and expense recognized directly in equity
2012		
Income and expenses for the year before tax	52,545	
Tax charge (tax rate: 30%)	15,764	
Non-deductible expenses (revenue)	(13,203)	
Tax credits and others	(21,310)	
Tax adjustments (dividends minus deductions from subsidiaries	5,828	
Tax on foreign profits	65	
Positive adjustments to income tax charge	-	
Negative adjustments to income tax charge	910	
Tax expense (income)	(11,947)	

The breakdown of income tax expense/ (income) is as follows:

(Thousands of euros)	Income statement	Directly recognized in equity
2013		
Current income tax	12,141	
Other temporary differences	(36,139)	
	(23,998)	

(Thousands of euros)	Income statement	Directly recognized in equity
2012		
Current income tax	(1,483)	
Other temporary differences	(10,464)	
	(11,947)	

Income tax payable was calculated as follows:

	Thousands of euros 2013
Taxable income:	45,501
Tax payable: (30%)	13,650
Negative tax payable contributed by subsidiaries in tax consolidation	(107,490)
Deductions and rebates, companies filing consolidated taxes	-
Utilization of unused tax losses - consolidated companies	93,840
Withholdings	(9,905)
Othesr	-
Total income tax refund	(9,905)

	Thousands of euros
	2012
Taxable income:	(9,445)
Tax payable: (30%)	-
Negative tax payable contributed by subsidiaries in tax consolidation	13,891
Deductions and rebates	-
Deductions and rebates, companies filing consolidated taxes	(10,539)
Withholdings	(12,789)
Others	-
Total income tax refund	(9,437)

Refundable Income tax is as follows:

	Thousands of euros	
	2013	**2012**
Corporate income tax refundable, 2011	-	7,283
Corporate income tax refundable, 2012	9,738	9,437
Corporate income tax refundable, 2013	9,905	-
Total	19,643	16,720

15.2 Deferred tax assets

The breakdown is as follows

	Thousands of euros	
	2013	**2012(*)**
Deferred tax assets	42,525	8,509
Unused tax credits and rebates	45,150	37,153
	87,675	45,662

(*) Restated

The changes in the items composing “Deferred tax assets” are as follows:

	Thousands of euros					
	Balance at January 1,	**Additions from merger**	**Income statement**	**Equity**	**Reclassifications**	**Balance at December 31,**
2013						
Deferred tax assets						
Impairment audiovisual rights	869		606	-	-	1,475
Rights management institutions	481		90	-	-	571
Provisions, subsidiaries	4,208		19,607	-	-	23,815
Tax deductibility of depreciation/amortization	-		13,921	-	-	13,921
Other provisions	2,951		(208)	-	-	2,743
	8,509		34,016	-	-	42,525
2012 (*)						
Deferred tax assets						
Impairment audiovisual rights	2,502		(1,633)	-	-	869
Rights management institutions	909		(428)	-	-	481
Provisions, subsidiaries	4,208		-	-	-	4,208
Other provisions	3,326		(375)	-	-	2,951
	10,945		(2,436)	-	-	8,509

(*) Restated

As of this year, the tax group has unused loss carryforwards.

At December 31, 2013 unused tax credits for audiovisual productions amount to a total of 45,150 thousand euros (2012: 37,153 thousand euros) which can be recovered over the next 15 years.

	Thousands of euros	
	2013	**2012**
Deductions pending 2010	2,024	2,026
Deductions pending 2011	15,626	15,626
Deductions pending 2012	19,501	19,501
Deductions pending 2013	7,999	-
	45,150	37,153

The Company has availed itself of the deduction provided for in article 42 of Royal Legislative Decree 4/2004, of March 5, which enacted the revised text of the Corporation Tax Law, in respect of income of 1,637 thousand euros. This amount was generated by the sale of 60% of the Company's ownership in Cinematext Media, S.A., which was sold on September 30, 2009.

The Company estimated the taxable profits which it expects to obtain over the next years. It has likewise analyzed the reversal period of taxable temporary differences. Based on this analysis, the Company has recognized deferred tax assets for tax credits and deductible temporary differences which it considers probable will be recoverable in the future.

15.3 Deferred tax liabilities

The breakdown and movements in the various items composing “Deferred tax liabilities” are as follows:

(Thousands of euros)	Opening balance at January 1,	Income statement	Equity	Reclassific ations	Closing balance at December 31,
2013					
Deferred tax liabilities					
Other	2,418	373	-	-	2,791
Tax amortization of goodwill	2,664	864	-	-	3,528
Tax amortization of signal transmission license	1,572	510	-	-	2,082
	6,654	1,747	-	-	8,401
2012					
Deferred tax liabilities					
Other	2,343	75	-	-	2,418
Tax amortization of goodwill	1,823	841	-	-	2,664
Tax amortization of signal transmission license	1,062	510	-	-	1,572
	5,228	1,426	-	-	6,654

The deferred tax liability mainly relates to taxable temporary differences arising from consolidation adjustments of the tax group and tax amortization of intangible assets with an indefinite useful life (goodwill and signal transmission license).

16. GUARANTEE COMMITMENTS TO THIRD PARTIES

The breakdown of guarantees provided as of December 31, 2013 and 2012 is as follows:

	Thousands of euros	
Type	**2013**	**2012**
Collateral for contracts, concessions and tenders	27,710	21,268
Legal guarantees	19,300	3,700
Guarantees deposited at the tax authorities	9,029	2,363
	56,039	27,331

The Company deposited at December 31, 2013, 27,710 thousand euros in guarantees required for its commercial activity (2012: 21,268 thousand euros).

The Company pledged a guarantee of 9,029 thousand euros with the Tax and Customs Control Department arising from its appeal against the tax settlement agreement of which the Department notified the Group on May 20, 2013, which confirmed the proposal given in the assessment from the tax inspection dated April 16, 2013. The assessment covered verifications and investigations for “Taxes on games of luck, bets, or chance" during the period from June 2008 to December 2011 (Note 15).

The Company submitted a 15,600 thousand euro guarantee with Section 6 of the National Appellate Court for the appeal against the administrative decision taken by the CNMV on February 6, 2013 (Dossier SNC/0024/12), by virtue of which Mediaset España was declared noncompliant with different commitments, thereby authorizing the Telecinco/Cuatro transaction; a fine was levied equal to the amount of the above guarantee (Note 14).

17. SHARE-BASED PAYMENT SCHEMES

As of the date of preparation of these financial statements, the share option plans for which the conditions for their being granted have been fulfilled are as follows:

2013

									Strike term	
	Number of options 01/01/13	Additions	Disposals	Number of options 12/31/13	Granted to employees of the company	Granted to employees of the Group	Strike price	Assignment date	From	To
2008 share-based payments plan	545,325	-	545,325	-	-	-	7,13€	7/30/08	7/30/11	7/29/13
2009 share-based payments plan	310,163	-	146,213	163,950	109,125	54,825	5,21€	7/29/09	7/29/12	7/28/14
2010 share-based payments plan	1,240,650	-	196,250	1,044,400	526,500	517,900	7,00€	7/28/10	7/28/13	7/27/15
2011 share-based payments plan	644,725	-	28,500	616,225	357,275	258,950	5,83€	7/27/11	7/27/14	7/26/16

2012

	No. Of options 01/01/12	Additions	Disposals	Number of options 12/31/12	Granted to employees of the company	Granted to employees of the Group	Strike price	Assignment date	Strike term From	Strike term To
2008 share-based payments plan	572,325	-	27,000	545,325	319,375	225,950	7.13 €	7/30/08	7/30/11	7/29/13
2009 share-based payments plan	319,163	-	9,000	310,163	180,688	129,475	5.21 €	7/29/09	7/29/12	7/28/14
2010 share-based payments plan	1,297,650	-	57,000	1,240,650	722,750	517,900	7.00 €	7/28/10	7/28/13	7/27/15
2011 share-based payments plan	673,225	-	28,500	644,725	385,775	258,950	5.83 €	7/27/11	7/27/14	7/26/16

The beneficiaries of these plans are directors and executive directors of Group companies.

As a result of these plans, 34 thousand euros were recognized in the 2013 income statement (2012: 738 thousand euros).

The increase in the value of investments in the Company due to the recognition of stock options granted to employees of the investees is as follows:

	Thousands of euros 2013	Thousands of euros 2012
Publiespaña, S.A.U.	93	423
Telecinco Cinema, S.A.U.	11	60
	104	483

At December 31, 2013, as described below, the Company has three share option plans granted to certain employees. The last share option plan was approved in 2011.

All the approved plans that remain in effect have a three-year accrual period and a 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:

	2008 Plan	2009 Plan	2010 Plan	2011 Plan
Strike	7.13	5.21	7.00	5.83
Yield on the share (dividend yield)	10%	5%	5.5%	5.5%
Volatility	27.5%	30%	50%	37%

18. INCOME AND EXPENSES

a) Breakdown of revenue

The distribution of revenue from continuing operations corresponding to the Company's ordinary activities, broken down by category, is as follows:

Business segment	Thousands of euros 2013	Thousands of euros 2012
Advertising revenue	640,307	689,429
Rendering of services	6,696	7,095
Total	647,003	696,524

The Company's most important client continues to be Publiespaña, S.A.U. Revenue from advertising sales to this client, 635,536 thousand euros, accounts for approximately 98% of the Company's total revenue (2012: 685,406 thousand euros or 98% of the total).

b) Consumption of goods for resale

The breakdown of consumption of goods for resale and consumption of raw materials and other consumables for the years ended December 31, 2013 and 2012 is as follows:

	Thousands of euros	
	2013	**2012**
Consumption of goods for resale		
Changes in inventories	(1,304)	(1,766)
	(1,304)	(1,766)
Goods for resale		
Purchases in Spain	215,105	252,015
EU acquisitions	12,498	14,446
Cost of sales	227,603	266,461

c) Wages and salaries

	Thousands of euros	
	2013	**2012**
Wages and salaries	69,525	72,706
Social Security costs, et al.	14,227	14,026
Total	83,752	86,732

The breakdown of Social Security costs et al. for the years ended December 31, 2013 and 2012 is as follows:

	Thousands of euros	
	2013	**2012**
Social security	12,537	12,743
Other employee welfare expenses	1,690	1,283
Total employee welfare expenses	14,227	14,026

d) External services

The breakdown of “External services” for the years ended December 31, 2013 and 2012 is as follows:

	Thousands of euros	
	2013	**2012**
Leased assets (Note 5)	659	635
Other leases	122	164
Program production costs	33,746	39,376
Management fees for rights, concessions and licenses	27,175	28,833
Repairs and maintenance	3,540	3,720
Other professional services	8,753	10,191
Transportation and messenger services	1,223	1,419
General insurance	196	216
Public relations	2,718	2,789
Supplies	3,257	3,436
Signal transmission and technical assistance	50,593	50,614
News agencies and post-production	11,995	12,201
Cash and non-cash prizes	2,940	3,843
Other expenses for legal and judicial risks	4,526	3,812
Other expenses and services	4,465	7,218
	155,908	168,467

(Thousand of euros)

19. RELATED-PARTY TRANSACTIONS

Related companies

Company transactions in 2013 and 2012 with related parties, as well as the nature of the relationship, are as follow:

Company	Nature of the relationship
60 DB Entertainment, S.L.U.	30% owned
Aprok Imagen S.L.	3% owned
Big Bang Media, S.L.	30% owned
Conecta 5 Telecinco, S.A.U.	100% owned
DTS, Distribuidora TV Digital, S.A.	22% owned
Editora Digital de Medios, S.L.	50% owned
Grupo Editorial Tele 5, S.A.U.	100% owned
Endemol Group	(1)
Mediaset Itlay Group	Shareholder
PRISA Group	Shareholder
Integración Transmedia, S.A.U.	100% owned
La Fábrica de la Tele S.L.	30% owned
Mediacinco Cartera S.L.	75%owned
MegaMedia Televisión S.L.	30% owned
Netsonic, S.L.	38%owned
Pegaso Group	43.7% owned
Premiere Megaplex, S.A.U.	100% owned
Producciones Mandarina, S.L.	30% owned
Publiespaña, S.A.U.	100% owned
Publimedia Gestión, S.A.U.	100% owned
Sogecable Editorial, S.L.	100% owned
Sogecable Media, S.L.	100% owned
SuperSport Televisión, S.L.	30% owned
Telecinco Cinema, S.A.U.	100% owned

(1) No relationship at 12/31/13.

(Thousand of euros)

The balances with the related parties listed in the preceding table at December 31, 2013 and 2012 are as follows:

	Trade receivables from group companies and associates (Note 10)		Suppliers, group companies and associates		Suppliers for purchases of rights, companies and associates (Note 8.2)		Long-term loans to Group companies (Note 8.1)	
	12/31/13	12/31/12	12/31/13	12/31/12	12/31/13	12/31/12	12/31/13	12/31/12
Publiespaña, S.A.U.	159,662	141,568	1,255	1,504	-	-	-	-
Grupo Editorial Tele 5, S.A.U.	72	100	102	112	-	-	-	-
Telecinco Cinema, S.A.U.	1,743	1,629	81	15	2,908	429	5,845	4,791
Publimedia Gestión, S.A.U.	224	245	-	-	-	-	-	-
60dB Entertainment, S.L.U.	-	-	-	69	-	-	-	-
Conecta 5 Telecinco, S.A.U.	325	1,156	5	-	-	-	5,729	5,611
Producciones Mandarina, S.L.	-	-	1,143	2,898	-	-	-	-
BigBang Media, S.L.	-	-	460	891	-	-	-	-
La Fábrica de la Tele, S.L.	1,647	-	2,461	3,127	-	-	-	-
Mediacinco Cartera, S.L.	127	59	-	138	-	-	-	-
Premiere Megaplex, S.A.U.	134	60	1	-	-	-	-	-
Editora Digital de Medios, S.L.	26	26	-	-	-	-	-	-
MegaMedia Televisión, S.L.	89	-	-	-	-	-	-	-
SuperSport Televisión, S.L.	206	-	1,551	-	-	-	-	-
Integración Transmedia, S.L.	2	-	-	-	-	-	-	-
Sogecable Media, S.L.	(880)	(820)	-	-	-	-	227	218
Sogecable Editorial, S.L.	-	-	44	35	-	-	-	-
DTS, Distribuidora TV Digital, S.A.	(2)	2	461	274	210	590	-	-
Pegaso Group	-	-	-	-	-	-	3,200	3,344
PRISA Group	66	247	2,150	2,221	-	-	-	-
Mediaset Italy Group	62	237	375	378	-	-	-	-
Endemol Group	-	-	-	416	-	832	-	-
	163,503	144,509	10,089	12,078	3,118	1,851	15,001	13,964

	Current tax payable, group companies (Note 8.2)		Current liabilities with creditor group companies (Note 8.2)	
	12/31/13	12/31/12	12/31/13	12/31/12
Publiespaña, S.A.U.	-	-	89,035	80,199
Grupo Editorial Tele 5, S.A.U.	-	-	4,087	3,541
Telecinco Cinema, S.A.U.	3,363	14,574	-	-
Conecta 5 Telecinco, S.A.U.	-	1,628	4,494	3,411
Sogecable Media, S.L.	-	29	-	-
Sogecable Editorial, S.L.	-	-	421	378
Premiere Megaplex, S.A.U.	-	-	858	-
Mediacinco Cartera, S.L.	34,806	1,029	2,034	-
	38,169	17,260	100,929	87,529

	Current tax receivable, group companies (Note 8.1)		Current assets with creditor group companies (Note 8.1)	
	12/31/13	12/31/12	12/31/13	12/31/12
Publiespaña, S.A.U.	18,846	16,599	-	-
Grupo Editorial Tele 5, S.A.U.	2,129	2,632	-	-
Publimedia Gestión, S.A.U.	670	874	-	-
Telecinco Cinema, S.A.U.	-	-	13,578	37,150
Premiere Megaplex, S.A.U.	58	214	4,962	1,359
Conecta 5 Telecinco, S.A.U.	76	-	-	-
Mediacinco Cartera, S.L.	-	-	58,110	56,334
Sogecable Media, S.L.	4	-	648	593
Sogecable Editorial, S.L.	58	63	-	-
Integración Transmedia, S.A.U.	107		-	
Atlas País Vasco, S.A.U. (in liquidation)	-	-	6	6
Canal Factoria de Ficción, S.A.U. (in liquidation)	-	-	-	1
Pegaso Group			501	313
Producciones Telecinco, S.A.U. (in liquidation)	-	-	15	15
	21,948	20,382	77,820	95,771

(Thousand of euros)

	Current payables to group companies due to tax effect (VAT) (Note 8.2)		Current loans to group companies due to tax effect (VAT) (Note 8.1)	
	12/31/13	12/31/12	12/31/13	12/31/12
Publiespaña, S.A.U.	5,212	4,372	-	-
Telecinco Cinema, S.A.U.	-	-	89	2,242
Mediacinco Cartera, S.L.	8	6	-	-
	5,220	4,378	89	2,242

In 2013 and 2012, the following transactions were conducted with the related parties listed above:

	Purchases		Accrued interest expense		Purchase of rights	
	12/31/13	12/31/12	12/31/13	12/31/12	12/31/13	12/31/12
Grupo Editorial Tele 5, S.A.U.	250	290	6	20	-	-
DTS, Distribuidora TV Digital, S.A.	745	2,006	-	-	231	363
Publiespaña, S.A.U.	90	31	1,250	1,486	-	-
Conecta 5 Telecinco, S.A.U	-	-	5	-	-	-
Telecinco Cinema, S.A.U.	332	14	-	-	3,109	806
Premiere Megaplex, S.A.U.	-	-	1	-	-	-
Mediacinco Cartera, S.L.	-	-	-	138	-	-
Producciones Mandarina, S.L.	18,091	14,984	-	-	-	-
La Fábrica de la Tele, S.L.	31,693	29,337	-	-	-	-
BigBang Media, S.L.	4,232	5,787	-	-	-	-
60dB Entertainment, S.L.U.	696	148	-	-	-	-
SuperSport Televisión, S.L	4,548	-	-	-	-	-
Sogecable Editorial, S.L.	123	112	1	1	-	-
Prisa Group	7,764	11,003	-	-	-	979
Endemol Group	16,184	26,473	-	-	376	964
Mediaset Italy Group	1,463	1,482	-	-	-	18
	86,211	91,667	1,263	1,645	3,716	3,130

	Advertising revenue & sales of rights		Other revenue		Accrued interest revenue		Dividends	
	12/31/13	12/31/12	12/31/13	12/31/12	12/31/13	12/31/12	12/31/13	12/31/12
Grupo Editorial Tele 5, S.A.U.	-	-	125	159	-	-	5,242	5,467
Sogecable Media, S.L.	-	-	-	-	24	85	-	-
Sogecable Editorial, S.L.	-	-	-	-	-	-	148	867
Publiespaña, S.A.U.	635,536	685,406	4,402	4,027	-	-	44,879	39,837
Publimedia Gestión, S.A.U.	-	-	752	763	-	-	-	-
DTS, Distribuidora TV Digital, S.a.	2	4	16	(137)	-	-	-	19,933
Telecinco Cinema, S.A.U.	-	10	438	435	1,601	1,386	-	-
Conecta 5 Telecinco, S.A.U.	132	132	575	817	-	865	-	-
Editora Digital de Medios, S.L.	-	-	87	22	158	-	-	-
Mediacinco cartera, S.L.	-	-	411	342	1,830	2,522	-	-
La Fábrica de la Tele, S.L.	-	-	1,361	-	-	-	2,826	997
Premiere Megaplex, S.A.U.	-	-	211	34	92	19	-	-
MegaMedia Televisión, S.L.	-	-	73	-	-	-	-	-
SuperSport Televisión, S.L.	-	-	180	-	-	-	-	-
Integración Transmedia, S.L.	-	-	1	-	-	-	-	-
Producciones Mandarina,S.L.	-	-	-	1	-	-	-	929
Pegaso Group	-	77	-	-	188	196	-	-
Big Bang Media, S.L.	-	-	-	-	-	-	-	242
Prisa Group	29	55	135	375	-	-	-	-
Endemol Group	188	25	-	-	-	-	-	-
Mediaset Italy Group	154	355	11	33	-	-	-	-
	636,041	686,064	8,778	6,871	3,893	5,073	53,095	68,272

The related-party transactions consist of normal Company trading activity and are conducted on an arm's length basis.

Directors and senior executives

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 the Company or with other Group companies unrelated to normal trading activity or not on an arm's length basis.

a) Compensation and other benefits

1. Remuneration of the members of the Board of Directors in 2013 and 2012:

The breakdown of the remuneration earned by members of the Company's Board of Directors is as follows:

	Thousands of euros	
	2013	2012
Compensation	3,231	2,986
Attendance fees	588	592
	3,819	3,578

In addition to the information given in this section, the compensation received by each director in 2013 is indicated below, in euros:

Mr. Alejandro Echevarría Busquet – Chairman of the Board of Directors

Fixed Board compensation: 60,000.00
Attendance fees: 64,000.00
Fixed compesation: 634,649.52
Variable compensation: 265,850.00
Total: 1,024,499.52

Option rights granted: 0.
Option rights exercised: 117,688

Mr. Paolo Vasile – CEO

Fixed Board compensation: 60,000.00
Attendance fees: 32,000.00
Fixed compesation: 883,058.61
Variable compensation: 531,700.00
In-kind remuneration: 15,783.36(*)
Total: 1,522,541.97

Option rights granted: 0.
Option rights exercised: 67,250

(*) Excluding the base of the in-kind compensation, 63,771.20 euros

(Thousand of euros)

Mr. Giuseppe Tringali – CEO

Fixed Board compensation:	60,000.00
Attendance fees:	32,000.00
Total:	92,000.00

Option rights granted: 0
Option rights exercised: 0.

Mr. Massimo Musolino - Executive Director (*)

Fixed Board compensation:	60,000.00
Attendance fees:	24,000.00
Fixed compesation;	499,170.82
Variable compensation:	229,077.12
In-kind remuneration:	17,902.28(**)
Total:	830,150.22

Option rights granted: 0
Exercised: 30,500

(*) Amounts corresponding to fixed/ variable compensation and in-kind benefits are reflected under 18 c.

(**) The in-kind compensation base amounting to 21,498.48 euros was not included

Mr. Alfredo Messina – Board Member

Fixed Board compensation:	60,000.00
Attendance fees:	44,000.00
Total:	104,000.00

Mr. Fedele Confalonieri – Board Member

Fixed Board compensation:	60,000.00
Attendance fees:	56,000.00
Total:	116,000.00

Mr. Marco Giordani – Board Member

Fixed Board compensation:	60,000.00
Attendance fees:	44,000.00
Total:	104,000.00

Mr. Pier Silvio Berlusconi – Board Member

Fixed Board compensation:	60,000.00
Attendance fees:	0.00
Total:	60,000.00

(Thousand of euros)

Mr. Giuliano Adreani – Board Member

Fixed Board compensation:	60,000.00
Attendance fees:	56,000.00
Total:	116,000.00

Mr. Ángel Durández Adeva – Independent Director

Fixed Board compensation:	60,000.00
Attendance fees:	48,000.00
Total:	108,000.00

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

Fixed Board compensation:	60,000.00
Attendance fees:	32,000.00
Total:	92,000.00

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

Fixed Board compensation:	60,000.00
Attendance fees:	72,000.00
Total:	132,000.00

Mrs. Helena Revoredo Delvecchio – Independent Director

Fixed Board compensation:	60,000.00
Attendance fees:	20,000.00
Total:	80,000.00

Mr. Manuel Polanco Moreno – Independent Director

Fixed Board compensation:	60,000.00
Attendance fees:	36,000.00
Total:	96,000.00

Mr. Juan Luis Cebrián Echarri – Independent Director

Fixed Board compensation:	60,000.00
Attendance fees:	28,000.00
Total:	88,000.00

None of the Board Members has received any compensation for belonging to other Boards of Directors of the Group's companies.

As was the case last year, at year end of 2013, the Company has not granted any advance payments or loans to any of its Board Members.

Regarding the benefits arrangements, the Company has taken out, for only one of the Joint CEOs, life insurance covering disability or death and medical insurance, at an annual cost of 27,449 euros. These items are included in in-kind compensation.

As was the case last year, no contribution has been made to pension plans or funds on behalf of any member of the Board of Directors.

There were no new share option plans during 2013.

b) 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:

Number of persons		**Total Compensation (Thousands of euros)**	
2013	**2012**	**2013**	**2012**
12	12	4,876	5,029

In 2012 and 2013, no share options were granted.

A list of key management personnel is included in the accompanying Corporate Governance Report.

c) Other disclosures on the Board of Directors

Breakdown of the involvement with companies engaging in similar activities and the directors' involvement in similar activities either on their own or on behalf of others.

In respect of MEDIASET ESPAÑA COMUNICACIÓN, S.A. and in compliance with article 229.2 of the Capital Companies Law, it is hereby confirmed that neither Mr. Giuseppe Tringali, Mr. Paolo Vasile, Mr. Giuliano Adreani, Mr. José Ramón Álvarez-Rendueles, Mr. Pier Silvio Berlusconi, Mr. Fedele Confalonieri, Mr. Ángel Durández Adeva, Mr. Marco Giordani, Mr. Alfredo Messina, Mr. Borja de Prado Eulate, Mr. Massimo Musolino and Mrs. Helena Revoredo Delvecchio members of the Board of Directors of MEDIASET ESPAÑA COMUNICACIÓN, S.A. at December 31, 2013, nor any persons considered as related parties to the above pursuant to article 231 of the Capital Companies Law, have held or hold investments in companies with activities that are the same, similar or complementary to the business activities of MEDIASET ESPAÑA COMUNICACIÓN, S.A.

Mr. Alejandro Echevarría Busquet:

Subsidiary	**Activity**	**Ownership interest**	**Duties**
Vocento, S.A.	Communication	0.00878 %	-
Diario ABC, S.L.	Newspaper publishing	0.0002 %	Member of the Founding Board of Directors

Mr. Manuel Polanco Moreno

Subsidiary	**Activity**	**Ownership interest**	**Duties**
Promotora de Informaciones, S.A.	Media holding company	0.058% (direct or indirect)	Vice-Chairman

Mr. Juan Luis Cebrián Echarri

Subsidiary	Activity	Ownership interest	Duties
Promotora de Informaciones, S.A.	Media holding company	0.696% (direct or indirect)	Executive Chairman

It is hereby confirmed that Mr. Alejandro Echevarría Busquet, Mr. Giuseppe Tringali, Mr. Paolo Vasile, Mr. Giuliano Adreani, Mr. José Ramón Álvarez-Rendueles, Mr. Pier Silvio Berlusconi, Mr. Fedele Confalonieri, Mr. Ángel Durández Adeva, Mr. Marco Giordani, Mr. Alfredo Messina, Mr. Borja de Prado Eulate, Mr. Massimo Musolino, Mrs. Helena Revoredo Delvecchio and Mr. Manuel Polanco Moreno, members of the Board of Directors of MEDIASET ESPAÑA COMUNICACIÓN, S.A. at December 31, 2013 and related parties to the above, do not hold posts in companies with activities that are the same, similar or complementary to the Company's business pursuant to article 231 of the Capital Companies Law.

Mr. Juan Luis Cebrián Echarri

Person related to the director	Company	Duties
Daughter	On Demand Media, S.L.	Consultor
Son	Plural Entertainment España, S.L.	Head of Fiction Series
Sister	Dts, Distribuidora de Televisión Digital, S.A.U.	Head of Studies

It is hereby confirmed that Mr. Alejandro Echevarría Busquet, Mr. Giuseppe Tringali, Mr. Paolo Vasile, Mr. Giuliano Adreani, Mr. José Ramón Álvarez-Rendueles, Mr. Pier Silvio Berlusconi, Mr. Fedele Confalonieri, Mr. Ángel Durández Adeva, Mr. Marco Giordani, Mr. Alfredo Messina, Mr. Borja de Prado Eulate, Mr. Massimo Musolino Mrs. Helena Revoredo Delvecchio, Mr. Juan Luis Cebrián Echarri and Mr. Manuel Polanco Moreno, members of the Board of Directors of MEDIASET ESPAÑA COMUNICACIÓN, S.A. have no direct or indirect conflicts of interest with the Company at December 31, 2013.

In compliance with the aforementioned text, the activities performed either on their own behalf or on behalf of others by members of the Board of Directors at December 31, 2013 at companies having the same, similar or complementary activities to that of MEDIASET ESPAÑA COMUNICACIÓN, S.A. are listed below:

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
Sociedad Vascongada de Publicaciones, S.A.	Newspaper publishing	Self-employed	-	Board Member

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
Conecta 5 Telecinco, S.A.U.	Exploitation of audiovisual content on the Internet	Company employee	Mediaset España Comunicación, S.A.	Chairman
Grupo Editorial Tele 5, S.A.U.	Exploitation of rights; production and distribution of publications	Company employee	Mediaset España Comunicación, S.A.	Chairman
Telecinco Cinema, S.A.U.	Television broadcasting services and intermediation in the markets for audiovisual rights	Company employee	Mediaset España Comunicación, 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

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

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
Sogecable Media, S.L.U.	Advertising agency	Company employee	Publiespaña, S.A.U.	Joint and several director
Publiespaña, S.A.U.	Advertising agency	Company employee	Publiespaña, S.A.U.	Chairman/Managing Director

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	-	Managing Director

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**
Publiespaña, S.A.U	Advertising agency	Company employee	Mediaset España Comunicación, S.A.	Board Member
DTS Distribuidora de Televisión Digital, S.A.	Management of the free-to-air public TV service	Company employee	Mediaset España Comunicación, S.A.	Vice-Chairman
Conecta 5 Telecinco, S.A.U.	Exploitation of audiovisual content on the Internet	Company employee	Mediaset España Comunicación, S.A.	Board Member
Grupo Editorial Tele 5, S.A.U.	Exploitation of rights; production and distribution of publications	Company employee	Mediaset España Comunicación, S.A.	Managing Director
Telecinco Cinema, S.A.U.	Television broadcasting services and intermediation in the markets for audiovisual rights	Company employee	Mediaset España Comunicación, S.A.	Managing Director
Mediacinco Cartera, S.L.	Financial investments	Company employee	Mediaset España Comunicación, S.A.	Chairman/Managing Director
Premiere Megaplex, S.A.U.	Film distribution	Company employee	Mediaset España Comunicación, S.A.	Chairman/Managing Director

Mr. Manuel Polanco Moreno

Name	Activity	Arrangement under which the activity is performed	Company through which the activity is carried out	Position held or function discharged
Grupo Media Capital, SGPS, S.A.	Television Holding company	-	-	Board Member
Canal Club de Distribución de Ocio y Cultura, S.A.	Telemarketing TV channel	-	-	Board Member
DTS, Distribuidora de Televisión Digital, S.A.	Pay TV	-	-	Chairman
Vertix, SGPS, S.A.	Television Holding company	-	-	Chairman
Plural Entertainment Portugal, S.A.	Audiovisual production	-	-	Chairman
TVI Televisao Independente, S.A.	Free-to-air television	-	-	Chairman
Media Capital Produçoes-investimentos, SGPS, S.A.	Audiovisual production	-	-	Chairman
MCP Media Capital Produçoes, S.A.	Audiovisual production	-	-	Chairman
Productora Canaria de Programas, S.L.	Audiovisual production	-	-	Board Member
Sociedad Canaria de Televisión Regional, S.A.	Audiovisual production	-	-	Joint Chief Executive Officer
Plural Jempsa, S.L.	Audiovisual production	-	-	Vice-Chairman and Joint Chief Executive Officer
Tesela Producciones Audiovisuales, S.L.U.	Audiovisual production	-	-	Joint and several director
Plural Entertainment España, S.L.U.	Audiovisual production	-	-	Joint and several director
Plural Entertainment Canarias, S.L.U.	Audiovisual production	-	-	Joint and several director
V-Me Media Inc.	Television	-	-	Board Member

Mr. Juan Luis Cebrián Echarri

Name	Activity	Arrangement under which the activity is performed	Company through which the activity is carried out	Position held or function discharged
Promotora de Informaciones, S.A.	Television Holding company			Executive Chairman
DTS Distribuidora de Televisión Digital, S.A.	Pay TV	-	-	Board Member
Diario El Pais, S.L.	Newspaper publishing			Chairman
Ediciones El Pais, S.L.				Chairman
Promotora de Actividades America 2010 Mexico, S.A..De Cv				Chairman/Managing Director
Prisa INC				Chairman/Managing Director

(Thousand of euros)

In addition and in compliance with the aforementioned text, it is hereby confirmed that Mr. Fedele Confalonieri, Mr. José Ramón Álvarez-Rendueles, Mr. Angel Durández Adeva, Mr. Alfredo Messina, Mr. Borja de Prado Eulate, and Mrs. Helena Revoredo Delvecchio, have not carried out nor carry out, on their own behalf or on behalf of other parties, any activities which are the same, similar or complementary to the activities of MEDIASET ESPAÑA COMUNICACIÓN, S.A.

20. OTHER DISCLOSURES

a) Employees

				2013
	At year end			
	Male	**Female**	**Total**	**Average for the year**
Senior executives	10	2	12	12
Executives	40	22	62	63
Department managers	27	32	59	61
Technical staff	361	229	590	593
Administrative personnel	34	110	144	144
Operators	18	-	18	19
Journalists	54	85	139	149
	544	480	1,024	1,041

				2012
	At year end			
	Male	**Female**	**Total**	**Average for the year**
Senior executives	11	2	13	13
Executives	43	23	66	63
Department managers	33	33	66	67
Technical staff	372	242	614	624
Administrative personnel	30	108	138	137
Operators	19	-	19	19
Journalists	66	96	162	165
	574	504	1,078	1,088

b) Audit fees

Audit fees of the 2013 financial statements totaled 116 thousand euros (2012: 137 thousand euros).

In addition, the fees paid in the year for other services performed by the Company’s statutory auditors in 2013 totaled 91 thousand euros (2012: 72 thousand euros).

c) Foreign currency

Foreign-currency transactions related to the acquisition of audiovisual property rights and distribution rights totaled $66 million (2012: $73 million).

"Trade receivables" includes 28 thousand euros denominated in US currency. (2012: 68 thousand euros).

In addition, the balance of the trade payables for purchases of audiovisual property rights includes 26,229 thousand euros denominated in US currency (2012: 29,208 thousand euros).

21. SIGNIFICANT EVENTS AFTER THE REPORTING DATE

No significant events took place after the reporting date.

22. ADDITIONAL NOTE FOR ENGLISH TRANSLATION

These financial statements are presented on the basis of the accounting principles approved by Royal Decree 1514/2007 of November 16 and prevailing mercantile adopted by Spain. Consequently, certain accounting practices applied by the Company may not conform with generally accepted principles in other countries.

Madrid, February 26, 2014.

THE SPANISH ECONOMY IN 2013

Data on the Spanish economy during 2013 indicates that Spain emerged from the recession during the second part of the year, accumulating slight GDP increases during two consecutive quarters (+0.1% in 3Q2013 and +0.3% in 4Q2013), after a total of nine consecutive quarters of contractions. Such moderate growth rates evidently are not worthy of overoptimism, as basic economic indicators (most notably, unemployment) are disproportionately negative. Although the GDP posted a year-on-year drop of 1.2%, as discussed in the Management Report corresponding to the consolidated interim financial statements at June 30, 2013, a slight relative indication of improvement in basic economic data was noted. After such a dire 2012 (arguably the worst year of the crisis), a plateau growth trend arose, which is a "sine qua non" condition making it possible that, through the progression of time, the negative trend gradually transforms to positive, which seems to have finally occurred during the second half of the year.

Although definite data is not available, the 2013 global GDP is expected to be around 2.9%, which is the fourth consecutive year of fall, mainly due to the fact that the growth rates of emerging economies have halved over the past five years. The following situations prevail in developed economies:

Although 2013 forecasts for the US economy were a point lower than 2012 (1.8% vs. 2.8%), the tendency towards a sustainable cruising growth rate seemed confirmed during the last two quarters, and became clearer once the two main political parties reached a tax agreement at year end, which points to a 3% growth rate in 2014.

With respect to the Eurozone, the drop in the GDP during the year was approximately 0.4%, which is not only lower than 2012, but is also indicative that things are looking up.

As mentioned previously, data for Spain at the date of preparation of these financial statements indicates that the GDP dropped 1.2% in 2013, with a clear indication that as the year progresses things are heading towards a new cycle of expansion. In this regard, with a 2.8% drop in internal demand, all the components have improved throughout the year, with slight quarter-on-quarter steps forward starting in the summer; this has not been the case since 2010. Private consumption is of key importance to our business, as it is directly linked to advertising; it showed several positive changes during the third quarter.

Unemployment data also seems indicative of a change in the cycle when considering 4Q2013 and January 2014; for the year as a whole, joblessness rose 1.3 points to an overall 26.4%. Without a doubt, reducing unemployment to more tolerable levels is definitely one of the greatest hurdles for this changing cycle.

Against this backdrop, it is also important to note that the inevitable financial deleveraging of Spanish households, which may be seen from contradictory points of view (a lessened burden of debt, which is positive, which also slows down short-term consumption), seems to be a necessary condition to head in the direction of growth to reaching solid ground. It is also worth noting that in recent months new credit transactions have increased substantially, including those granted by our financial system to companies as well as consumers, which illustrates a trend towards credit normalization.

Based on the above, the obvious question would be: What is the macroeconomic scenario facing Spain in 2014, and what is the general backdrop against which our TV business will move forward? Based on events during 2013 (confirmation that Spain began emerging from the recession during the second half of the year), as well as tendencies pointing to a slow revival of economic activity, there is a widespread consensus that the GDP will grow 1%. This takes into account that contribution from the external sector will continue to be of paramount importance, indicating that the weight of national demand will be roughly half, with unemployment slightly decreasing although still around 25%. This modest growth scenario is not without certain risks and threats which still have not completely dissipated, including tax adjustment and budgetary processes in Europe as well as Spain, financial upheaval, slower growth rates in emerging economies, and the sustainability of expansive tax and monetary policies in the US.

THE TELEVISION INDUSTRY IN 2013: THE YEAR THE SECTOR WAS CONSOLIDATED

As reflected in the Management Report corresponding to the interim consolidated financial statements for for the first half of 2013, the TV advertising market showed a trend to gradual improvement from drop heights close to 20% (last quarter of 2012). These negative growth rates gradually decreased throughout the year, to finally become positive during the last quarter, riding the wave of the abovementioned incipient economic recovery.

During the year, overall advertising investment declined in line with the past six years, with the exception of 2010, which pushed the TV advertising market over the edge into a 50% drop since its peak in 2007.

It is not all bad news in the advertising sector, however, thanks to the positive trend during the final months of 2013, which was confirmed by the market during the first months of 2014. The weight of the TV advertising market with respect to the market in general rose in 2013, while consumption of TV measured by number of minutes per person and day has increased during the year; therefore, ignoring the impact of the crisis on viewing habits, the communications and entertainment is robust, with great potential. For the first time in three years, ad sales prices remained stable after a continual decline commencing the second half of 2008.

At the date of preparation of these financial statements, the data estimates (as of yet unconfirmed by Infoadex data), indicate that the TV advertising market will have ended 2013 with a drop of 6.2%.

Turning to audience figures, after the integration of Cuatro in 2011 and the launch of the new “Divinity” channel the same year, the Company moved forward with its diversification and complementation strategies by launching "Energy" in 2012, which mainly addresses the male population via the sporting events to which the Company bought the rights, as well as content specifically acquired for the channel, and "La Nueve" at the beginning of 2013. Thus, along with its more consolidated channels, such as Factoría de Ficción, La Siete, and Boing, and its driving force, Telecinco, the Company has managed to consolidate the overall audience of its family of channels as well as each of them individually. It has avoided cannibalization within an environment in which TV consumption has reached its maximum records.

Audience data indicate that Mediaset España was the absolute leader during 2013, with a 29% share, representing a 0.9 point increase as compared to 2012, and a 0.2 point advantage with respect to Grupo Atresmedia. Our year-end 2013 data is 12.3% over RTVE's.

Telecinco reached 13.5% during the year, which is 0.1 points over its main competitor and 3.3 points ahead of "La Primera" (RTVE) while Cuatro's 6% share is identical to that of "La Sexta." Finally, as regards the newer- generation digital channels, those comprising the Company´s registered an 9.4% audience share, which matches its main competitor's group of channels, with a 1.1 point increase with respect to the prior year; this all attests to the competitiveness of the market as well as the merit inherent in once again being leaders in audience levels.

Comparing the Company's results in 2013 with those of 2012, the following is evident:

- Total operating income dropped from 715,808 thousand euros in 2012 to 658,249 thousand euros in 2013 as a result of a drop in ad revenue.

- On a year-to-year basis, operating expenses went from 747,903 thousand euros to 666.337 thousand euros, representing a 11% decrease, which can be explained by the Company's ongoing cost-saving strategy designed to adapt to different advertising market circumstances, as well as by the decrease of sporting events during the year.

- Lastly, profit for 2013 amounted to (8,594) thousand euros, compared to 64,492 thousand euros in 2012. This decrease is the result of an impairment write-down for the investment in D+ due to the performance of an impairment test at year end 2013.

DIVIDENDS

During 2013, no dividends were distributed against results, due to the exceptionally negative conditions of the audiovisual sector in general, as well as the advertising market during the first part of the year.

INVESTMENT IN RIGHTS AND FILM PRODUCTION

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

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

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

In short, the aim is to combine financial wherewithal, talent, profitability, and opportunities efficiently for our brightest and most promising professionals in order to maximize the return on investment -in light of global conditions, maximum importance is attached to this- considering that the activity is not voluntary, and to produce films that bring together quality and commercial appeal under the network's logo.

After a very successful 2012, this was a year of transition for Telecinco Cinema, focused on developing highly ambitious projects which will be launched during the upcoming two years. Also, three new films were premiered: "Volver a Nacer," “Afterparty,” and "Séptimo." They earned more than 4.5 million euros at the box office. Four new films began filming during the year, with a projected 2014 debut, as well as another ambitious animation project which should be ready for the public in 2015.

It is also worth noting that in 2013, the economy caused a swath of destruction in the Spanish film sector: box office takings decreased 17%, and market share went down 14% vs. 19% in 2012. The Group nonetheless carries on with diligent efforts to produce quality movies aimed at all segments of the public.

INTERNET

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

In 2012, the Group broke even in this segment.

According to OJD data, Telecinco was the television website with the highest traffic during the year. The Mediaset.es website also led communication groups operating in Spain.

The Group's MiTele website encompasses all its audiovisual content. It bolstered its contents while becoming more available through its specific areas devoted to film (movies in their original version, i.e., not dubbed) for children's programming.

TREASURY SHARES

At December 31, 2013, the Company held 5,563,223 of its own shares, representing 1.37% of share capital.

MEDIASET ESPAÑA SHARE PRICE PERFORMANCE

In 2013, stock exchanges performed positively, with upward swings in main markets such as S&P (US), Dax (Germany), and Nikkei (Japan), with the first two having reached historical levels. The IBEX 35 trend was positive, reflecting a 21% revaluation, which is a clear indication of the improved perception equity market investors have of the trend of Spain's economy.

Mediaset España's share price behaved positively in 2013, growing 64.8%: at December 31 it was 8.39 euros (2012: 5.09 euros).

During 2013, Mediaset España's market capitalization was 3,414 million euros, which means it still leads the sector well ahead of its nearest competitors: it is well over the all the other Spanish companies in its sector and the fourth-ranked communication group in Europe.

The average volume of shares traded during the year was 1,552 thousand, equivalent to 10,773 thousand euros, which is substantially higher than 2012.

Once again, it is especially noteworthy that Mediaset España's share price reached a yearly high of 9.40 euros on October 21, with its minimum registered on February 7 (5.03 euros).

CORPORATE GOVERNANCE

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

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

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

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

HEDGING

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

RISK CONTROL

The Company's risk management policies are described in Note 8.3 of the accompanying financial statements.

RESEARCH AND DEVELOPMENT COSTS

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

EVENTS AFTER THE REPORTING PERIOD

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

CAPITAL STRUCTURE

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

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

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

BUSINESS OUTLOOK

Our business is mainly dependent on advertising, which in turn is closely and directly linked to private consumption trends, as well as employment. Considering this, the Group's activity in 2014 cannot be considered outside the prevailing macro-economic context in which it carries out its business; as discussed in the Management Report, economic data for the last two quarters of 2013 indicate the end of the recession and the beginning of recovery which, based on estimates and projections, may very well lead to moderate growth.

As regards free-to-air television wee believe that the consolidation process of the last year in which the Group was pioneer is going to posively mark its evolution forging a strong presence based on a more rational use and transparency, making it more easily adaptable to the changing economic cycle; this includes strategies aimed at the recovery of advertising rates which went into free fall from 2007 to 2012.

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

Within this context of the concentration and consolidation of operators, the Company's business strategy will be focused on how to maintain its strong lead, in both terms of audience as well as advertising market, while being fully-adapted to the environment which affects cash generation as well as its cost structure, in order to protect its financial margins as well as foster growth if indeed income improves as indicated over recent months.

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

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

RESTRICTIONS ON VOTING RIGHTS

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

SHAREHOLDER AGREEMENTS

Shareholder agreements in force are those included in the “Significant event” notice filed by the Company with the National Securities Exchange Commission (CNMV) on February 8, 2011, reproduced below:

Through this communication we inform of the clauses restricting the transfer of shares or relating to the exercise of the right to vote at the General Meetings that are included in the Integration Agreement and the Option Agreement entered into between Mediaset España Comunicación, S.A., Prisa Televisión, S.A.U. ("Prisa Televisión") and Promotora de Informaciones, S.A. ("Prisa"), as listed and described in Telecinco Prospectus approved and registered by the National Securities Market dated November 18, 2010 and January 25, 2011 (the "Prospectus”):

1 Integration Contract

Subject to Clause 3.4 of the Integration Agreement and as described in the Prospectus dated November 18, 2010, Prisa TV (formerly Sogecable) is entitled to appoint two of the eight members of the Board of Directors of Mediaset and will be entitled to appoint one director for as long as it holds a minimum of 5% of Mediaset’s share capital. In addition, whilst Prisa TV holds 10% of Telecinco’s share capital, it will be entitled to appoint, among the directors it has appointed, a non-executive Vice-president, a member of the Executive Committee, a member of the Audit and Control Committee, and a member of the Remuneration and Nomination Committee. Mediaset S.p.A. has expressed its agreement with the contents of the indicated clause.

The following is the transcription of the clause 3.4 of the Integration Agreement:

“(3.4) Telecinco Government

Following the integration, when it becomes effective, Sogecable will have a proportional representation on the board of *Mediaset España and in particular, the following rights in relation to corporate governance of Telecinco:*

(i) Sogecable has the right to appoint two of the 15 members that make up the Board of Directors of Mediaset (and without prejudice to said right of Prisa Televisión, the directors appointed by Mediaset will be reduced to eight);

(ii) the rules of proportional representation will be taken into account for purposes of giving rights to appoint directors of Prisa Televisión if a change occurs in (a) the total number of board members specified in paragraph (i) above, or (b) the participation of Sogecable in Telecinco; all without prejudice to the right granted to Sogecable under the following paragraph;

(iii) the extent to which Sogecable maintains a share of at least 5% of the share capital of Mediaset España, Prisa Televisión has the right to retain one board member, and

(iv) while Sogecable has an ownership interest in more than 10% of the share capital of Mediaset España, Prisa Televisión has the right to appoint, among its representatives on the board of Mediaset España,

- *a non-executive vice president;*
- *a member of the executive committee;*
- *a member of the audit and control, and*
- *a member of the remuneration and nomination committee.”*

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 favourable 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 jeopardises the Company's interests or adversely affects its prestige and reputation or when the reasons for which they were appointed cease to exist (e.g. when proprietary directors dispose of their ownership interest in the company).

3. Directors who stand down from the Board prior to the end of their mandate must submit a letter to all the members of the Board explaining the reasons for vacating office. The Company shall also notify the Spanish National Securities Market Commission (CNMV) of the resignation in a significant event filing and explain the reasons in the annual Corporate Governance Report.

B. Amendments to the Company's bylaws.

Article 34. - Adoption of resolutions

1. Resolutions shall be adopted at Annual General Meetings or at Extraordinary General Meetings with the majorities required under the Spanish Corporation Law. Every voting share present or duly represented at the General Meeting shall carry one vote.

2. The majority required to approve resolutions shall be one half plus one of the voting shares present or duly represented at the General Meeting, except for the instances stipulating larger majorities, provided for in Law or these bylaws.

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

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

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

1. Except for matters reserved solely to General Meeting, the Board of Directors is the Company's highest decision-making body.

2. The Board of Directors has all the powers required to manage the Company. However, the management of the Company's ordinary business shall generally be entrusted to the steering committees and to the management team and the Board of Directors shall focus on establishing the Company's general strategy and exercising general supervisory functions. In any case, decisions on the following matters are the exclusive reserve of the Board of Directors and may not be delegated:

   a) Authorization for issue of the financial statements, management report, and proposed distribution of profit, and the consolidated financial statements and Group management report.

   b) Appointment of directors by co-optation and proposals to the General Meeting for the appointment, ratification, re-election, or removal of directors.

   c) Designation and re-election of internal positions on the Board of Directors and members of committees.

   d) Establishment of the remuneration of the members of the Board of Directors, to be proposed by the Appointments and Remuneration Committee.

e) Payment of interim dividends.

f) Announcements relating to any takeover bids launched for the securities issued by the Company.

g) Approval and amendment of the Board of Directors' Regulations governing internal organization and functions.

h) Authorization for issuance of the annual Corporate Governance Report.

i) Exercise of the powers delegated by the shareholders in general meeting when powers of substitution have not been established and the performance of any duties entrusted by the shareholders in general meeting.

j) Conclusion of any agreement or establishment of any legal relationship between the Company and any shareholders (or companies belonging to the same group as the shareholder) with ownership interests of over five per cent and of an amount in excess of 13,000,000 euros.

k) Conclusion of any agreement or establishment of any legal relationship between the Company and any third party valued at over 80,000,000 euros.

l) Approval of annual budgets and, if applicable, strategic plans.

m) Oversight of investing and financing policy.

n) Oversight of the shareholder structure of the Mediaset España Group.

o) Approval of corporate governance policy

p) Oversight of corporate social responsibility policy.

q) Approval of the remuneration policy for executive directors for their executive functions and the main terms that their contracts must fulfil.

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

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

t) Approval of Company policy on treasury shares.

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

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

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

x) Authorization, following a favourable report of the Audit and Compliance Committee, of the related-party transactions that Mediaset España Comunicación, S.A. may perform with directors or persons related to the directors or to significant shareholders, except for those which fulfil the following conditions: (i) they are applied en masse to a group of customers and in accordance with standard terms and conditions, (ii) they are performed at prices established in general terms by the supplier of the service or on an arm's length basis, (iii) the related amount does not exceed 1% of Mediaset España Comunicación’s annual revenue. The directors affected by related-party transactions which, due to the nature thereof, are subject to vote by the Board of Directors, shall not attend the meeting and may not vote or delegate their vote.

y) Any other matters that the Board of Directors Regulations reserve for handling by the Board in full.

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

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

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

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

These transactions may be undertaken:

a) Directly by the Company or by other 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 minimise 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.

Mediaset España Comunicación, S.AManagement report for the year ended December 31, 2013(Thousand of euros)

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

The following table itemises 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):** (in replacement of legally prescribed severance, unless the latter is higher) Termination between 04/24/02 and 12/31/07: 24 months' salary Termination between 2008 and 2011: 18 months' salary Termination thereafter: 12 months' salary
General Manager	**Severance scheme:** a) Voluntary redundancy: accrual per annum: fixed annual salary + annual bonus/13,5, so that total compensation is equivalent to the total years worked, b) Justified or unjustified dismissal: legally prescribed severance + severance set out in a) above
Division Manager	**Termination of contract by the Company (except in case of just cause):** An indemnity of one year of gross fixed salary plus legally prescribed severance.
Manager	**Termination of contract for reason attributable to the Company (except in case of just cause):** 18 months of fixed salary (including legally prescribed severance).

Read with the accompanying explanatory notes.

Madrid, February 26, 2014.

COMPANY IDENTIFICATION

YEAR ENDED 2013

C.I.F. A-79075438

Company name:
MEDIASET ESPAÑA COMUNICACIÓN, S.A.

Registered address:

CARRETERA DE FUENCARRAL A ALCOBENDAS 4 – MADRID 28049

A SHAREHOLDER STRUCTURE

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

Date of last increase/reduction	Share capital (euros)	Number of shares	Number of voting rights
12/29/2010	203,430,713	406,861,426	406,861,426

Indicate if there are different classes of shares with different rights attaching to them:

Yes No *

Class	Number of shares	Nominal amount per share	Nominal amount per voting right	Other rights

A.2 Give the breakdown of those – other tan 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
		Name of direct holder	Number of voting rights	
Silvio Berlusconi	0	Mediaset Spa	169,058,846	41.552
Promotora de Informaciones, SA	70,534,898	0	0	17.336

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

Name or corporate name of shareholder	Date of the transaction	Description of the transaction

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
		Name of direct holder	Number of voting rights	
Alejandro Echevarría Busquet	47,023			0.012
Paolo Vasile	8,426			0.002
Massimo Musolino	13,936			0.003
José Ramón Alvarez-Rendueles	18,294	Alvarvil, SA	654	0.004
Angel Durández Adeva	4,237			0.001
Francisco de Borja Prado Eulate	719	Bopreu, SL	7,412	0.002

% of total voting rights held by directors	**0.01**

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	Indirect options		Number of equivalent shares	% of total voting rights
		Direct holder	Number of voting rights		
Alejandro Echevarría Busquet	33,625			33,625	0.008
Paolo Vasile	235,375			235,375	0.058
Giuseppe Tringali	235,375			235,375	0.058
Massimo Musolino	106,750			106,750	0.026

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

Related-party name or corporate name	Type of relationship	Brief description
Silvio Berlusconi	Family	Director Pier Silvio Berlusconi is the son of the indirect holder of 41.552% of the company's share capital.

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:

Related-party name or corporate name	Type of relationship	Brief description

A.6 State whether the Company has been informed of any Shareholders' Agreements affecting it pursuant to Sections 530 and 531 of the Corporate Enterprises Act (LSC). If yes, describe these Shareholders' Agreements briefly as well as the shareholders related there under

Yes *   No

Shareholders bound by agreement	% of share capital affected	Brief description of agreement
Mediaset SPA		Integration Contract In accordance with Clause 3.4 of the Integration Agreement and as described in the Prospectus dated 18 November 2010, Promotora de Informaciones, S.A. (formely Prisa Televisión) is entitled to appoint two members to Mediaset España's Board of Directors and will be entitled to appoint one director for as long as it holds a minimum of 5% of Mediaset España's share capital. In addition, whilst Promotora de Informaciones, S.A. holds 10% of Mediaset España's share capital, it will be entitled to appoint, among the directors it has appointed, a non-executive Vice-president, a member of the Executive Committee, a member of the Audit and Control Committee and a member of the Remuneration and Nomination Committee
Promotora de Informaciones, SA		
Mediaset España Comunicación, SA		

Indicate whether the company is aware of any concerted actions among its shareholders. If so, briefly describe them:

Yes   No *

Shareholders involved in concerted action	% of share capital affected	Brief description of concerted action

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

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

Yes * No

Name or company name
Mediaset SPA

Comments
Fininvest SPA (owned by Silvio Berlusconi) holds 38.98% (38.62% directly and 0.36% indirectly) of the voting rights and appoints the majority of the directors of Mediaset SPA, which owns 41.552% of the voting rights of Mediaset España Comunicación, S.A.

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
5,563,223	0	1.37

(*)Held through:

Name or corporate name of direct shareholder	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 notification	Total number of direct shares acquired	Total number of indirect shares acquired	% of total share capital

A.9 Give details of the applicable conditions and time periods governing any resolutions of the General Shareholders' Meeting to issue, buy back and/or transfer treasury stock.

The General Shareholders' Meeting held on 17 April, under item 8 of the agenda, authorized the Board of Directors to acquire and transfer own shares, with a total of 335,575,221 votes representing 99.435% of share capital in favor, 1,867,535 votes representing 0.552% of share capital against, 29,603 abstentions representing 0.009% of share capital and 11,501 blank votes representing 0.003% of share capital. This mandate shall remain effective until the next General Shareholders' Meeting, slated for 2014.

The content of the resolution adopted is as follows:

1. To authorize the Board of Directors of Mediaset España Comunicación, S.A. in accordance with the provisions of Section 146 and following of the Corporate Enterprises 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 purchase or any other form of transfer for good and valuable consideration.

   - The maximum number of shares to be acquired, in addition to those already in the name of Mediaset España Comunicación, S.A. or any of its acquired companies, shall not exceed ten per cent (10%) of the share capital.

   - Shares acquired shall be free of all encumbrances or charges, totally paid and not subject to any other obligation.

   - The minimum purchase price of the shares shall not be less than their nominal value, and the maximum price shall not exceed one hundred and twenty per cent (120%) of their listed value on the purchase date.

   - Effective period of the authorization: Five (5) months starting from the date of the present agreement.

   - These transactions shall furthermore be carried out in compliance with the relevant rules contained on the matter in the Company's Internal Code of Conduct.

2. Void the authorization agreed regarding this matter at the General Shareholders' Meeting held on 28 March 2012.

3. To authorize the Board of Directors to use either all or part of the treasury shares acquired to execute remuneration plans whose purpose is or which entails the delivery of shares or share options, or which are based in any way on the performance of the shares on the stock market, as established in Paragraph 1a of Section 146.1.a) of the Corporate Enterprise 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 Give details of any restriction on the transfer of securities or voting rights. Indicate, in particular, the existence of any restrictions on the takeover of the company by means of share purchases on the market.

Yes ☐ No *

Description of restrictions

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

Yes ☐ No *

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

A.12 Indicate whether the company has issued securities not traded in a regulated market of the European Union.

Yes No *

If so, identify the various classes of shares and, for each class of shares, the rights and obligations they confer.

B GENERAL SHAREHOLDERS’ MEETING

B.1 State and, if applicable, detail whether there are any differences from the regulations on the minimum provided for by the LSC regarding the quorum necessary to hold the General Shareholders’ Meeting.

Yes * No

	% of quorum different from that established in Section 193 of the LSC for general cases	**% of quorum different from that established in Section 194 of the LSC for special cases under Section 194 of the LSC**
Quorum required on 1st call	50.00	0
Quorum required on 2nd call	0	
Description of differences		
According to Mediaset’s Bylaws, the General Meeting shall be validly convened with the attendance, either personally or by proxy, of at least fifty per cent of share capital subscribed and with voting rights, rather than the twenty-five per cent required in the LSC. The percentages required in second call in the Bylaws are the same as in the LSC. The quorum required on the first and second call for the General Shareholders’ 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 Bylaws (Section 194 of the Corporate Enterprises Act, before was section 103).		

B.2 State and, if applicable, detail whether there exist differences form the provisions set forth in the LSC for the adoption of company‘s agreements:

Yes No *

Describe any differences from the provisions set forth in the LSC.

	Qualified majority other than that established in Section 201.2 of the LSC for general cases described in Section 194.1 of the LSC	**Other cases requiring a qualified majority**
% set by company for adopting corporate resolutions		
Describe the differences		

B.3 Indicate the rules governing amendments to the company's Bylaws. In particular, indicate the majorities required to amend the Bylaws and, if applicable, the rules for protecting shareholders' rights when changing the Bylaws.

To amend articles in the Bylaws, the following percentages are required: minimum quorum of attendees: 50%, with majority vote in favor to adopt the resolution.

In addition, when proposals have been submitted to amend the Bylaws, shareholders receive a report explaining the proposed amendments drawn up by the Board of Directors. No proposals to amend by the Bylaws have been made to date that would be detrimental to any class of shares. In the event such proposals are made, the measures set out in the law to protect shareholders' rights would **apply.**

B.4 Provide the following figures on attendance to the General Shareholders' Meetings held during the year covered by this report and the previous year:

	Attendance figures				
Date of the General Shareholders' Meeting	Attended Personally (%)	Attended by Proxy (%)	% remote voting: Electronic means	% remote voting: Other	Total
11/17/2013	41.47	41.48	0.01	0.21	82.95

B.5 Indicate whether there is any restriction in the Bylaws establishing a minimum number of shares necessary to attend the General Shareholders' Meeting:

Yes ☐ No *

Number of shares necessary to attend the General Shareholders' Meeting	

B.6 Indicate whether decisions involving a fundamental corporate change ("subsidiarization", acquisitions/disposals of key operating assets, operations that effectively entail the company's liquidation) must be submitted to the General Shareholders' Meeting for approval or ratification even when not expressly required under company law.

Yes * No ☐

B.7 Indicate the address and mode of accessing corporate governance content on your company's website as well as other information on General Meetings which must be made available to shareholders on the website.

Any information concerning corporate governance, or General Shareholders' Meetings held or scheduled, is accessible to all shareholders on the Company's website through the following URL: http://www.mediaset.es/inversores/es/.

C COMPANY GOVERNING BODIES

C.1 Board of Directors

C.1.1 List the maximum and minimum number of directors included in the Bylaws:

Maximum number of directors	**19**
Minimum number of directors	**11**

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

Name or company name of the director	Proxy	Position on the Board	Date of first appointment	Date of last appointment	Method of appointment
Alejandro Echevarría Busquet		Chairman	15/05/1996	01/04/2009	General Shareholders' Meeting
Paolo Vasile		Joint and several director	29/03/1999	01/04/2009	General Shareholders' Meeting
Giuseppe Tringali		Joint and several director	29/03/2004	01/04/2009	General Shareholders' Meeting
Fedele Confalonieri		Vice - president	21/12/2000	01/04/2009	General Shareholders' Meeting
Manuel Polanco Moreno		Vice - president	24/12/2010	24/12/2010	General Shareholders' Meeting
Massimo Musolino		Director	09/04/2008	17/04/2013	General Shareholders' Meeting
Juan Luis Cebrián Echarri		Director	24/12/2010	24/12/2010	General Shareholders' Meeting
Giuliano Adreani		Director	26/09/2001	01/04/2009	General Shareholders' Meeting
Marco Giordani		Director	07/05/2003	01/04/2009	General Shareholders' Meeting
Pier Silvio Berlusconi		Director	07/05/2003	01/04/2009	General Shareholders' Meeting
Alfredo Messina		Director	30/06/1995	01/04/2009	General Shareholders' Meeting
Angel Durández Adeva		Director	20/05/2004	14/04/2010	General Shareholders' Meeting
Francisco de Borja Prado de Eulate		Director	28/07/2004	14/04/2010	General Shareholders' Meeting
José Ramón Alvarez-Rendueles		Director	28/07/2004	14/04/2010	General Shareholders' Meeting
Helena Revoredo Delvecchio		Director	01/04/2009	01/04/2009	General Shareholders' Meeting

Total number of directors	15

Indicate any board members who left during this period:

Name or corporate name of director	Status of the director at the time	Leaving date

C.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 proposing appointment	Position within the organization
Paolo Vasile	Appointments and Remuneration Committee	Chief Executive Officer
Giuseppe Tringali	Appointments and Remuneration Committee	Chief Executive Officer
Massimo Musolino	Appointments and Remuneration Committee	General and Transaction Manager

Total number of executive directors	3
Total % of the Board	20

EXTERNAL 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 external director
Fedele Confalonieri	Appointments Remuneration Committee	Mediaset SPA
Giuliano Adreani	Appointments and Remuneration Committee	Mediaset SPA
Marco Giordani	Appointments and Remuneration Committee	Mediaset SPA
Pier Silvio Berlusconi	Appointments and Remuneration Committee	Mediaset SPA
Alfredo Messina	Appointments and Remuneration Committee	Mediaset SPA
Manuel Polanco Moreno	Appointments and Remuneration Committee	Promotora de Informaciones, SA
Juan Luis Cebrián Echarri	Appointments and Remuneration Committee	Promotora de Informaciones, SA

Total number of proprietary directors	7
Total % of the Board	46.667

INDEPENDENT EXTERNAL DIRECTORS

Name or company name of the director	Profile
Alejandro Echevarría Busquet	Member of the Board of Directors of Consulnor, CVNE, Endesa and El Correo; Director of Willis Iberia; Vice-president of Deusto Business School and Council of the Novia Salcedo Foundation and FAD; Vice-president of CONR, Foro para la Contratación Pública Socialmente Responsable.
Angel Durández Adeva	BA in Economics President of Información y Control de Publicaciones, SA President of Arcadia Capital, SL Director of Quántica Producciones, SL Member of the Board of Repsol, SA Director of Ideas4all, SL Vice-president of Foundation Euroamérica
Francisco de Borja Prado de Eulate	Degree in Law. Chairman of Endesa, SA Executive Chairman of Mediobanca in Spain, Portugal and South America Vice-president of Enersis, SA Member of the Spanish group of the Trilateral Commission
José Ramón Alvarez-Rendueles	Chairman of Peugeot España, SA and Peugeot Citroen Automóviles España, SA, Chairman of Sanitas, member of the Board of Directors of Arcelor Mittal España, SA, Sareb and Assicurazioni Generali España.
Helena Revoredo Delvecchio	Degree in Business Administration from Catholic University of Buenos Aires. Senior Manager Program at IESE Business School. Chairman of Prosegur since 2004 and Director since 1997. Chairman of Foundation Prosegur since 1997. Director of Banco Popular Español since 2007 and President of Euroforum since 2004.

Total number of independent directors	5
Total % of the Board	33.333

List any independent directors who receive from the company or group any amount or payment other than standard director remuneration or who maintain or have maintained during the period in question a business relationship with the company or any group company, either in their own name or as a significant shareholder, director or senior manager of an entity which maintains or has maintained the said relationship.

If applicable, include a statement from the board detailing the reasons why the said director may carry on their duties as an independent director.

Name or corporate name of director	Description of the relationship	Reasons

OTHER EXTERNAL DIRECTORS

Name or corporate name of director	Committee notifying or proposing appointment

Total number of other external directors	
% 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 corporate name of director	Reasons	Company, executive or shareholder with whom the relationship is maintained

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

Name or corporate name of director	Date of change	Previous category	Current category

C.1.4 Complete the following table on the number of female directors over the past four years and their category:

	Number of female directors				% of total directors of each type			
	Year t	**Year t-1**	**Year t-2**	**Year t-3**	**Year t**	**Year t-1**	**Year t-2**	**Year t-3**
Ejecutive								
Proprietary								
Independent	1	1	1	1	20	20	20	20
Other external								
Total								

C.1.5 Explain the measures, if applicable, which have been adopted to ensure that there is a sufficient number of female directors on the board to guarantee an even balance between men and women.

Explanation of measures
As indicated previously, according to Article 5 of the Rules of the Appointments and Remuneration Committee, the functions of this Committee are: “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. At the same time, the Committee shall encourage the Company to search for and include women in the list of candidates meeting the required professional profile.”

C.1.6 Explain the measures taken, if applicable, by the Nomination Committee to ensure that the selection processes are not subject to implicit bias that would make it difficult to select female directors, and whether the company makes a conscious effort to search for female candidates who have the required profile:

Explanation of measures
The Appointments and Remuneration Committee already has a list of women who meet all the requirements for appointment to the Board of Directors of the Company, having performed the pertinent analysis. Any appointment would be studied appropriately at such time as the opportunity arises.

When, despite the measures taken, there are few or no female directors, explain the reasons:

Explanation of measures
There are no specific reasons behind the current number of female directors on Board.

C.1.7 Explain how shareholders with significant holdings are represented on the board.

The composition of Mediaset’s Board of Directors reflects its shareholder structure; its two largest shareholders are represented in proportion to the shares they hold. Mediaset Spa, which owns 41.552% of the company’s share capital, is represented by eight directors, while Promotora de Informaciones, SA, which owns 17.336% of the share capital, has appointed two directors representing its interests on the Board of Directors.

C.1.8 Explain, if applicable, the reasons why proprietary directors have been appointed upon the request of shareholders who hold less than 5% of the share capital:

Name or corporate name of shareholder	Reason

Provide details of any rejections of formal requests for board representation from shareholders whose equity interest is equal to or greater than that of other shareholders who have successfully requested the appointment of proprietary directors. If so, explain why these requests have not been entertained:

Yes ☐ No ☐

Name or corporate name of shareholder	Explanation

C.1.9 Indicate whether any director has resigned from office before their term of office has expired, whether that director has given the board their reasons and through which channel. If made in writing to the whole board, list below the reasons given by that director:

Name of director	Reasons for resignation

C.1.10 Indicate what powers, if any, have been delegated to the Chief Executive Officer(s):

Name or corporate name of director	Brief description
Paolo Vasile	Joint and several CEO: delegated all powers that can be delegated by law or the Bylaws.
Giuseppe Tringali	Joint and several CEO: delegated all powers that can be delegated by law or the Bylaws.

C.1.11 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
Giuseppe Tringali	Publiespaña SAU	Chairman and Chief Executive Officer
Giuseppe Tringali	Sogecable Media, SLU	Joint and Several Director
Paolo Vasile	Conecta 5 Telecinco, SAU	Chairman
Paolo Vasile	Grupo Editorial Tele5, SAU	Chairman
Paolo Vasile	Telecinco Cinema, SAU	Chairman
Massimo Musolino	Conecta 5 Telecinco, SAU	Chief Executive Officer
Massimo Musolino	Grupo Editorial Tele5, SAU	Chief Executive Officer
Massimo Musolino	DTS Distribuidora de Televisión Digital SAU	Vice-president

Name or company name of the director	Company name of the group member company	Position
Massimo Musolino	Mediacinco Cartera, SL	Chairman and Chief Executive Officer
Massimo Musolino	Premiere Megaplex, SAU	Chairman and Chief Executive Officer
Massimo Musolino	Publiespaña, SAU	Director
Massimo Musolino	Telecinco Cinema, SAU	Chief Executive Officer
Manuel Polanco Moreno	DTS Distribuidora de Televisión Digital SAU	Chairman

C.1.12 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
Angel Durández Adeva	Repsol SA	Independent director
Alejandro Echevarría Busquet	Compañía Vinícola del Norte de España, SA	Director
Alejandro Echevarría Busquet	Endesa, SA	Director
Francisco de Borja Prado de Eulate	Endesa, SA	Chairman
Francisco de Borja Prado de Eulate	Enersis, SA	Vice-president
Manuel Polanco Moreno	Promotora de Informaciones, SA	Vice-president
Manuel Polanco Moreno	Grupo Media Capital SGPS, SA	Director
Juan Luis Cebrián Echarri	Promotora de Informaciones, SA	Executive Chairman
Helena Revoredo Delvecquio	Prosegur, SA	Chairman
Helena Revoredo Delvecquio	Banco Popular, SA	Director

C.1.13 State and explain whether the company has established rules on the number of Boards of Directors in which its directors may participate:

Yes * **No**

Explanation of rules
In compliance with the recommendations of the Spanish National Securities Commission (Comisión del Mercado de Valores) included in the Unified Good Governance Code, the Board of Directors of Mediaset España has certain rules regarding the number of directorships its board members can hold to ensure that they dedicate the appropriate amount of time and effort to discharge their duties effectively. In this respect, the Board of Directors has different rules according to the type and characteristics of each category of director. The rules are more restrictive for executive and proprietary directors. The number of directorships they can hold is lower than that of other classes of directors, as is the number of directorships they can hold in other Mediaset Group companies. Limits to the number of directorships independent directors can hold varies depending on whether they are proprietary, executive or other independent directors. Directors undertake to apprise Mediaset España of any appointment or change in information previously notified to the Company as soon as possible.

C.1.14. Indicate the company's general policies and strategies that are reserved for approval by the Board of Directors in plenary session:

	Yes	**No**
Investment and financing policy	*	
Design of the structure of the corporate group	*	
Corporate governance policy	*	
Corporate social responsibility policy	*	
The strategic or business plan, management targets and annual budgets	*	
Remuneration and evaluation of senior officers	*	
Risk control and management, and the periodic monitoring of internal information and control systems	*	
Dividend policy, as well as the policies and limits applying to treasury stock.	*	

C.1.15 List the total remuneration paid to the Board of Directors in the year:

Board remuneration (thousands of euros)	5,959
Amount of total remuneration corresponding to accumulated pension rights (thousands of euros)	0
Total board remuneration (thousands of euros)	5,959

C.1.16 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(s)
Villanueva de Castro, Manuel	**Managing Director, Contents**
Rodríguez Valderas, Mario	**Corporate General Manager**
Expósito Rodriguez, Luis	Managing Director, HR and Services Division
Fernández Aranda, Eugenio	Managing Director, Technology División
Uría Iglesias, Javier	Managing Director, Economic and Finance Division
Marco Jorge, Patricia	Managing Director, Antenna Division
Baltanás Ramírez, Leonardo	Managing Director of Contents Production
Barrois, Ghislain	Managing Director, Cinema Division and Acquisition of Rights
Dragoevich Fraerman, Mirta	Managing Director of Communications and External Relations
Valentín Padín, Juan Pedro	Managing Director, News Division
Piqueras Gómez, Pedro María	Managing Director, News Programmes
Santamaría Barrio, Angel	Director of Internal Audit
Agustín Regañón, Álvaro	Managing Director, Telecinco Cinema
Madrid Del Olmo, Julio	Commercial Director of Publiespaña
Marco Seniga	Chief Executive Officer
Chiriatti, Salvatore	General Manager
Alum López, Francisco	Managing Director, Marketing and Operation
Villa Alegre, José Luis	Commercial Director
García Herrero, Lázaro	Corporate Marketing Director
Mayor Tonda, Gaspar	Commercial Director of Publiespaña
Panizza Mieza, Cristina	Operational and Sales Services Director Publiespaña
Silvestroni, Giuseppe	General Manager
Mediavilla Pérez, Javier	Commercial Director, Publimedia

Total remuneration of Senior Executives (in thousands of euros)	**9,176**

C.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
Juan Luis Cebrián Echarri	Promotora de Informaciones, SA	Executive Chairman
Manuel Polanco Moreno	Promotora de Informaciones, SA	Vice-president
Fedele Confalonieri	Mediaset SPA	Chairman
Marco Giordani	Mediaset SPA	Director
Alfredo Messina	Mediaset SPA	Director

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 director	Name of company name of significant shareholder	Description of relationship

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

Yes No *

Description of amendments

C.1.19 Indicate the procedures for appointing, re-electing, evaluating and removing directors. List the competent bodies, procedures and criteria used for each of these procedures.

In the procedures for selecting, 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 General Shareholders' Meeting.
- The Board of Directors.
- The Appointments and Remuneration Committee.

Appointment and re-election:

- A director need not be a shareholder of Mediaset España.

- 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 General Shareholders' Meeting and currently stands at 15.

- 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 Mediaset España 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 must be preceded by the corresponding report from the Appointments and Remuneration Committee and must comply with the definitions contained 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.

Accordingly, the Committee proposed that Helena Revoredo Delvecchio be named a director as she met the established requirements on equal terms.

The procedure for the appointment, selection, re-election and removal of Mediaset España'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 skills) 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 General Shareholders' 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 Mediaset España'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 General Shareholders' 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. 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 the Appointments and Remuneration Committee, to the extent of its competencies, shall ensure that candidates proposed to the General Shareholders' Meeting are individuals of recognized solvency, competence and experience, especially in the case 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 external 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 likewise assure that the majority group of external directors includes independent directors and proprietary directors.

The final decision to appoint and remove directors rests with the General Shareholders' Meeting, ensuring appointment by the proportional system described in the Corporate Enterprise Act, at the proposal of the Board of Directors and subject to a report and advice from the Appointments and Remuneration Committee. Mediaset's Bylaws do not envisage qualified majorities.

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 C.1.21 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 General Shareholders' Meeting.

Proposals to remove independent directors before their tenure expires may only be made when the directors fail to meet the requirements of the Unified Code to act as such. When this occurs their office should be terminated.

Where directors are removed before their tenure expires, Mediaset España shall publicly state the reasons for the removal.

Evaluation of directors:

The Appointments and Remuneration Committee initiates and coordinates the evaluation of directors; hence all pertinent requests and comments should be directed to the Committee (article 5 of the Rules of the Appointments and Remuneration Committee).

C.1.20 Indicate whether the board has evaluated its performance during the year:

Yes No *

Explain, if applicable, to what extent this evaluation has prompted significant changes in its internal organization and the procedures applicable to its activities:

Description of amendments

C.1.21 Mention the circumstances in which directors are required to resign.

According to the rule established in article 14 of the Board of Directors' regulations, directors must leave office when the General Shareholders' Meeting so decides, when they notify the Company of their decision to step down or resign and when they have served the term for which they were appointed, as set out in article 13. 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 80 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 General Shareholders' 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;

(c) When they are affected by any of the applicable conflicts of interest or prohibitions;

(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 Mediaset España 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 Mediaset España 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 Bylaws 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.

C.1.22 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:

Yes No *

Measures for limiting risk

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 external directors and to direct the evaluation by the Board of Directors.

Yes * No

Explanation of rules
Article 24 of the Board of Directors includes the possibility of independent directors requesting a meeting or proposing to transact items not originally included in the agenda. The Chairman must call a meeting when requested by at least three directors. Requests for meetings shall be in writing, e-mail or fax addressed to the Secretary and the Chairman of the Board of Directors. The requests must include the reasons for calling the meeting and a brief description. Once the request is processed, it is forward immediately to all directors and a date for the meeting is scheduled. As noted in previous reports, no director has exercised this power to date. Accordingly, no request was recorded in 2013.

C.1.23 Is there any type of decision for which a special majority is required, other than those foreseen by law?

Yes No *

If applicable, describe the differences.

Description of differences

C.1.24 State whether there are any special requirements to be met to be appointed chairman, other than those for director of the Board of Directors.

Yes No *

Description of requirements

C.1.25 State whether the chairman has a casting vote:

Yes No *

Matters where the Chairman has the casting vote

C.1.26 Indicate whether the Bylaws or the Board regulations set any age limit for directors:

Yes *   No

Age limit for Chairman 80

Age limit for CEO 80   Age limit for directors 80

C.1.27 Mention whether the Bylaws or the regulations of the Board provide for any limit on the term in office of independent directors that is different to the legal limit

Yes *   No

Maximum number of years in office	12

C.1.28 Indicate whether the Bylaws or Board regulations stipulate specific rules on appointing a proxy to the Board, the procedures thereof and, in particular, the maximum number of proxy appointments a director may hold. Also indicate whether only one director of the same category may be appointed as a proxy. If so, give brief details.

The Regulations of the Board of Directors require directors to do all in their power to attend meetings personally. Representation of directors who cannot attend the meeting must: (i) fall with another director, (ii) be granted in writing and (iii) be granted especially for each meeting. A single director can hold various representations.

C.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. Attendance will also include proxies appointed with specific instructions**.**

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	5
Number of meetings of the Appointments and Remuneration Committee	1
Number of meetings of the Appointments Committee	
Number of meetings of the Remuneration Committee	
Number of meetings of the ______ Committee	

C.1.30 Indicate the number of Board meetings held during the year with all members in attendance. Attendance will also include proxies appointed with specific instructions.

Directors' attendance	0
% of attendances of the total votes cast during the year	90

C.1.31 Indicate whether the consolidated and separate financial statements submitted for authorization for issue by the Board are certified previously:

Yes No *

Identify, where applicable, the person(s) who certified the company's separate and consolidated financial statements prior to their authorization for issue by the Board:

Name	Position

C.1.32 Explain the mechanisms, if any, established by the Board of Directors to prevent the individual and consolidated financial statements it prepares from being laid before the General Shareholders' Meeting with a qualified Audit Report.

Mediaset España has a number of mechanisms in place to avoid presenting a qualified audit report on the separate and consolidated financial statements that affect all levels of the Company. The Economic and Finance Division is responsible for preparing Mediaset's and the Mediaset Group's separate and consolidated annual accounts and financial statements, disclosures and individual information.

The next control mechanism entails preparatory meetings with Mediaset's external auditor to report on the status of review work if there has been an incident, if information is required, etc. These meetings are attended by the independent directors on the Audit and Compliance Committee, the Chief Operating Officer, the Finance Director, the Consolidation Director, the Corporate General Manager and the Managing Director of Internal Audit. Two such preparatory meetings were held in 2013.

Finally, the Audit and Compliance Committee reviews and oversees all the information to ensure compliance with legal obligations and the correct application of Spanish and International Accounting Standards (IAS) in order to anticipate any discrepancy with the statutory auditor.

In line with this procedure, the Audit and Compliance Committee held five meetings in 2013, one each quarter for the preparation of the annual, quarterly and semi-annual financial statements.

Noteworthy, is that Mediaset España's separate and consolidated financial statements have been prepared and approved without any qualifications since they were first audited in 1996.

C.1.33 Does the Secretary of the Board have the status of director?

Yes ☐ No *

C.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
According to Article 18 of the Regulations of the Board of Directors, the appointment and termination of the Secretary must be approved by the Board of Directors based on a report 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?

Yes * No ☐

Remarks
According to the same Article 18 of the Regulations of the Board of Director, the functions of the Secretary of the Board of Directors include seeing that the acts of the Board of Directors adjust to the provisions and spirit of laws and regulations, conform to Mediaset España's governance rules and consider the recommendations on corporate governance included in the Unified Code or any other code approved by the Spanish National Securities Commission.

C.1.35 Describe any procedures implemented by the Company to protect the independence of the auditors, financial analysts, investment bankers and rating agencies.

The independence of Mediaset 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.

The regulations of the Audit and Compliance Committee establish the following functions for this committee:

- 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 Mediaset. 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 authorizing any contracts between the auditor and Mediaset outside the scope of accounts auditing and shall not propose the appointment of any auditing firm when fees payable by Mediaset to the auditor exceed 5% of its total revenues for the previous fiscal year.

Before issuing its report, the statutory auditor of Mediaset España and its Group issues a statement of independence relative to the company and/or related parties, along with a report on any additional services of any kind it provides. This statement of independence is signed by all members of the audit team involved in the process and is presented to the Audit and Compliance Committee.

Mechanisms to preserve the independence of financial analysts, investment banks and rating agencies

Mediaset's relations with financial analysts, investment banks and rating agencies is centralized in the Investor Relations Department, which ensures that information disclosed to the markets is transparent and unbiased.

To do so, a number of communication channels are used to guarantee that information on the Company is disseminated promptly and without discrimination. This includes: publication on the website of quarterly earnings and any events affecting the Company's performance; personalized service by the Investor Relations Department; availability to contact the Company by phone or e-mail; on-site presentations (road shows) or via internet.

After any earnings release the Company's senior managers give a presentation, which can followed by shareholders, institutional investors and analysts in real-time through a conference call and/or webcast. Conference calls are recorded and available on the Company's website in the investor relations section for a period of three months following the event.

All information about Mediaset España is available to anyone on the Company's website (http://www.mediaset.es/inversores/es/) in Spanish and English.

C.1.36 State whether, during the year, the Company has changed its external auditor. If yes, identify the outgoing and incoming auditor:

Yes ☐ No *

Outgoing auditor	Incoming auditor

In the event of disagreements with the outgoing auditor, explain them:

Yes ☐ No ☐

Explanation of the disagreements

C.1.37 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:

Yes * **No **

	Company	Group	Total
Fees paid for non-audit work (in thousands of euros)	91	0	91
Fees paid for non-audit work as a percentage of the total fees charged by the audit firm (%)	30.5		30.5

C.1.38 State whether the audit report on the financial statements 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.

Yes No *

Explanation of reasons

C.1.39 Indicate the number of consecutive years during which the current audit firm has been auditing the financial statements of the company and/or its group. Likewise, indicate for how many years the current firm has been auditing the financial statements as a percentage of the total number of years over which the financial statements have been audited:

	Company	Group
Number of consecutive years	6	6

	Company	Group
Number of years audited by current audit firm/Number of years the company's financial statements have been audited (%)	0.35	0.35

C.1.40 State whether there is any procedure for directors to receive external advice and, if so, describe it:

Yes * No

Explanation of the procedure
The Board of Directors' Regulations (art. 30) and the Audit and Compliance Committee's Regulations (art. 6) 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 Mediaset's cost. The assistance requested shall only deal with specific problems of a given relevance and complexity. 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: (a) If the request for and assistance from experts are not necessary for the proper performance of duties entrusted to directors. (b) If the associated cost of expert assistance is unreasonable considering the importance of the problem and Mediaset's financial situation. (c) If the technical assistance which could be offered can be adequately provided by experts and specialists within Mediaset. (d) If for reasons of confidentiality it is not advisable that the expert in question have access to sensitive information.

C.1.41 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 * No

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. 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 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. 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 Mediaset, including examining its books, records, documents and other background to corporate operations. The possibility of inspecting the facilities, as well as communicating with Mediaset's management at any time is also included. The mechanism to exercise the said powers shall be channeled through the chairman, the chief executive officer or the Secretary of 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. 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 Mediaset's performance and adequately prepare the Board of Directors' meetings and the meetings of the committees in which they participate.

C.1.42 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 * No

Explanation of the rules
In addition to rules governing the activity of the Board of Directors, the appointment of directors and other issues regarding their performance, Mediaset's governance rules also set out the circumstances in which directors are required to inform the Company and submit their resignations, if necessary. In this respect, directors must submit their resignation to the Board of Directors when their permanence may threaten the interests of Mediaset España or adversely affect its credibility and reputation. Directors may also be obliged to submit their resignation in the following cases: (a) When they reach 80 years of age; (b) Upon termination of the executive position to which their appointment as director was associated; (c) When the director is covered by one of the applicable incompatibility or prohibition events; (d) Upon being seriously sanctioned by the Appointments and Remuneration Committee for failure to comply with their duties as directors; (e) Where their permanence in the Board may threaten the interests of the Company or adversely affect its credibility and reputation or where the reasons for which they were appointed cease to exist (for example, when a director representing substantial shareholders disposes of such holdings in the company); and (f) When the represented shareholder wholly sells or reduces its participation in the company below the relevant threshold; in this case, the number of resignations shall be proportional to the reduction of the shareholding. 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

C.1.43 State whether any member of the Board of Directors has advised the Company of legal action or the commencement of oral proceedings against him/her for any of the crimes mentioned in Section 213 of the LSC.

Yes No *

Name of director	Criminal proceedings	Remarks

State whether the Board of Directors analyzed 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 or, if applicable, detail the actions taken or to be taken by the board.

Yes No *

Decision/action taken	Justified explanation

C.1.44 List the significant agreements entered into by the company which come into force, are amended or terminate in the event of a change of control of the company due to a takeover bid, and their effects.

There are currently no agreements regarding a change of control of Mediaset due to a takeover bid.

C.1.45 Identify, in aggregate form and provide detailed information on agreements between the company and its officers, executives and employees that provide indemnities for the event of resignation, unfair dismissal or termination as a result of a takeover bid or other.

Number of beneficiaries	14
Type of beneficiary	Description of the resolution
Senior executive	Termination of contract by the Company (except in case of just cause): An indemnity of one year of gross fixed salary plus legally prescribed severance.
Senior executive	Termination of contract by the Company (except in case of just cause): (replacing the legal compensation applicable, unless such compensation is higher) Termination from 04/24/02 to 12/31/07: 24 months of salary Termination from 2008 to 2011: 18 months of salary Termination after 2011: 12 months of salary
Senior executive	Compensation: a) Voluntary redundancy: amount accrued per year: one year of fixed annual salary + annual bonus/13.5 times the total number of years worked. b) Justified or unfair dismissal: legal compensation + compensation of point a)
Senior executive	Termination of contract for reason attributable to the Company or to the suspension, modification or limitation by the Company of the functions as director/host of the "Informativos Telecinco" daily news program, with benefits calculated as the higher of: A) Compensation starting from 1,020,000 euros, decreasing monthly by 34,000 euros over the following 30 months from the signing of the termination (01/30/2006) until it reaches 0. B) Compensation equal to 12 months of current salary.
Area Manager	Termination of contract by the Company (except in case of just cause):

	120,000 euros for the term of the contract (including legal compensation)
Area Manager	Until May 20, 2014 (7 years from the employment start date): 1 year of fixed salary plus variable salary, including legal compensation.
Area Manager	- During the first 3 years: 12 months of fixed salary (legal compensation included) - From the 4th year and after: 6 months of fixed salary (legal compensation included).
Area Manager	During the first 3 years (up to 12/31/2013): 4 months of fixed salary (legal compensation included).
Director	Start date: September 28, 2009 A) During the first 3 years: 12 months of fixed salary (legal compensation excluded) B) From the 4th to the 6th year: 9 months of fixed salary (legal compensation excluded) C) From the 7th to the 9th year: 6 months of fixed salary (legal compensation excluded) D) From the 10th year: legal compensation.
Director	Unilateral termination of contract by the Company (except in case of just cause): • During the first 3 years of the contract: (until 06/26/2014): compensation equal to 4.5 months of gross fixed annual salary (as described in Clause 2-2.1 of the contract) received up to the date of termination, in addition to any legally prescribed severance. • From the 4th year of the contract: (from 06/27/2014): any legally prescribed severance.
Other	First 3 years: 1.5 months of fixed salary + legal compensation - From the 4th year and after: 1 year of salary + legal compensation.
Other	Termination of employment for any reason attributable to the Company: During the first 3 years of the contract (from 09/1/2010 to 08/31/2013): compensation equal to 1.5 years of fixed salary + any legally prescribed severance. From the 4th year of the contract and after (from 1/9/2013): compensation equal to 1 year of fixed salary + any legally prescribed severance.
Other	Unilateral termination of contract by the Company giving rise to a legal right to an amount of compensation: a start date of February 1, 2006 is recognized for calculation of the severance.
Assistant manager	Termination of contract for reason attributable to the Company: - Compensation = 1 year of salary (fixed + variable) (unless legally prescribed severance is higher)

Indicate whether these agreements must be reported to and/or authorized by the governing bodies of the company or its group:

	Board of Directors	General Shareholders' Meeting
Body authorizing clauses	*	

	YES	NO
Is the General Shareholders' Meeting informed of such clauses?		*

C.2. Board committees

C.2.1 Provide details of all the Committees of the Board of Directors and the proportion of proprietary and independent directors:

EXECUTIVE OR DELEGATE COMMITTEE

Name	Position	Type
Alejandro Echevarría Busquet	Chairman	Independent director
Paolo Vasile	Member	Executive director
Giuseppe Tringali	Member	Executive director
Fedele Confalonieri	Member	Proprietary director
Giuliano Adreani	Member	Proprietary director
Manuel Polanco Moreno	Member	Proprietary director
Francisco de Borja Prado Eulate	Member	Independent director
José Ramón Alvarez-Rendueles	Member	Independent director

% of executive directors	25
% of proprietary directors	37.5
% of independent directors	37.5
% of other external directors	0

AUDIT COMMITTEE

Name	Position	Type
José Ramón Alvarez-Rendueles	Chairman	Independent director
Angel Durández Adeva	Member	Independent director
Fedele Confalonieri	Member	Proprietary director
Giuliano Adreani	Member	Proprietary director
Marco Giordani	Member	Proprietary director
Alfredo Messina	Member	Proprietary director
Juan Luis Cebrián Echarri	Member	Proprietary director

% of executive directors	0
% of proprietary directors	71.42
% of independent directors	28.57
% of other external directors	0

APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Position	Type
Francisco de Borja Prado Eulate	Chairman	Independent director
Angel Durández Adeva	Member	Independent director
Fedele Confalonieri	Member	Proprietary director
Giuliano Adreani	Member	Proprietary director
Manuel Polanco Moreno	Member	Proprietary director

% of executive directors	0
% of proprietary directors	60
% of independent directors	40
% of other external directors	0

APPOINTMENTS COMMITTEE

Name	Position	Type

% of executive directors	
% of proprietary directors	
% of independent directors	
% of other external directors	

REMUNERATION COMMITTEE

Name	Position	Type

% of executive directors	
% of proprietary directors	
% of independent directors	
% of other external directors	

______ COMMITTEE

Name	Position	Type

% of executive directors	
% of proprietary directors	
% of independent directors	
% of other external directors	

C.2.2 Complete the following table on the number of female directors on the various board committees over the past four years:

	Number of female directors							
	Year t		**Year t-1**		**Year t-2**		**Year t-3**	
	Number	**%**	**Number**	**%**	**Number**	**%**	**Number**	**%**
Executive Committee	**0**		**0**		**0**		**0**	
Audit Committee	**0**		**0**		**0**		**0**	
Nomination and Remuneration Committee	**0**		**0**		**0**		**0**	
Nomination Committee								
Remuneration Committee								
______ Committee								

C.2.3 State whether the following functions are 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 information 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.	*	

C.2.4 Describe the organization and operating rules as well as the responsibilities allocated to each of the committees of the Board of Directors.

EXECUTIVE COMMITTEE

Despite its nature, endeavors were made to maintain the composition of the Executive Committee so that the majority would be external directors. Consequently, of its eight members, three are independent, two are executive and three are proprietary directors

The Chairman is an independent director.

There are eight (8) members of the Committee, all Mediaset directors appointed by the Board of Directors with a favorable vote of the majority of its 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 of 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 the 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 Bylaws 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 Committees shall have at the powers inherent to the Board, except those which pursuant to law or the Bylaws cannot be delegated.

Audit and Compliance 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.

Noteworthy were the efforts made to reduce the number of proprietary directors and increase that of independent directors.

This, too, complies with good governance recommendations, with the Chairman also an independent director.

How the Committee functions, its organization and responsibilities are outlined below:

Composition:

The Committee is comprised of seven (7) external 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 Mediaset 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 Mediaset España 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 Mediaset España and for companies in the Mediaset España 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 Mediaset España management staff to its recommendations, and mediate and act as arbitrator in the event of discrepancies between Mediaset España'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) Propose any follow up on their recommendations 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 Mediaset España 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 legal requirements, and is responsible for and shall:

a) Supervise the accounts of Mediaset España 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 financial statements;

c) Supervise the correct delimitation of the scope of consolidation of the Mediaset España 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 Mediaset España. In connection with this, it shall:

a) Propose the selection, appointment and re-election and removal of the person responsible for the Mediaset España Internal Audit Department.

b) Oversee that the Internal Audit Department performs its functions with full freedom and independence, assuring that the Mediaset España 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 Mediaset España 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 Mediaset España policy regarding the identification, management and reporting of any possible risks.

The Committee held five meetings in 2013, attended by all its members. Throughout the year 2012 expanded the powers of the Commission extending them to establish a system of internal control of information, channel management of complaints, as well as the ability to call any company.

Appointments and Remuneration Committee

The Appointments and Remuneration Committee is composed of five (5) members, who are also members of the Board of Directors. All must be outside directors appointed by the Board of Directors. Moreover, in line with the Bylaws, the Regulations of the Board of Directors and the Company's corporate governance rules, the Chairman has been an independent director since Mediaset España was admitted to listing on the market.

As with the Audit and Compliance Committee, in addition to the Regulations of the Board of Directors, there is a set of specific rules for the Appointments and Remuneration Committee set out in a single document that includes the recommendations already existed and the new ones that came into effect following the publication of the Unified Code.

Composition:

The members of the Appointments and Remuneration Committee are appointed by the Board of Directors from among those of its members who possess the knowledge and experience required.

The Appointments and Remuneration Committee shall be composed of five (5) outside directors, and the Board of Directors shall strive to maintain a balance between directors representing groups of shareholders (proprietary) 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 replaced every four (4) years. He may be re-elected after a period of one (1) year has elapsed since he stepped down.

The Appointments and Remuneration Committee shall have a Secretary, who does not have to be a member of the Committee and in no case may be an executive director.

The members of the Appointments and Remuneration Committee shall be appointed and dismissed by the Board of Directors, and shall always be obliged to stand down as members of the Committee when they do so as members of the Board of Director.

If there is a vacancy for the position of Chairman, or if he is absent or ill, he shall be replaced by the oldest member present. In the case of the Secretary, the post shall be filled by the youngest of the members.

Operation:

The Appointments and Remuneration Committee shall meet as often as necessary, upon being convened by the Chairman acting on his own initiative or in response to a request by three (3) Committee members, the Executive Committee or the Board of Directors. In any case, it shall meet twice (2 times) a year to prepare the information on the remunerations of directors that is to be approved by the Board of Directors and included in its annual disclosure documents.

The notice convening the meeting shall be issued at least forty-eight (48) hours in advance.

Without prejudice to the stipulations above, the Appointments and Remuneration Committee shall be considered to be validly constituted without the need for a notice convening the meeting if all its members, whether present in person or by proxy, unanimously agree that the meeting be held and accept the points to be dealt with in the agenda.

If there are justifiable reasons for doing so, the Chairman may convene the Appointments and Remuneration Committee by telephone. In this case, the minimum notice and other requirements outlined above shall not apply.

The meetings of the Appointments and Remuneration Committee shall be held at the Company's registered office, or in any other place decided on by the Chairman and designated at the time when the meeting is convened.

Constitution and approval of resolutions

The Appointments and Remuneration Committee shall be deemed to be validly constituted when at least one half plus one of its membership are present personally or by proxy. Its resolutions shall be approved when voted for by a majority of those present.

In the event of a tie, the Chairman has the casting 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.

Any member of the management team or of the staff of Mediaset who is asked to attend the meetings and cooperate with the Appointments and Remuneration Committee or furnish any information available to him is required to do so. At the same time, any other person not related to Mediaset España may also attend the meetings of the Committee if his presence is considered necessary.

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.

Functions:

The main functions of the Committee are, but not limited to, the following:

a) To protect the integrity of the process of hiring directors and senior executives, to ensure that the candidates meet the required profile (in terms of knowledge, experience and skills) and, in particular, to make proposals to the Board of Directors on appointing or dismissing directors, as well as to propose to the Board who the members of each of the Committees should be.

b) To advise on the dedication required from the directors in carrying out their duties.

c) To advise on the number of boards on which the members of the Board of Directors may sit. 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) To obtain information defining the other professional duties of the directors.

e) To advise the Board of Directors on replacements for the Chairman and senior executives in the Company, making any suggestions it may deem fit.

f) To inform the Board of Directors on any appointments and dismissals of senior executives which may take place 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. At the same time, the Committee shall encourage the Company to search for and include women in the list of candidates meeting the required professional profile.

h) To see to it that the conflict-of-interest rules are observed.

i) To advise the Board of Directors on the dismissal and appointment of the Secretary.

j) To see to it that the directors perform their obligations and duties as foreseen in these Rules and in the Bylaws.

k) To see to the transparency of remunerations and that information on the remuneration of the directors is included in the notes to the annual financial statements and in the Annual Governance Report, submitting to the Board all such information as may be in order to that effect.

l) To assist the Board of Directors in evaluating the Chairman of the Board of Directors and the senior executives in the Company; and specifically, to assist in determining and monitoring the remuneration policy for directors and senior executives, proposing the form, procedure and amount of the annual remuneration of the directors (including any proposed incentives such as share option schemes), regularly revising the remuneration plans and seeking to ensure the remuneration of the directors meets criteria of moderation and adequacy in the light of the Company's results.

m) To draw up a Report on the Policy of Directors' Remuneration for approval by the Board of Directors, to be presented before the General Shareholders' Meeting.

n) To advise the Board of Directors on the status which each director should be awarded when he is appointed or renewed in his position and to revise it annually when the Annual Corporate Governance Report is drawn up.

The Appointments and Remuneration Committee held one meeting in 2013.

C.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.

The Audit and Compliance Committee and the Appointments and Remuneration Committee are governed by the Regulations of the Board of Directors and their respective rules.

Both sets of regulations are available for consultation on the Company's website at http://www.mediaset.es/inversores/es/gobierno-corporativo.html.

There were no changes to any of the aforementioned texts in 2013.

C.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 ☐ No *

If not, describe the composition of the Executive Committee
The composition of the Board of Directors and the Executive Committee is indicated below: Board of directors Executive directors – 20% Proprietary directors – 46.66% Independent directors – 33.33% (periodic) Executive Committee Executive directors – 25% Proprietary directors – 37.5% Independent directors – 37.5% The Executive Committee has a greater number of executive directors than the Board of Directors. Therefore, the number of independent directors has increased to balance the majority of executives. The Chairman of the Board of Directors and of the Executive Committee is an independent director.

D RELATED-PARTY AND INTRAGROUP TRANSACTIONS

D.1 Identify the competent body and explain, if applicable, the procedures for approving related-party or intragroup transactions.

Competent body
The Board of Directors of Mediaset España is the competent body for approving related-party transactions.

Procedures
As indicated in the preceding section, in general, the Board of Directors approves transactions with shareholders, board members or senior executives. The Audit and Compliance Committee must issue a report on related-party transactions, including at least the type of transaction, the amount, the parties involved and the impact on the Company. This report must include recommended actions and be submitted to the Board of Directors for its approval. For transactions exceeding 13 million euros, a prior report by the Appointments and Remunerations Committee is also required. Transactions in the normal course of business, along with their terms and conditions, require only approval by the line manager. In addition, each month the Economic and Finance Division verifies that all related-party transactions are classified correctly and measured in accordance with applicable regulations. For the annual closing of accounts, all related-party transactions carried out during the year are identified, detailed and quantified. This information is disclosed in the notes to the annual financial statements. Finally, transactions included in this report relate to the normal course of the Company's business and are carried out on an arm's length basis. The related information is also included in the annual financial report for 2013.

Explain if the authority to approve related-party transactions has been delegated to another body or person.

D.2 List any relevant transactions, by virtue of their amount or importance, between the company or its group of companies and the company's significant shareholders:

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)
Mediaset spa	Banco mediolanum	Commercial	Provision of services	813
Mediaset spa	Boing spa	Contractual	Receipt of services	30
Mediaset spa	Mediaset investment sarl	Contractual	Other expenses	610
Mediaset spa	Publieurope international ltd	Commercial	Receipt of services	877
Mediaset spa	Publieurope international ltd	Commercial	Provision of services	277
Mediaset spa	Publitalia 80	Contractual	Other	2,164

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)
			expenses	
Mediaset spa	Random house mondadori s.a.	Commercial	Provision of services	20
Mediaset spa	Reti televisive italiane spa	Contractual	Purchase of goods (finished or in progress)	200
Mediaset spa	Reti televisive italiane spa	Contractual	Other expenses	1,183
Mediaset spa	Reti televisive italiane spa	Commercial	Provision of services	129
Mediaset spa	Mediaset spa	Commercial	Receipt of services	50
Promotora de informaciones, s.a.	Agrupación de servicios de internet y prensa, s.l.	Commercial	Provision of services	77
Promotora de informaciones, s.a.	Canal 4 navarra, s.l.	Commercial	Provision of services	0
Promotora de informaciones, s.a.	Compañía independiente de televisión, s.l.	Contractual	Purchase of goods (finished or in progress)	374
Promotora de informaciones, s.a.	Diario as, s.l.	Commercial	Provision of services	61
Promotora de informaciones, s.a.	Diario as, s.l.	Commercial	Receipt of services	20
Promotora de informaciones, s.a.	Ediciones el País, s.l.	Commercial	Receipt of services	133
Promotora de informaciones, s.a.	Ediciones el País, s.l.	Commercial	Provision of services	121
Promotora de informaciones, s.a.	Estructura grupo de estudios económicos, s.a.	Contractual	Provision of services	9
Promotora de informaciones, s.a.	Plural entertainment España, s.l.	Contractual	Purchase of goods (finished or	2,591

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)
			in progress)	
Promotora de informaciones, s.a.	Plural entertainment españa, s.l.	Commercial	Receipt of services	506
Promotora de informaciones, s.a.	Plural entertainment España, s.l.	Commercial	Provision of services	8
Promotora de informaciones, s.a.	Prisa televisión, s.a.	Commercial	Provision of services	5
Promotora de informaciones, s.a.	Sogecable música, s.l.	Contractual	Purchase of goods (finished or in progress)	194
Promotora de informaciones, s.a.	Tesela producciones cinematográficas, s.l.	Commercial	Provision of services	1
Promotora de informaciones, s.a.	Tesela producciones cinematográficas, s.l.	Contractual	Purchase of goods (finished or in progress)	4,326
Promotora de informaciones, s.a.	Tesela producciones cinematográficas, s.l.	Commercial	Receipt of services	23
Promotora de informaciones, s.a.	Itaca, s.l.	Commercial	Receipt of services	2
Promotora de informaciones, s.a.	Santillana ediciones generales	Commercial	Receipt of services	1
Promotora de informaciones, s.a.	Santillana ediciones generales	Commercial	Provision of services	27
Promotora de informaciones, s.a.	Sociedad española de radiodifusión, s.l.	Commercial	Receipt of services	401
Promotora de informaciones, s.a.	Prisa brand solutions, s.l.	Commercial	Provision of services	98
Promotora de informaciones, s.a.	Canal club de distribución de ocio	Commercial	Receipt of	4

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)
	y cultura, s.a.		services	
Promotora de informaciones, s.a.	Televisao independiente, s.a.	Commercial	Provision of services	1
Promotora de informaciones, s.a.	Prisa digital, s.l.	Commercial	Provision of services	91
Promotora de informaciones, s.a.	Unión radio online, s.a.	Commercial	Provision of services	14

D.3 List any relevant transactions, by virtue of their amount or importance, between the company or its group of companies and the company's managers or directors:

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)

D.4 List any relevant transactions undertaken by the company with other companies in its group that are not eliminated in the process of drawing up the consolidated financial statements and whose subject matter and terms set them apart from the company's ordinary trading activities.

In any case, list any intragroup transactions carried out with entities in countries or territories considered to be tax havens:

Corporate name of the group company	Brief description of the transaction	Amount (in thousands of euros)

D.5 Indicate the amount from related-party transactions.

85,265 thousand euros.

D.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 Mediaset España Group has several mechanisms in place to detect and resolve potential conflicts of interest between the Company and its directors in order to prevent conduct that could hurt the Company or its shareholders.

According to the Regulations of the Board of Directors, related-party transactions between the Mediaset España Group and its directors must be authorized by the Board of Directors. The consideration of when a personal interest exists extends to situations that affect a related person, understood as the following:

a) A spouse or any person with which he or she has a similar personal relationship.

b) The parents, children and siblings of the director or of his or her spouse.

c) The spouses of the parents, children and siblings of the director.

d) The companies in which the director, personally or through an intermediary, has control as defined by the law.

Where the director is a legal person, the definition of related party also includes the following:

a) Partners that have control over the legal person as defined by the law.

b) The de factor or de jure directors, the liquidators and the legal representatives with general powers of attorney of the legal director.

c) The companies that belong to the same group and their partners.

d) The individuals who are classified as related parties of the representative of the legal director according to the previous paragraph.

Directors in a situation of conflict of interest must inform the Company immediately shall refrain from attending and participating in deliberations affecting businesses in which they have a personal interest, as explained above. Such situations must be approved by the Board of Directors, based on a report by the Audit and Compliance Committee. Similarly, directors, on their own behalf or through related persons, may not perform any professional or commercial transaction with the Company.

Also related to the control mechanisms, directors must submit their resignation to the Board of Directors when their permanence may threaten the interests of Mediaset España or adversely affect its credibility and reputation. Directors must also refrain from attending and participating in deliberations affecting businesses in which they have a personal interest.

No director disclosed a situation that could pose a conflict of interest in 2013. Any conflicts are interest are disclosed in the Annual Corporate Governance Report.

Regarding mechanisms to detect potential conflicts of interest between the Mediaset España Group and its shareholders, as indicated in the section on related-party transactions, any transaction between the Company and its significant shareholders should be authorized by the Board of Directors, except in those situations described in D.1. above.

The Ethics Code and the Internal Code of Conduct set out the procedures for detecting and controlling potential conflicts of interest between the Company and its directors. Situations that could possibly give rise to conflicts of interest include:

- Entering into a contract on behalf of Mediaset España with a supplier owned or managed by a friend or family member.
- Working as a consultant of a Company supplier or customer.
- Conducting business on one’s own account that is similar to the business of Mediaset España.
- Having a personal or financial interest in a business with the Company.
- Obtaining personal advantage or financial gain —beyond ordinary remuneration— through an agreement or commercial relationship with a third party involving Mediaset España.

At the Mediaset España Group, the Regulatory Compliance Department oversees this type of situation. This department is composed of the Corporate General Manager, the Chief Operating Officer and the Internal Audit Director. In 2013, acceptance by the directors considered affected persons of compliance with the Internal Code of Conduct was updated. Also during the year, the Internal Audit Department held specific interviews with Company directors to identify possible risks of conflicts of interest.

No situations of conflict of interest involving director were identified in 2013 that had not been disclosed previously.

D.7 Is more than one company in the Group listed in Spain?

Yes No *

Identify the listed subsidiaries in Spain:

Listed subsidiaries

Indicate whether they have provided detailed disclosure on the type of activity they engage in, and any business dealings between them, as well as between the subsidiary and other group companies;

Yes ☐ No ☐

Business dealings between the parent and listed subsidiary, as well as between the subsidiary and other group companies

Indicate the mechanisms in place to resolve possible conflicts of interest between the listed subsidiary and other group companies.

Mechanisms

E RISK CONTROL AND MANAGEMENT SYSTEMS

E.1 Describe the risk management system in place at the company.

The Mediaset Group is exposed to the risks inherent to its business, the market in which it operates and the agents with which it interacts. These risks could prevent the Group from achieving its objectives and targets.

The Group's management and governance bodies encourage implementation of mechanisms that identify, assess and mitigate potential risks through specific control mechanisms and procedures. These mechanisms are included in the Mediaset Group's Comprehensive Risk Management Policy, designed to:

a) Achieve the strategic objectives;

b) Protect the balance sheet, income statement and cash flow generation;

c) Safeguard the interests of the Group's stakeholders (shareholders, customers, suppliers, etc.);

d) Oversee the efficiency and effectiveness of operations; and

e) Comply with applicable laws, regulations and contracts.

The Risk Management System (RMS), based on the Enterprise Risk Management (ERM) framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO II), provides a hierarchy for the allocation of roles and responsibilities, procedures and tools. The scope of all these tasks includes:

- Identification of the main strategic, corporate governance, business, credit, market, regulatory and compliance, reputational and, where appropriate, environmental risks.
- Analysis and assessment of each risk identified in terms of the probability of occurrence and the potential impact on the Group's financial statements and the achievement of its strategic objectives.
- Designation of specific officers for each risk identified.
- Implementation of procedures, processes and action policies, and development of IT tools to mitigate risks and generate opportunities for improvement.
- Regular monitoring of risk control for a specific risk tolerance level.
- Ongoing monitoring through financial information control systems of the correct assessment and control of potential and effective risks identified.
- Communication to the various governing, management and reporting bodies of its

competencies with full transparency.

- Control of the RMS through the Internal Audit Department.

E.2 Identify the bodies responsible for preparing and implementing the risk management system.

As indicated previously, the RMS derives from a Board of Directors' initiative designed to encourage the roll-out of the mechanisms necessary to implement the system. This objective was delegated to the Audit and Compliance Committee.

The Audit and Compliance Committee is the body in charge of overseeing and controlling Mediaset España's risk policy so that potential risks are identified, managed and communicated appropriately. It is responsible for ensuring that the policy:

a) Determines the types of risk for Mediaset España; e.g. strategic, operational, compliance and reporting, technological, financial, legal or other, including contingent liabilities and other economic and financial risks.

b) Establishes an acceptable risk tolerance level for Mediaset España.

c) Provides mechanisms, when risks arise, to determine the precise measures required to mitigate the impact of the risks identified.

d) Establishes the communication and internal control measures to control and manage any risk.

Where related-party transactions are attributed to another committee, the Audit and Compliance Committee is responsible for proposing the related policy and communicating the transactions to the Board of Directors. The policy regarding related-party transactions must be disclosed in the Annual Corporate Governance Report.

The Internal Audit Division analyzes, oversees and assesses these risks, and coordinates the action plans to mitigate them. It also liaises with each Department in charge of each risk for implementation of the monitoring system.

Finally, the Risk Committee, composed of the Group's General Managers, is responsible for the discharge of executive risk management duties for the company's day-to-day operations, as well as communication to the rest of the organization in conjunction with the Internal Audit Department.

E.3 Indicate the main risks which may prevent the company from achieving its targets.

The main risks that could prevent the achievement of the business objectives established by the Board of Directors are as follows:

a) Regulatory risk, arising from continuous changes in regulations affecting the day-to-day operation of the audiovisual industry.

b) The economic recession in Spain, which has a direct impact on the television business through advertising.

c) Reputational risk for the potential damage to the corporate image.

E.4 Identify if the company has a risk tolerance level.

The RMS, based on the COSO II approach, identifies risk tolerance levels for each risk identified and included in the company's risk map. In this risk map, risks are classified as "Within the accepted tolerance level" or "Exceeds the accepted tolerance level" depending on the probability of occurrence and the impact on the Group's strategic objectives. In classifying risks, the Mediaset Group takes into consideration the expectations of investors, regulators, customers, suppliers and employees.

The Mediaset Group combines qualitative and quantitative measures to ensure comprehensive and balanced risk management.

E.5 Identify any risks which have occurred during the year.

In 2013, the Mediaset Group's operations were affected by a number of risks related to the business environment and the markets in which the Group operates. Nevertheless, the impact on the income statement was limited thanks to the actions and control mechanisms in place and skilled management of operations. The main risks that materialized in 2013 were as follows:

a) Measures adopted by the regulator affecting:

   i. The Supreme Court ruling on the digital dividend.
   ii. Ongoing editorial inspection by the Secretary of State for Telecommunications (SETSI), which resulted in disproportionate disciplinary proceedings.
   iii. Application of the SETSI Circular under which foreign-language films (i.e. not Spanish) are not included in the mandatory 5% of annual investment in cinema.

b) The economic recession in Spain, which has led to a continuous fall in consumption and domestic demand, in turn leading to a decline in advertising investment.

c) Risks associated with Mediaset España's business, although these were controlled tightly thanks to the Company's strong ability to react by containing costs.

d) Risk of damage to the corporate image. As a communication company, Mediaset España is exposed to the opinion of actors in the media and the general public. The advent of other opinion media, such as social networks, poses a risk on which the Group is focusing.

E.6 Explain the response and monitoring plans for the main risks the company is exposed to.

In 2013, the Mediaset Group showed an ability to react promptly in order to mitigate the threats from the aforementioned risks. Ongoing regulatory uncertainty is monitored closely by senior management; any unexpected decision can be mitigated immediately, limiting the impact on the Company.

As regards continuous oversight by the regulator on the content broadcast on our channels, processes have been developed and appropriate precautionary measures adopted in terms of editorial control to prevent certain content from being aired during protected hours. Content is duly classified and warnings are issued for spectators appropriately. However, the criteria for evaluating the broadcasting of content are subjective. Therefore, eliminating this risk completely is difficult.

The economic recession is an external risk for the Group, but one that has a direct impact on Mediaset España's business, as this is closely related to trends in the Spanish economy. Since the crisis began, the Group has adopted measures to control both business costs and overheads.

Finally, the arrival of new technologies in general and social networks in particular has prompted the Group to design new processes and adapt the organization to address outside opinions regarding the image of the Company and its channels. Moreover, improvements have been made to the communication channels between the Group's Communication Department, Community Manager and Internet Department.

F INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)

Describe the mechanisms which comprise the internal control over financial reporting (ICFR) risk control and management system at the entity.

F.1 The entity's control environment

Specify at least the following components with a description of their main characteristics:

F.1.1. The bodies and/or functions responsible for: (i) the existence and regular updating of a suitable, effective ICFR; (ii) its implementation; and (iii) its monitoring.

Article 6 (t) of the Regulations of the Board of Directors includes the responsibility of monitoring and maintaining the risk control and management policy, as well as internal information and control systems.

The Economic and Finance Division is in charge of implementing ICFR through the Administration, Management Control and Consolidation and Reporting Departments. Each of these areas is fed information by the Business, Human Resources and Legal Advisory Departments, or any other department that could provide information with a material impact on financial information.

In addition, the Audit and Compliance Committee's responsibilities include the following:

"Article 5.3: Regarding the internal control over financial reporting (ICFR) system:

To ensure the reliability of the financial information, the Audit and Compliance Committee has the following responsibilities:

1. Monitor the preparation and integrity of the financial information, review the current design of Mediaset's ICFR and compliance with regulations.

2. Approve the internal audit plan for evaluation of the ICFR and receive regular information on the findings of its work and plans to correct any control weaknesses detected.

3. Review, analyze and comment on the financial statements and other relevant financial information with senior executives and internal and external auditors to assure that the information is reliable, understandable and material, and that the same accounting policies as the preceding reporting period have been applied.

4. Supervise the process carried out by senior executives to make critical judgments, evaluations and estimates, and evaluate their impact on the financial statements, as well as on adjustments proposed by the external auditor, and be aware of and, as appropriate, mediate, in any disagreements between them.

5. Ensure the ICFR evaluation process of Mediaset is robust enough to achieve its objectives and validate the conclusions of reports submitted to it by those carrying out evaluation tasks.

6. Oversee Mediaset's continuous monitoring of control activities, so as to obtain reasonable assurance regarding the implementation and functioning of the ICFR.

7. Ensure that information disclosed to the market about ICFR is clear and understandable and contains sufficient, accurate and appropriate detail."

The Audit and Compliance Committee delegates the responsibility of oversight of the ICFR to the Internal Audit Department.

F.1.2. The existence or otherwise of the following components, especially in connection with the financial reporting process:

- The departments and/or mechanisms in charge of: (i) designing and reviewing the organizational structure; (ii) defining clear lines of responsibility and authority, with an appropriate distribution of tasks and functions; and (iii) deploying procedures so this structure is communicated effectively throughout the Company.

The Board of Directors of Mediaset España sets the high-level organizational structure. From this level, the Chief Executive Officers, together with the Human Resources Department, deploy the procedures at all levels.

Each General Office designs an organizational structure, including job descriptions and lines of responsibility, which is overseen and validated by the Human Resources Department.

The Management and Operations General Office is mainly responsible for the preparation of financial information through the Economic and Finance Division. The Economic and Finance Division comprises the following:

- Administration Department (of Mediaset and Publiespaña).
- Management Control Department
- Consolidation and Reporting Department

Mediaset has an internal communication policy. According to this policy, the Management and Operations General Office, through the Human Resources and Services Department, is in charge of disclosing, through notifications on the intranet, any organizational change in the Group and/or the hiring of new managers. This information is provided to all Mediaset Group employees, who are also informed via email when any new announcements are published.

- Code of conduct, approval body, degree of dissemination and instruction, principles and values covered (stating whether it makes specific reference to record keeping and financial reporting), body in charge of investigating breaches and proposing corrective or disciplinary action.

The processes of complying with the rules and regulations affecting the company are included in the "Mediaset España Ethics Code" and the "Internal Code of Conduct of Mediaset España Comunicación, S.A. and its Group of Companies Regarding Stock Market Activities" and apply to all departments that have access to privileged information.

The 2010 reform of the Spanish Criminal Code introduced criminal responsibility for legal persons, determining that companies could be found guilty of the crimes committed by directors for personal gain or by any employee for failure to exercise appropriate control. Accordingly, the Group has a Crime Prevention Model, which includes, among others, the following procedures:

1) Implementation of the Mediaset Group's Ethics Code
2) Definition of an Internal Code of Conduct
3) The availability of a Whistle-blowing Channel
4) The creation of a Regulatory Compliance Department

This regulation was approved by the Board of Directors on December 17, 2004 and amended on December 18, 2009 in order to adapt it to the "Guide on providing inside information to third parties" published by the CNMV on March 9, 2009; the procedures for disclosing inside information contained in Ministerial Order EHA/1421/2009, dated June 1; and the provisions of the CNMV Circular 4/2009, dated November 4, regarding the disclosure of significant information. This Regulation applies to all directors and a specific group of managers that may provide and/or receive confidential and inside information. The list of people is updated quarterly.

At its meeting of December 15, 2011, the Board of Directors approved the Mediaset España Ethics Code. This code took effect on January 1, 2012 and compliance is mandatory for all personnel and members of the Board of directors of Mediaset España, as well as other natural and legal persons related to the company. The Ethics Code is available to all personnel on the Group's intranet.

Article IV E of the Ethics Code states that, based on Mediaset España's relations with shareholders, investors, analysts and the financial market in general, information regarding its activity and financial results must be transmitted consistently and symmetrically, be complete, accurate, transparent and responsible, and always provide a faithful representation of the company. Any information on Mediaset España should be recorded and presented clearly and diligently, and must comply with prevailing regulations to ensure the correct accounting of all of the Company's assets, activities and responsibilities.

Any dishonesty, misuse of information or leak of confidential information, internally or externally, is in breach of the Group's Ethics Code. The Internal Audit Department and the Human Resources Department are in charge of enforcing the Ethics Code. The Regulatory Compliance Department (RCD), which reports to the Audit and Compliance Committee and is composed of the Corporate General Manager of Mediaset España, the Chief Operating Officer and the Internal Audit Director, is in charge of ensuring compliance with the Internal Code of Conduct. Its responsibilities include notifying any breach to the Human Resources Department, which then takes the appropriate disciplinary measures in each case.

All current employees of the Group have expressly accepted the content of the Ethics Code and all future employees must do so. When the Ethic Codes was implemented, the Company drew up a communication plan for all Group personnel. A procedure is also in place, spearheaded by the Human Resources Department, whereby new employees are informed of the existence of, and mandatory compliance with, the Ethic Code.

- 'Whistle-blowing' channel, for the reporting to the audit committee of any irregularities of a financial or accounting nature, as well as breaches of the code of conduct and malpractice within the organization, stating whether reports made through this channel are confidential.

The Mediaset Group has a reporting procedure for any employee, manager, director or stakeholder of Mediaset España who reasonably suspects any behavior that goes again the principles and values of the Ethics Code or business ethics and good faith. This includes financial and/or accounting malpractices or practices that do not comply with IFRS or the Spanish General Accounting Plan, inappropriate or inadequate use of accounting and financial information, alteration or misuse of management, accounting and/or financial systems, falsification or concealment of accounting and financial information, fraud, offering and/or taking bribes, non-compliance with laws and regulations, and conflicts of interest.

These reports are made through the Internal Audit Department, which guarantees and ensures full protection of privacy and confidentiality of the information reported and the persons involved. It acts as a filter for the accuracy and credibility of each procedure, assessing the appropriateness of reporting to the Audit and Compliance Committee, which makes the final assessment.

- Training and refresher courses for personnel involved in preparing and reviewing financial information or evaluating ICFR, which address, at least, accounting rules, auditing, internal control and risk management.

All personnel involved in preparing and reviewing financial information or evaluating ICFR receive training each year on accounting rules, control and risk management, auditing and tax developments. As indicated previously, the training plan covers the Economic and Finance Division and the Internal Audit Department.

Employees in these areas received a total of 940 hours of training in 2013, of which 368 hours were on accounting rules, 51 hours were on control and risk management, 86 hours were on auditing and 334 hours were on tax developments, 66 hours were on money laundering and 35 hours were on information technology.

The main technical courses conducted in 2013 were:

- Auditing on Occupational Health and Safety OHSAS 18001, given by Novotec Consultores.
- Training in Anti-Money Laundering and Terrorist Financing, given by consulting firm PWC.
- Auditing of Social Networks, given by Instituto de Auditores (Spanish Institute of Auditors).
- Internal Auditing of Business Continuity Planning, given by Instituto de Auditores.
- International Financial Reporting Standards (IFRS), given by PWC.
- IT Risk 2013 New Approaches to Comprehensive Risk Management (CRM).
- Internal Auditing of the Risk Management Process as a Value-Adding Project (IAI).
- Impact of the new COSO Internal Control Framework on the Market (IAI).
- Refresher Course of Tax Developments, by PWC.

F.2 Risk assessment in financial reporting

Report at least:

F.2.1. The main characteristics of the risk identification process, including risks of error or fraud, stating whether:

- The process exists and is documented.

The Mediaset Group has a system for controlling and identifying risks of errors or mistatements in financial information. This system is documented and a backup copy is stored in the Internal Audit Division's systems.

It has based on the Mediaset Group's Comprehensive Risk Management System (RMS). The RMS is based on the Enterprise Risk Management (ERM) framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO II). The first step in the approach is to identify the Company's strategic objectives and risks. Once these are defined, the second step is to identify operational, compliance and reporting risks. Each risk is assessed in accordance with the probability of occurrence and the potential impact on the achievement of objectives.

The system begins with identification of the companies in the Mediaset Group's consolidation scope and the Group's business lines. It then identifies and documents both recurring and non-recurring processes that could have an impact or affect each company's financial statements; i.e. the balance sheet, income statement, state of cash flows or disclosures. Next, the risks related to the processes and the controls to mitigate them are reviewed.

There are specific controls for each process, which are subject to traceability tests. The results of these tests provide the potential errors in financial information related to the valuation of a transaction, its cut-off, registration or integrity. The results are prioritized by materiality.

The controls in place for each risk include preventing and detecting errors and fraud. The Company has policies and procedures, as well as a protocol, in its reporting systems designed to minimize this type of risk. These include:

1. Acquisition and Disposal Committee procedure;
2. Acquisition of products and services procedure;
3. Contract signature procedure;
4. Authorization management procedure;
5. Corporate security policy and related procedures; and
6. Customer management procedure

- The process covers all financial reporting objectives, (existence and occurrence; completeness; valuation; presentation, disclosure and comparability; and rights and obligations), and whether it is updated and, if so, with what frequency.

As indicated in the preceding section, the system covers processes that could lead to a risk regarding existence, occurrence, completeness and valuation, presentation and disclosure, cut - off and recognition of transactions with a material impact on financial information. The processes are performed with a frequency of at least every six months.

- A specific process is in place to define the scope of consolidation, with reference to the possible existence of complex corporate structures, special purpose vehicles or holding companies.

Any change, modification, addition or removal from the Mediaset España Group's corporate structure is controlled by the General Secretary of the Board and the Corporate General Manager. The Corporate Manager, pursuant to authorization by the Board of Directors, reports any transfers or acquisitions of shareholdings and provides the related supporting documentation to the divisions that could be affected. The Management and Operations General Office, through the Economic and Finance Division, is in charge of identifying and advising on the impact of these changes on the Group's consolidation scope. At the end of each reporting period, the Group's existing corporate structure is obtained and validated by Legal Advisory and the Economic and Finance Division.

Moreover, where the direct stakes held by the Company are also consolidated groups, there is an internal process whereby any movements therein (e.g. purchases, sales, liquidations, mergers, transfers) are reported to the Economic and Finance Division immediately, as follows:

a. For interests where the Company has operating control, through monthly reporting processes established for this purpose and by communication from the representative of the Company to the companies' governing bodies.

b. For companies in which the Company does not have control, the Company's representatives on these companies' governing bodies is in charge of reporting to the Finance Department.

- The process addresses other types of risk (operational, technological, financial, legal, reputational, environmental, and so on) insofar as they may affect the financial statements.

The process for identifying risks of errors in financial information takes account of the types of risk (operational, technological, financial, legal, reputational and environment) to the extent that these could affect the different Corporate Departments. The Internal Audit Department notifies the various Corporate Departments of the risks identified and the recommended action plan.

- Which of the entity's governing bodies is responsible for overseeing the process.

The Audit and Compliance Committee is in charge of overseeing the process, with the support of the Internal Audit Department in accordance with its remit.

F.3 Control activities

Indicate the existence of at least the following components, and specify their main characteristics:

F.3.1. Procedures for reviewing and authorizing the financial information and description of ICFR to be disclosed to the markets, stating who is responsible in each case and the documentation and flow charts of activities and controls (including those addressing the risk of fraud) for each type of transaction that may materially affect the financial statements, including financial closing procedures and for the separate review of critical judgments, estimates, evaluations and projections.

With each financial closing, the Economic and Finance Division reviews the transactions that impact the financial information through its Administration, Management Control and Consolidation and Reporting Departments. The procedure for the financial closing entails an initial review by the Management Control, and Administration Departments of all the individual companies. The process includes a list of review tasks, above all for each line item of information generated internally by the Department or of information from other Group departments that could have an impact on, or be reflected in, the financial information. Then, the Consolidation and Reporting Department oversees the information validated by the two other departments and conducts its own review process. This comprises a series of automatic tests of the information systems to ensure the completeness of the data used for consolidation. Once these tests are completed, the procedure for the monthly financial closing takes place.

The separate review of critical judgments, estimates, evaluations and projections is carried out in accordance with the same review model of the reliability of the financial information.

The Consolidation and Reporting Department reports each monthly financial closing to the Managing Director of the Economic and Finance Division and the Chief Operating Officer, which is reviewed and approved before being presented to the Chief Executive Officers and the Audit and/or Executive Committee.

The Chief Executive Officers, the Chief Operating Officer and the Finance Director ensure both the completeness of the financial information and compliance with the internal control system guaranteeing the integrity, before the Board of Directors.

The Audit and Compliance Committee, with the support of the Audit Department, oversees this process and reports its findings to the Board of Directors. Once the consolidated financial statements are approved, they may be submitted for publication to the National Securities Market Commission (CNMV) by the General Secretary of the Board.

In addition, the Audit and Compliance Committee, with the support of the Audit Department, carries out a review of the financial information each quarter. This process consists of verifying that the quarterly information is prepared using the same criteria as the information prepared in the semi-annual reports (at June 30 and December 31 of each year).

F.3.2. Internal control policies and procedures for IT systems (including secure access, control of changes, system operation, continuity and segregation of duties) giving support to key company processes regarding the preparation and publication of financial information.

The Mediaset Group takes extreme precautions regarding security of access to the management tools used in the financial information preparation process and regarding modification controls, when applicable. There is a strict access policy covering who has access to software; the person in charge of the application and the Internal Audit Department have ultimate authority for any modification, addition or deletion. Mediaset has a Corporate Security Policy, which was approved in 2008 and is update annually. This Policy covers the acquisition of software and hardware, service levels and security of the systems guaranteeing the performance and continuity of operations.

There is a documented inventory of all systems involved in the preparation of financial information. Specific preventive and, as a last resort, detective controls are in place for these systems. The Technology Division is responsible for maintaining all the systems, developing and updating all controls and implementing the established procedures.

The segregation of duties is established in all applications to prevent conflicts in normal and critical transactions. This precludes a single person from being responsible for several functions that could give rise to conflicts of interests resulting in errors or misappropriations. In addition, this was established by correctly defining/assigning user profiles.

F.3.3. Internal control policies and procedures for overseeing the management of outsourced activities, and of the appraisal, calculation or valuation services commissioned from independent experts, when these may materially affect the financial statements.

The Mediaset Group has an Acquisitions Committee and an Acquisition of Products and Services Procedure regulating outsourced services and services performed by independent experts. This ensures that the chosen provider is independent from the company, competent and operates on an arm's length basis.

Each area in charge reviews the outsourced activities.

F.4 Information and communication

Indicate the existence of at least the following components, and specify their main characteristics:

F.4.1. A specific function in charge of defining and maintaining accounting policies (accounting policies area or department) and settling doubts or disputes over their interpretation, which is in regular communication with the team in charge of operations, and a manual of accounting policies regularly updated and communicated to all the company's operating units.

The Consolidation, Reporting and Investees Department defines the accounting policies, keeps them up to date and settles doubts or disputes that could arise over the interpretation of the accounting policies approved by the Group. It reports to the Economic and Finance Division, which is part of the Management and Operations General Office. The Reporting Department is in charge of maintaining and updating the Mediaset España Group's Manual of Accounting Policies and ensuring that it is communicated appropriately. The Accounting Manual is updated annually. The latest update was 31 December 2013.

F.4.2. Mechanisms in standard format for the capture and preparation of financial information, which are applied and used in all units within the entity or group, and support its main financial statements and accompanying notes as well as disclosures concerning ICFR.

The Company's financial information is captured and prepared through software tools that ensure complete security and control. From the time the information is captured (manually or through an interface), it is treated by software programs that are standard in the marketplace: SAP, Microstrategy, Deister and Meta 4. These programs are inter-connected. They treat, store and report information, minimizing the risk of errors in and manipulation of the economic and financial information.

SAP collects all information with an economic and financial impact on the company's accounts. Mediaset España draws up the accounts of all companies over which it has control. This speeds up and controls the necessary processes for the Group's consolidation.

Microstrategy is the reporting and consolidation tool that captures and prepares financial information for appropriate reporting to the pertinent internal and external bodies. The organizational structure of the information to be received and reported has been previously standardized in terms of format and application of criteria, ensuring the integrity of the information and facilitating its analysis.

F.5 Monitoring

Indicate the existence of at least the following components, describing their main characteristics:

F.5.1. The ICFR monitoring activities undertaken by the audit committee and an internal audit function whose competencies include supporting the audit committee in its role of monitoring the internal control system, including ICFR. Describe the scope of the ICFR assessment conducted in the year and the procedure for the person in charge to communicate its findings. State also whether the company has an action plan specifying corrective measures for any flaws detected, and whether it has taken stock of their potential impact on its financial information.

As indicated in section F.1.1, the responsibilities of the Audit and Compliance Committee can be summarized as follows:

1. Overseeing the preparation and integrity of the financial information

2. Approving the internal audit plan for assessment of the ICFR

3. Reviewing, analyzing and commenting on the financial statements and other relevant information with the parties involved in its preparation and approval

4. Supervising the process of making critical judgments, evaluations and estimates and settling any related disputes

5. Ensuring that the ICFR evaluation process of the Mediaset Group has been designed to achieve the process objectives

6. Overseeing continuous monitoring of ICFR

7. Ensuring that the ICFR information disclosed is clear and understandable

The Audit and Compliance Committee carries out these activities with the support of the Audit Department. The Audit Department's main responsibilities include analyzing, evaluating and supervising the Group's internal control and risk management systems, identifying weaknesses, making recommendations and executing the proposed action plan in each case.

The Internal Audit Department performs an in-depth review of the controls of all process that could have a material impact on the Group's financial statements twice a year with the mid-year and annual financial closing. As a result of these reviews, the Internal Audit Department prepares reports covering the process identified, the related risks and the controls tested. These reports highlight any weakness encountered and make comparisons with reviews of previous periods to monitor trends. As indicated previously, any weakness encountered in a process is reported immediately to the department affected so it can be corrected.

F.5.2. A discussion procedure whereby the auditor (pursuant to TAS), the internal audit function and other experts can report any significant internal control weaknesses encountered during their review of the financial statements or other assignments, to the company's senior management and its audit committee or board of directors. State also whether the entity has an action plan to correct or mitigate the weaknesses found.

The Economic and Finance Division and the Internal Audit Department hold regular meetings with the external auditors to discuss material weakness in internal control. The Audit and Compliance Committee meets with the external auditors twice a year, at the closing of the Group's mid-year and annual financial statements. At these meetings, the external auditors, within the scope of their engagement, report whether there are any incidents or internal control weakness. The Economic and Finance Division and the Internal Audit Department attend these meetings and review all aspects regarding potential weaknesses in the internal control systems that could affect the financial information published by the Mediaset Group.

Any weakness encountered is subjected to immediate monitoring by the Audit and Compliance Committee, with the help of the Internal Audit Department.

F.6 Other relevant information

F.7 External auditor report

State whether:

F.7.1. The ICFR information supplied to the market has been reviewed by the external auditor, in which case the corresponding report should be attached. Otherwise, explain the reasons for the absence of this review.

The ICFR information disclosed to the markets was reviewed by the external auditor of the company.

G 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.

Should the company not comply with any of the recommendations or comply only in part, include a detailed explanation of the reasons so that shareholders, investors and the market in general have enough information to assess the company's behavior. General explanations are not acceptable.

1. **The Bylaws of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of share purchases on the market.**

See: A.10, B.1, B.2, C.1.23 y C.1.24.

Complies * **Explain**

2. **When a dominant and a subsidiary company are stock market listed, the two should provide detailed disclosure on:**

a) The type of activity they engage in, and any business dealings between them, as well as between the subsidiary and other group companies;

b) The mechanisms in place to resolve possible conflicts of interest.

See: D.4 y D.7

Complies **Partially complies** **Explain** **Not applicable***

3. **Even when not expressly required under company law, any decisions involving a fundamental corporate change should be submitted to the General Shareholders' Meeting for approval or ratification. In particular:**

   a) The transformation of listed companies into holding companies through the process of subsidiarization, i.e. reallocating core activities to subsidiaries that were previously carried out by the originating firm, even though the latter retains full control of the former;

   b) Any acquisition or disposal of key operating assets that would effectively alter the company's corporate purpose;

   c) Operations that effectively add up to the company's liquidation

   See: B.6

Complies *   Partially complies □   Explain □

4. **Detailed proposals of the resolutions to be adopted at the General Shareholders' Meeting, including the information stated in Recommendation 27, should be made available at the same time as the publication of the Meeting notice.**

Complies *   Explain □

5. **Separate votes should be taken at the General Shareholders' Meeting on materially separate items, so shareholders can express their preferences in each case. This rule shall apply in particular to:**

   a) The appointment or ratification of directors, with separate voting on each candidate;

   b) Amendments to the bylaws, with votes taken on all articles or groups of articles that are materially different.

Complies *   Partially complies □   Explain □

6. **Companies should allow split votes, so financial intermediaries acting as nominees on behalf of different clients can issue their votes according to instructions.**

Complies *   Explain □

7. **The Board of Directors should perform its duties with unity of purpose and independent judgement, according all shareholders the same treatment. It should be guided at all times by the company's best interest and, as such, strive to maximize its value over time.**

   It should likewise ensure that the company abides by the laws and regulations in its dealings with stakeholders; fulfils its obligations and contracts in good faith; respects the customs and good practices of the sectors and territories where it does business; and upholds any additional social responsibility principles it has subscribed to voluntarily

Complies *   Partially complies □   Explain □

8. The Board should see the core components of its mission as to approve the company's strategy and authorize the organizational resources to carry it forward, and to ensure that management meets the objectives set while pursuing the company's interests and corporate purpose. As such, the board in full should reserve the right to approve:

a) The company's general policies and strategies, and in particular:

i) The strategic or business plan, management targets and annual budgets;

ii) Investment and financing policy;

iii) Design of the structure of the corporate group;

iv) Corporate governance policy;

v) Corporate social responsibility policy;

vi) Remuneration and evaluation of senior officers policy;

vii) Risk control and management policy, and the periodic monitoring of internal information and control systems;

viii) Dividend policy, as well as the policies and limits applying to treasury stock.

See: C.1.14, C.1.16 y E.2

b) The following decisions:

i) On the proposal of the company's chief executive, the appointment and removal of senior officers, and their compensation clauses.

ii) Directors' remuneration and, in the case of executive directors, the additional consideration for their management duties and other contract conditions.

iii) The financial information listed companies must periodically disclose.

iv) Investments or operations considered strategic by virtue of their amount or special characteristics, unless their approval corresponds to the General Shareholders' Meeting;

v) The creation or acquisition of shares in special purpose vehicles or entities resident in jurisdictions considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.

c) Transactions which the company conducts with directors, significant shareholders, shareholders with Board representation or other persons elated thereto ("related-party transactions").

However, Board authorization need not be required for related-party transactions that simultaneously meet the following three conditions.

1st They are governed by standard form agreements applied on an across-the-board basis to a large number of clients;

2nd They go through at market rates, generally set by the person supplying the goods or services;

3rd Their amount is no more than 1% of the company's annual revenues.

It is advisable that related-party transactions should only be approved on the basis of a favorable report from the Audit Committee or some other committee handling the same function; and that the directors involved should neither exercise nor delegate their votes, and should withdraw from the meeting room while the board deliberates and votes.

Ideally the above powers should not be delegated with the exception of those mentioned in b) and c), which may be delegated to the Executive Committee in urgent cases and later ratified by the full board.

See: D.1 y D.6

Complies * Partially Complies □ Explain □

9. Inthe interests of maximum effectiveness and participation, the Board of Directors should ideally comprise no fewer than five and no more than fifteen members

See: C.1.2

Complies * Explain □

10. External directors, proprietary and independent, should occupy an ample majority of board places, while the number of executive directors should be the minimal practical bearing in mind the complexity of the corporate group and the ownership interests they control.

See: A.3 y C.1.3.

Complies * Partially Complies □ Explain □

11. That among external directors, the relation between proprietary members and independents should match the proportion between the capital represented on the Board by proprietary directors and the remainder of the company's capital.

This proportional criterion can be relaxed so the weight of proprietary directors is greater than would strictly correspond to the total percentage of capital they represent:

1st In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings, despite the considerable sums actually invested.

2nd In companies with a plurality of shareholders represented on the board but not otherwise related.

See: A.2, A.3 y C.1.3

Complies * Explain □

12. **The number of independent directors should represent at least one third of all board members.**

See: C.1.3

Complies * Explain □

13. **The nature of each director should be explained to the General Meeting of Shareholders, which will make or ratify his or her appointment. Such determination should subsequently be confirmed or reviewed in each year's Annual Corporate Governance Report, after verification by the Nomination Committee. The said Report should also disclose the reasons for the appointment of proprietary directors at the urging of shareholders controlling less than 5% of capital; and explain any rejection of a formal request for a board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.**

See: C.1.3 y C.1.8

Complies * Partially Complies □ Explain □

14. **When women directors are few or non existent, the board should state the reasons for this situation and the measures taken to correct it; in particular, the Nomination Committee should take steps to ensure that:**

a) The process of filling board vacancies has no implicit bias against women candidates;

b) The company makes a conscious effort to include women with the target profile among the candidates for board places.

See: C.1.2, C.1.4, C.1.5, C.1.6, C.2.2 y C.2.4.

Complies □ Partially Complies * Explain □ Not applicable □

Mediaset España partially complies with this recommendation, as although the Appointments and Remuneration Committee is responsible for ensuring that when new vacancies arise there is no implicit bias in the selection procedures which could obstruct the selection of female directors and endeavors to have women who meet the required professional profile included in the potential candidates, the number of female directors on the Board of Directors is still few.

15. **The Chairman, as the person responsible for the proper operation of the Board of Directors, should ensure that directors are supplied with sufficient information in advance of board meetings, and work to procure a good level of debate and the active involvement of all members, safeguarding their rights to freely express and adopt positions; he or she should organize and coordinate regular evaluations of the board and, where appropriate, the company's chief executive, along with the chairmen of the relevant board committees.**

See: C.1.19 y C.1 41

Complies * Partially Complies □ Explain □

16. **When a company's Chairman is also its chief executive, an independent director should be empowered to request the calling of board meetings or the inclusion of new business on the agenda; to coordinate and give voice to the concerns of external directors; and to lead the board's evaluation of the Chairman.**

See: C.1.22

Complies ☐ Partially Complies ☐ Explain ☐ Not applicable *

17. **The Secretary should take care to ensure that the board's actions:**

a) Adhere to the spirit and letter of laws and their implementing regulations, including those issued by regulatory agencies;

b) Comply with the company bylaws and the regulations of the General Shareholders' Meeting, the Board of Directors and others;

c) Are informed by those good governance recommendations of the Unified Code that the company has subscribed to.

In order to safeguard the independence, impartiality and professionalism of the Secretary, his or her appointment and removal should be proposed by the Nomination Committee and approved by a full Board meeting; the relevant appointment and removal procedures being spelled out in the board's regulations.

See: C.1.34

Complies * Partially Complies ☐ Explain ☐

18. **The Board should meet with the necessary frequency to properly perform its functions, in accordance with a calendar and agendas set at the beginning of the year, to which each director may propose the addition of other items.**

See: C.1.29

Complies ☐ Partially Complies ☐ Explain ☐

19. **Director absences should be kept to the bare minimum and quantified in the Annual Corporate Governance Report. When directors have no choice but to delegate their vote, they should do so with instructions.**

See: C.1.28, C.1.29 y C.1.30

Complies * Partially Complies ☐ Explain ☐

20. **When directors or the Secretary express concerns about some proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the meeting, the person expressing them can request that they be recorded in the minute book.**

Complies ☐ Partially Complies ☐ Explain ☐ Not applicable *

21. The board in full should evaluate the following points on a yearly basis:

a) The quality and efficiency of the board's operation.

b) Starting from a report submitted by the Nomination Committee, how well the Chairman and chief executive have carried out their duties;

c) The performance of its committees on the basis of the reports furnished by the same.

See: C.1.19 y C.1.20

Complies ☐ Partially Complies * Explain ☐

In 2013, the performance of the Company's and Group's two most senior executives, who have been delegated the broadest powers, has been evaluated. As indicated previously, Mediaset España's Chairman is not an executive director.

22. All directors should be able to exercise their right to receive any additional information they require on matters within the board's competence. Unless the bylaws or board regulations indicate otherwise, such requests should be addressed to the Chairman or Secretary

See: C.1.41

Complies * Explain ☐

23. All directors should be entitled to call on the company for the advice and guidance they need to carry out their duties. The company should provide suitable channels for the exercise of this right, extending in special circumstances to external assistance at the company's expense.

See: C.1.40

Complies * Explain ☐

24. Companies should organize induction programs for new directors to acquaint them rapidly with the workings of the company and its corporate governance rules. Directors should also be offered refresher programs when circumstances so advise.

Complies * Partially Complies ☐ Explain ☐

25. Companies should require their directors to devote sufficient time and effort to perform their duties effectively, and, as such:

a) Directors should apprise the Nomination Committee of any other professional obligations, in case they might detract from the necessary dedication;

b) Companies should lay down rules about the number of directorships their board members can hold.

See: C.1.12, C.1.13 y C.1.17

Complies * Partially Complies ☐ Explain ☐

26. The proposal for the appointment or renewal of directors which the board submits by to the General Shareholders' Meeting, as well as provisional appointments by the method of co-option, should be approved by the board:

a) On the proposal of the Nomination Committee, in the case of independent directors.

b) b) Subject to a report by the Nomination Committee in all other cases.

See: C.1.3

**Complies * Partially Complies Explain **

27. Companies should post the following director particulars on their websites, and keep them permanently updated:

a) Professional experience and background;

b) Directorships held in other companies, listed or otherwise;

c) An indication of the director's classification as executive, proprietary or independent; in the caseo of proprietary directors, stating the shareholder they represent or have links with.

d) The date of their first and subsequent appointments as a company director, and

e) Shares held in the company and options on the same

Complies * Partially Complies Explain

28. Proprietary directors should resign where the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary directors, the latter's number should be reduced accordingly

See: A.2 , A.3 y C.1.2

**Complies * Partially Complies Explain **

29. That Board of Directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the bylaws, except where just cause if found by the board, based on a proposal from the Nomination Committee. In particular, just cause will be presumed when a director is in breach of his or her fiduciary duties or comes under one of the disqualifying grounds as independent director enumerated in Ministerial Order ECC/461/2013.

The removal of independents may also be proposed when a takeover bid, merger or similar corporate operation produces changes in the company's capital structure, in order to meet the proportionality criterion set out in Recommendation 11.

See: C.1.2, C.1.9, C.1.19 y C.1.27

**Complies * Explain **

30. **Companies should establish rules obliging directors to inform the board of any circumstances that might harm the organization's name or reputation, tendering their resignation as the case may be, with particular mention of any criminal charges brought against them and the progress of any subsequent trial.**

The moment a director is indicted or tried for any of the crimes stated in Section 213 of the LSC, the Board should examine the matter and, in view of the particular circumstances and potential harm to the company's name and reputation, decide whether or not he or she should be called on to resign. The board should also disclose all such determinations in the Annual Corporate Governance Report.

See: C.1.42, C.1.43

Complies * **Partially Complies ☐** **Explain ☐**

31. **All directors should express clear opposition when they feel a proposal submitted for the board's approval might damage the corporate interest. In particular, independents and other directors unaffected by the conflict of interest should challenge any decision that could go against the interests of shareholders lacking Board representation.**

When the board makes material or reiterated decisions about which a director has expressed serious reservations, then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next Recommendation.

This Recommendation also covers the Secretary of the Board even in the case that this individual is not a director.

Complies ☐ **Partially Complies ☐** **Explain ☐** **Not applicable ***

32. **Directors who give up their place before their tenure expires, through resignation or otherwise, should state the reasons in a letter to be sent to all members of the board. Irrespective of whether such resignation is filed as a significant event, the motive for the same must be explained in the Annual Corporate Governance Report.**

See: C.1.9

Complies ☐ **Partially Complies ☐** **Explain ☐** **Not applicable ***

33. **Remuneration comprising the delivery of shares in the company or other companies in the group, share options or other share-based instruments, payments linked to the company's performance or membership of pension schemes should be confined to executive directors.**

The delivery of shares is excluded from this limitation when directors are obliged to retain them until the end of their tenure.

Complies ☐ **Partially Complies *** **Explain ☐** **Not applicable ☐**

Pursuant to Article 56 of the Bylaws, in previous years, Alejandro Echevarría Busquet received share options to reward his special dedication to the Company.

In 2012 and 2013, he did not receive any options on Mediaset España shares.

34. External directors' remuneration should sufficiently compensate them for the dedication, abilities and responsibilities that the post entails, but should not be so high as to compromise their independence.

Complies *　　Explain　　Not applicable

35. In the case of remuneration linked to company earnings, deductions should be computed for any qualifications stated in the external auditor's report.

Complies *　　Explain　　Not applicable

36. In the case of variable awards, remuneration policies should include technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, atypical or exceptional transactions or circumstances of this kind.

Complies *　　Explain　　Not applicable

37. When the company has an Executive Committee, the breakdown of its members by director category should be similar to that of the board itself. The Secretary of the Board should also act as secretary to the Executive Committee.

See: C.2.1 y C.2.6

Complies　　Partially Complies *　　Explain　　Not applicable

The composition of the Board of Directors and the Executive Committee is indicated below:

Board of directors

Executive directors – 20%
Proprietary directors – 46.66%
Independent directors – 33.33% (periodic)

Executive Committee

Executive directors – 25%
Proprietary directors – 37.5%
Independent directors – 37.5%

The Executive Committee has a greater number of executive directors than the Board of Directors. Therefore, the number of independent directors has increased to balance the majority of executives. The Chairman of the Board of Directors and of the Executive Committee is an independent director.

38. The Board should be kept fully informed of the business transacted and decisions made by the Executive Committee. To this end, all board members should receive a copy of the Committee's minutes.

Complies * **Explain □** **Not applicable □**

39. In addition to the Audit Committee mandatory under the Securities Market Law, the Board of Directors should form a committee, or two separate committees, of Nomination and Remuneration.

The rules governing the make-up and operation of the Audit Committee and the committee or committees of Nomination and Remuneration should be set forth in the board regulations, and include the following:

a) The Board of Directors should appoint the members of such committees with regard to the knowledge, aptitudes and experience of its directors and the terms of reference of each committee; discuss their proposals and reports; and be responsible for overseeing and evaluating their work, which should be reported to the first board plenary following each meeting;

b) These committees should be formed exclusively of external directors and have a minimum of three members. Executive directors or senior officers may also attend meetings, for information purposes, at the Committees' invitation.

c) Committees should be chaired by an independent director.

d) They may engage external advisors, when they feel this is necessary for the discharge of their duties.

e) Meeting proceedings should be minuted and a copy sent to all board members.

See: C.2.1 y C.2.4

Complies * **Partially Complies □** **Explain □**

40. The job of supervising compliance with internal codes of conduct and corporate governance rules should be entrusted to the Audit Committee, the Nomination Committee or, as the case may be, separate Compliance or Corporate Governance committees.

See: C.2.3 y C.2.4

Complies * **Explain □**

41. All members of the Audit Committee, particularly its chairman, should be appointed with regard to their knowledge and background in accounting, auditing and risk management matters.

Complies * **Explain □**

42. Listed companies should have an internal audit function, under the supervision of the Audit Committee, to ensure the proper operation of internal reporting and control systems.

See: C.2.3

Complies * **Explain □**

43. The head of internal audit should present an annual work programme to the Audit Committee; report to it directly on any incidents arising during its implementation; and submit an activities report at the end of each year.

**Complies * Partially Complies   Explain **

44. Control and risk management policy should specify at least:

a) The different types of risk (operational, technological, financial, legal, reputational…) the company is exposed to, with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks;

b) The determination of the risk level the company sees as acceptable;

c) Measures in place to mitigate the impact of risk events should they occur;

d) The internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.

See: E

**Complies * Partially Complies   Explain **

45. The Audit Committee's role should be:

1- With respect to internal control and reporting systems:

a) Review internal control and risk management systems on a regular basis, so the main risks are properly identified, managed and disclosed.

b) Monitor the independence and efficacy of the internal audit function; propose the selection, appointment, reappointment and removal of the head of internal audit; propose the department's budget; receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.

c) Establish and supervise a mechanism whereby staff can report, confidentially and, if necessary, anonymously, any irregularities they detect in the course of their duties, in particular financial or accounting irregularities, with potentially serious implications for the firm.

2-With respect to the company's external auditors:

a) Receive information from the external auditor on a regular basis regarding the audit plan and the results delivered from its execution, and verify that the senior management considers its recommendations.

b) Monitor the independence of the external auditor, to which end:

i) The company should notify any change of auditor to the CNMV as a significant event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.

ii) The Committee should investigate the issues giving rise to the resignation of any external auditor.

See: C.1.36, C.2.3, C.2.4 y E.2

**Complies * Partially Complies Explain **

46. The Audit Committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another senior officer.

**Complies * Explain **

47. The Audit Committee should prepare information on the following points from Recommendation 8 for input to board decision-making:

a) The financial information that all listed companies must periodically disclose. The Committee should ensure that interim statements are drawn up under the same accounting principles as the annual statements and, to this end, may ask the external auditor to conduct a limited review.

b) The creation or acquisition of shares in special purpose vehicles or entities resident in jurisdictions considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.

c) Related-party transactions, except where their scrutiny has been entrusted to some other supervision and control committee.

See: C.2.3 y C.2.4

**Complies * Partially Complies Explain **

48. The Board of Directors should seek to present the annual accounts to the General Shareholders' Meeting without reservations or qualifications in the audit report. Should such reservations or qualifications exist, both the Chairman of the Audit Committee and the auditors should give a clear account to shareholders of their scope and content.

See: C.1.38

**Complies * Partially Complies Explain **

49. The majority of Nomination Committee members – or Nomination and Remuneration Committee members as the case may be – should be independent directors.

See: C.2.1

**Complies Explain * Not applicable **

The Appointments and Remuneration Committee is composed of two independent and three proprietary directors. The Chairman is an independent director. The acquisition of a shareholding by the Prisa Group in Mediaset España required changes to the board committees, including an increase in the size of the Appointments and Remuneration Committee. As a result, there is no longer a majority of independent directors.

50. The Nomination Committee should have the following functions in addition to those stated in earlier recommendations:

a) Evaluate the balance of skills, knowledge and experience on the board, define the roles and capabilities required of the candidates to fill each vacancy, and decide the time and dedication necessary for them to properly perform their duties.

b) Examine or organize, in appropriate form, the succession of the chairman and chief executive, making recommendations to the board so the handover proceeds in a planned and orderly manner.

c) Report on the senior officer appointments and removals which the chief executive proposes to the Board.

d) Report to the Board on the gender diversity issues discussed in Recommendation 14 of this Code.

See: C.2.4

Complies *   Partially Complies ☐   Explain ☐   Not applicable ☐

51. The Nomination Committee should consult with the company's Chairman and chief executive, especially on matters relating to executive directors.

Any board member may suggest directorship candidates to the Nomination Committee for its consideration.

Complies *   Partially Complies ☐   Explain ☐   Not applicable ☐

52. The Remuneration Committee should have the following functions in addition to those stated in earlier Recommendations:

a) Make proposals to the Board of Directors regarding:

   i) The remuneration policy for directors and senior officers;

   ii) The individual remuneration and other contractual conditions of executive directors.

   iii) The standard conditions for senior officer employment contracts.

b) Oversee compliance with the remuneration policy set by the company

See: C.2.4

Complies *   Partially Complies ☐   Explain ☐   Not applicable ☐

53. The Remuneration Committee should consult with the Chairman and chief executive, especially on matters relating to executive directors and senior officers.

Complies * **Explain** **Not applicable**

H OTHER INFORMATION OF INTEREST.

1. If you consider that there is any material aspect or principle relating to the Corporate Governance practices followed by your company that has not been addressed in this report and which is necessary to provide a more comprehensive view of the corporate governance structure and practices at the company or group, explain briefly.

2. You may include in this section any other information, clarification or observation related to the above sections of this report.

   Specifically indicate whether the company is subject to corporate governance legislation from a country other than Spain and, if so, include the compulsory information to be provided when different to that required by this report.

3. Also state whether the company voluntarily subscribes to other international, sectorial or other ethical principles or standard practices. If applicable, identify the Code and date of adoption.

   Efforts in 2013 focused on increasing the participation of shareholders in the Company's decision-making and enhancing transparency of information. In this vein, to pre-empt forthcoming changes in corporate governance, the report on director remuneration at Mediaset España was submitted to a binding vote in 2013. This gave shareholders the opportunity to participate in decisions on an issue that in most listed companies is still beyond their realm.

   Elsewhere, efforts were made to improve compliance with certain corporate governance recommendations, as indicated in the 2012 Annual Corporate Governance Report. In 2013, rules were established regarding the number of directorships that directors of Mediaset can hold to ensure that they dedicate the appropriate amount of time and effort to discharge their duties. The rules vary by type of director.

   Internally, a review of Mediaset España's financial information control system was carried out by a renowned company, enabling the Company to reinforce its control systems, and review its accounting policy manual and its information and communication mechanisms.

   All indications are that in 2014 amendments will be adopted affecting issues of corporate governance and adapting the system as quickly as possible.

SECTION C.1.15

To harmonize the data provided in this report with the figures included in the Report on Directors' Remuneration, total remuneration includes remuneration received by director Giuseppe Tringali for sitting on the board of directors of other Group companies.

SECTION C.1.16

Section C.1.16 includes remuneration of senior management of Mediaset España and the Group's main subsidiaries. Remuneration received by Mediaset España directors in 2013, including the Internal Auditor Director, was paid to the following:

Managing Director of Contents	Villanueva de Castro, Manuel
Managing Corporate General Manager	Rodríguez Valderas, Mario
Managing Director, HR and Services Division	Expósito Rodriguez, Luis
Managing Director, Technology Division	Fernández Aranda, Eugenio
Managing Director, Economic and Finance Division	Uría Iglesias, Javier
Managing Director, Antenna Division	Marco Jorge, Patricia
Managing Director, Contents Productions Division	Baltanás Ramírez, Leonardo
Managing Director, Cinema Division and Acquisition of Rights	Barrois, Ghislain
Managing Director, Communications and External Relation Division	Dragoevich Fraerman, Mirta
Managing Director, News Division	Valentín Padín, Juan Pedro
Managing Director, News Program Division	Piqueras Gómez, Pedro María
Managing Director, Internal Audit	Santamaría Barrio, Angel
Total	4,875,608 euros

SECTION C.1.17

To complete the information in Section C.1.17, the identities of the members of the Board of Directors of companies linked to significant shareholders and/or their group companies are as follows:

Name or corporate name of director	Corporate name of significant shareholder	Position
Juan Luis Cebrián Echarri	Diario El País, SL	Chairman
Juan Luis Cebrián Echarri	DTS Distribuidora de Televisión Digital, SA	Director
Juan Luis Cebrián Echarri	Ediciones El País, SL	Chairman
Juan Luis Cebrián Echarri	Promotora de Actividades América 2010 México, SA de CV	Chairman and CEO
Juan Luis Cebrián Echarri	Prisa Inc	Chairman and CEO

(*) Companies in which Promotora de Informaciones, SA holds stakes directly or indirectly.

Name or corporate name of director	Corporate name of significant shareholder	Position
Manuel Polanco Moreno	Grupo Media Capital SGPS, SA	Director
Manuel Polanco Moreno	Canal Club de Distribución de Ocio y Cultura, SA	Director
Manuel Polanco Moreno	DTS Distribuidora de Televisión Digital, SAU	Chairman
Manuel Polanco Moreno	Vertix, SGPS, SA	Chairman
Manuel Polanco Moreno	Plural Entertainment Portugal SA	Chairman
Manuel Polanco Moreno	Tvi – Televisao Independente, SA	Chairman
Manuel Polanco Moreno	Media Capital Producoes Investimentos SGPS, SA	Chairman
Manuel Polanco Moreno	MCP-Media Capital Producoes SA	Chairman
Manuel Polanco Moreno	Productora Canarias de Programas, SL	Director
Manuel Polanco Moreno	Sociedad Canaria de Televisión Regional, SA	Joint and several director
Manuel Polanco Moreno	Plural Jempsa, SL	Vice-president and Joint Chief Executive Officer
Manuel Polanco Moreno	Tesela Producciones Audiovisuales SLU	Joint and several director
Manuel Polanco Moreno	Plural Entertainment España, SLU	Joint and several director
Manuel Polanco Moreno	Plural Entertainment Canarias, SLU	Joint and several director

(*) Companies in which Promotora de Informaciones, SA holds stakes directly or indirectly.

Massimo Musolino	DTS Distribuidora de Televisión Digital SAU	Vice Chairman

SECTION D.2.

The amount of the related-party transaction indicated in Section D.2 is as follows:

Promotora de informaciones, s.a.	Canal 4 navarra, s.l.	Commercial	Rendering of services	0.3 thousand euros

SECTION D.5.

The amount from related-party transactions with other related parties is as follows: 3,089 thousand euros from the sale of goods; 81,889 thousand euros from the purchase of goods; 231 thousand euros from the purchase of rights; and 56 thousand euros from other purchases.

The Annual Corporate Governance Report for 2013 was approved by the Company's Board of Directors at its meeting of 02/26/2014.

List whether any directors voted against or abstained from voting on the approval of this Report.

Yes □ **No** *

Name or corporate name of director	Reasons (voted against, abstention, non-attendance)	Explain the reasons