

**ANNUAL REPORT ON REMUNERATION POLICY FOR THE
DIRECTORS OF “GESTEVISIÓN TELECINCO, S.A.”**

Madrid, 25th February 2009

I. INTRODUCTION.

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

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

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

II. OBJECTIVE.

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

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

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

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

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

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

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

- Fixed annual amount: Directors shall receive a fixed annual remuneration according to their position and duties and in line with the remuneration paid on the market by companies of similar size and nature, i.e., according to market standards.
- Per diem allowances for attendance and representation: Directors are entitled to receive per diem allowances for attendance both for the meetings of the Board of Directors and the meetings of the Board of Directors’ Committees to which they belong.
- Moreover, the Chairman of the Board of Directors, who is not an Executive Director, shall receive supplementary remuneration in view of his/her special dedication to the Company and,

particularly, in view of its duties of representation of the Company, pursuant to the provisions of Article 56.3 of the Articles of Association.

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

At the Annual General Meeting held on 9th April 2008 it was resolved to fix the maximum amount of money that the Company was to pay the Directors as a whole for the year 2008 as (i) fixed annual remuneration and (ii) per diem allowances for attendance in EUR1,800,000.

This resolution was approved by 187,404,722 votes for (99.984%), 3,225 votes against (0.002%), 14,176 abstentions (0.008%) and 10,778 blank votes (0.006%).

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

As shown below, the amount of money paid to the Directors as a whole in 2008 as fixed annual remuneration and per diem allowances for attendance totals one million two hundred and forty four thousand and five hundred euros (EUR1,244,500), an amount lower than the limit fixed by the Annual General Meeting.

IV. REMUNERATION OF DIRECTORS FOR PERFORMANCE OF EXECUTIVE FUNCTIONS.

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

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

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

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

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

V. OPTION RIGHTS ON COMPANY SHARES.

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

At the Annual General Meeting held on 9th April 2008, it was resolved to approve a remuneration system for Executive Directors and Senior Managers of the Consolidated Group, pegged to the value of the Company shares, as well as to the revenues of the Group and the specific objectives fixed for each individual beneficiary, specifying the maximum number of shares to be considered in order to fix the incentive to be paid to the beneficiaries. The limit was fixed at the equivalent of 1% of the Company's share capital. Moreover, pursuant to a decision taken at the Annual General Meeting, (i) no more than 16% of this 1% may be assigned to the Executive Directors; and (ii) the Company may not increase its share capital to cover the Remuneration System.

This resolution was approved by 162,236,640 votes for, (86.557%), 25,089,999 votes against (13.386%), 95,794 abstentions (0.051%) and 10,468 blank votes (0.006%).

VI. INDIVIDUAL REMUNERATION RECEIVED BY THE DIRECTORS DURING THE YEAR 2008.

1.- In accordance with the provisions mentioned above, for the year 2008 the Board of Directors set the fixed annual amount to be paid to the Directors at SIXTY THOUSAND EUROS (EUR60,000), and the per diem allowances for attendance of the meetings of the Board of Directors and Committees in THREE THOUSAND EUROS (EUR3,000); and SIX THOUSAND EUROS (EUR6,000) for the relevant Chairmen.

The sum of the amounts actually accrued as fixed annual remuneration and per diem allowances has totalled, as mentioned above, one million two hundred and forty four thousand and five hundred euros (EUR 1,244,500), an amount within the limit (EUR1,800,000) approved at the Annual General Meeting.

2.- The amount received by the Chairman of Board of Directors during the year 2008 pursuant to Article 56.3 of the Articles of Association, in view of its special dedication to the Company and, particularly, in view of its duties of representation of the Company, has totalled six hundred and eighty eight thousand three hundred and two euros (EUR688,302).

3.- The amount received by the two Chief Executive Officers of the Company during the year 2008 as fixed annual remuneration has totalled one million three hundred and ninety nine thousand three hundred and ninety three euros (EUR1,399,393), and the variable remuneration has totalled six hundred and sixty six thousand nine hundred and twenty euros (EUR666,920).

4.- The itemised remuneration received by each one of the Directors during the year 2008 is as follows:

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

Year 2007		Year 2008	
Board fixed remuneration:	60,000	Board fixed remuneration:	60,000
Per Diem allowances for attendance:	60,500	Per Diem allowances for attendance:	60,000
Supplementary remuneration:	1,359,549.52	Supplementary remuneration:	688,302.56
Total:	1,480,049.52	Total:	808,302.56
Option rights granted:	77,338	Option rights granted:	33,625 (*)
Option rights exercised:	0	Option rights exercised:	0

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

Year 2007		Year 2008	
Board fixed remuneration:	60,000	Board fixed remuneration:	60,000
Per Diem allowances for attendance:	30,250	Per Diem allowances for attendance:	30,000
Fixed remuneration:	494,974.32	Fixed remuneration:	719,386.86
Variable remuneration:	617,500	Variable remuneration:	333,460
Bonus:	1,100,000	Bonus:	0
Remuneration in kind:	34,937.55	Remuneration in kind:	40,314.10
Total:	2,337,661.87	Total:	1,183,160.96
Option rights granted:	154,675	Option rights granted:	67,250 (*)
Option rights exercised:	0	Option rights exercised:	0

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

Year 2007		Year 2008	
Board fixed remuneration:	60,000	Board fixed remuneration:	60,000
Per Diem allowances for attendance:	30,250	Per Diem allowances for attendance:	30,000
Fixed remuneration:	479,933.13	Fixed remuneration:	680,005.85
Variable remuneration:	617,500	Variable remuneration:	333,460
Bonus:	1,100,000	Bonus:	0
Remuneration in kind:	42,238.54	Remuneration in kind:	40,560.64
Total:	2,329,921.67	Total:	1,144,026.79
Option rights granted:	154,675	Option rights granted:	67,250 (*)
Option rights exercised:	0	Option rights exercised:	0

➤ **Mr. Massimo Musolino (*)**

Year 2008

Board fixed remuneration:	40,000
Per Diem allowances for attendance:	12,000
Remuneration in kind:	0
Total:	52,000
Option rights granted:	30,500 (*)

Mr. Musolino is a Board member since 9th April 2008.

➤ **Mr. Alfredo Messina**

Year 2007

Board fixed remuneration:	60,000
Per Diem allowances for attendance:	27,500
Total:	87,500

Year 2008

Board fixed remuneration:	60,000
Per Diem allowances for attendance:	24,000
Total:	84,000

➤ **Mr. Fedele Confalonieri**

Year 2007

Board fixed remuneration:	60,000
Per Diem allowances for attendance:	35,750
Total:	95,750

Year 2008

Board fixed remuneration:	60,000
Per Diem allowances for attendance:	57,000
Total:	117,000

➤ **Mr. Marco Giordani**

Year 2007

Board fixed remuneration:	60,000
Per Diem allowances for attendance:	27,500
Total:	87,500

Year 2008

Board fixed remuneration:	60,000
Per Diem allowances for attendance:	30,000
Total:	90,000

➤ **Mr. Pier Silvio Berlusconi**

Year 2007

Board fixed remuneration:	60,000
Per Diem allowances for attendance:	2,750
Total:	62,750

Year 2008

Board fixed remuneration:	60,000
Per Diem allowances for attendance:	0
Total:	60,000

➤ **Mr. Giuliano Adreani**

Year 2007		Year 2008	
Board fixed remuneration:	60,000	Board fixed remuneration:	60,000
Per Diem allowances for attendance:	49,500	Per Diem allowances for attendance:	57,000
Total:	109,500	Total:	117,000

➤ **Mr. José M. Bergareche Busquet (*)**

Year 2007		Year 2008	
Board fixed remuneration:	60,000	Board fixed remuneration:	16,500
Per Diem allowances for attendance:	49,500	Per Diem allowances for attendance:	15,000
Total:	109,500	Total:	31,500

(*) Mr. Bergareche stepped down as Board member on 9th April 2008.

➤ **Mr. Ángel Durández Adeva**

Year 2007		Year 2008	
Board fixed remuneration:	60,000	Board fixed remuneration:	60,000
Per Diem allowances for attendance:	38,500	Per Diem allowances for attendance:	42,000
Total:	98,500	Total:	102,000

➤ **Mr. Miguel Iraburu Elizondo**

Year 2007		Year 2008	
Board fixed remuneration:	60,000	Board fixed remuneration:	60,000
Per Diem allowances for attendance:	46,750	Per Diem allowances for attendance:	18,000
Total:	106,750	Total:	78,000

➤ **Mr. Borja de Prado Eulate – Chairman of the Audit and Compliance Committee**

Year 2007		Year 2008	
Board fixed remuneration:	60,000	Board fixed remuneration:	60,000
Per Diem allowances for attendance:	16,500	Per Diem allowances for attendance:	42,000
Total:	76,500	Total:	102,000

➤ **Mr. José Ramón Álvarez-Rendueles - Chairman of the Appointments and Remuneration Committee**

Year 2007		Year 2008	
Board fixed remuneration:	60,000	Board fixed remuneration:	60,000
Per Diem allowances for attendance:	19,250	Per Diem allowances for attendance:	51,000
Total:	79,250	Total:	111,000

- No Director has received any fixed remuneration or per diem allowances for being a member of other Group companies' Boards of Directors.
- As in the previous year, as of the close of 2008, the Company has not granted any advance or loan to any of its Directors.
- Regarding social security systems, the Company has only purchased life insurance covering against disability or death and medical insurance for the three Executive Directors at an annual cost of EUR36,495.44. These items have been included under “Remuneration in kind”.
- As in the previous year, no contributions have been made to pension funds or plans in favour of any of the members of Board of Directors.

5.- Following the resolution adopted by the Annual General Meeting held on 9th April 2008, Directors were granted a total of 456,838 option rights on company shares, of which 379,500 were granted to Executive Directors and 77,338 to the Chairman of the Board of Directors as follows:

- a) Alejandro Echevarría (Chairman): during the year 2008 he has been granted 77,338 share option rights, equivalent to 77,338 shares, exercisable from 30th July 2011 until 29th July 2013 and whose settlement shall be made against delivery of the securities after paying a price fixed at EUR8.21.
- b) Mr. Paolo Vasile (Chief Executive Officer): during the year 2008 he has been granted 154,675 share option rights, equivalent to 154,675 shares, exercisable from 30th July 2011 until 29th July 2013 and whose settlement shall be made against delivery of the securities after paying a price fixed at EUR8.21.
- c) Mr. Giuseppe Tringali (Chief Executive Officer): during the year 2008 he has been granted 154,675 share option rights, equivalent to 154,675 shares, exercisable from 30th July 2011 until 29th July 2013 and whose settlement shall be made against delivery of the securities after paying a price fixed at EUR8.21.

- d) Massimo Musolino: he was appointed as Director on 9th April 2008 and has been granted 70,150 share option rights, equivalent to 70,150 shares, exercisable from 30th July 2011 until 29th July 2013 and whose settlement shall be made against delivery of the securities after paying a price fixed at EUR8.21.

(*) However, since only one (free cash flow) of the three conditions (free cash flow, EBIT and share price performance) on which the accrual of all share option rights initially granted was dependent has been fulfilled, the said share option rights have been reduced to the abovementioned amount, which is as follows: 33,625 for Mr. Echevarría, 67,250 for both Mr. Vasile and Mr. Tringali, and 30,500 for Mr. Musolino.

Finally, it must be noted that no option rights have been exercised in 2008.

VII. EXPECTED REMUNERATION OF DIRECTORS FOR THE YEAR 2009.

1.- Regarding the year 2009, the Board of Directors, at the proposal of the Appointments and Remuneration Committee, has resolved to keep the amount of the fixed annual remuneration to be received by each Director at SIXTY THOUSAND EUROS (EUR60,000) and the per diem allowances for attendance of the meetings of the Board of Directors and Committees in THREE THOUSAND EUROS (EUR3,000), which increase to SIX THOUSAND EUROS (EUR6,000) for the relevant Chairmen.

2.- Regarding the remuneration for Executive Directors, the same scheme followed during the year 2008 mentioned above shall be maintained and the amounts payable will be adjusted to the changes in the consumer price index.

As in previous years, the accrual and quantification of the variable remuneration will be dependent on the degree of achievement of the Company's Budget for the year 2008, particularly as regards the following three variables: gross advertising sales, Ebitda and free cash flow.
