



**GENERAL SHAREHOLDERS' MEETING**  
**APRIL 13<sup>TH</sup>, 2011**

**ADDRESS BY CHIEF EXECUTIVE OFFICER PAOLO VASILE**

I am highly pleased to address all of you one more year from the heart of our factory of illusions, where we keep company to millions of viewers. Thank you again for your support.

2010 was a turning point in the history of Telecinco, and not only because of the great results you have just heard. 2010 meant the recovery of significant profitability and also quality audience ratings, with a strong difference over our competitors.

As you very well know, after an entire year of restless work, and a long and hard negotiation with regulatory bodies, we managed to finally conclude in the last three days of December the integration of Cuatro and the acquisition of a 22% interest in Digital Plus: two incorporations that will change the dimension of our Company, and that place us among the top largest audiovisual groups in Europe.

The family grows and keeps on growing. LaSiete, FdF and Boing had already been added to Telecinco. Now with Cuatro and Divinity, we can deliver our audience and our clients the most diversified offer currently available in Spain. We can proudly say that our offer reaches the most diverse and complete range of audiences and targets.

Even though everyone had the possibility of reaching merger agreements, we have been up to now the only company that managed to realise it, but we hope other operators may follow suit as soon as possible for the sake of the industry.

We understood early on that our merger raised instinctive and natural concerns among our competitors, and the market as well.

However, Telecinco is bigger and will thus be even more responsible. We are more than ever aware that we must be up to the trust showed by our shareholders with an increasingly more rigorous and efficient management, and to the expectations of our audience with an even richer and more varied product. We are and we shall be highly attentive to the market needs to offer new opportunities to our clients.

We understand the frustration that may be felt by those who were unwilling or could not reach similar agreements. Maybe this is the right time to recall that Telecinco has always been a fair, transparent and professional competitor fulfilling, as it should, the law and each of its commitments without turning competition into a war.

Competition should remain within a framework of loyalty for the best interest of the industry at large, not just us.



It is at times of great tension and objective difficulties as the current economic crisis when peace and fair game are required. We should all contribute to make such an important industry as the Media increasingly more transparent and professional.

Going back to our day-to-day: This year we have developed all that was necessary so that the integration of Cuatro could occur from day one at industrial scale. It is a great pride to all of us that the human and technological adjustment and synergy work was conducted swiftly and orderly: No viewer realised all that was happening behind the screen. Except for some programming changes, we continued broadcasting the audience's favourite channels with no incidents at all.

The last stage was concluded only three days ago with the launching of *Noticias Cuatro* in the same set where only a few metres away another news programme is broadcasted, *Informativos Cinco*. We have brought to life the most modern and innovative integration of newsrooms: Each newscast maintains and will maintain its editorial independence, working from a single newsroom and using the same technical media.

But let's go back to 2010. From the ratings point of view, the year closed with almost three points above Antena 3, our most immediate competitor. Our 14.6% compared to the 11.7% obtained by Antena 3 positioned us as the indisputable leader of commercial televisions, the only ones against which we can be compared from the business model standpoint.

Telecinco outperformed Antena 3 for the eleventh consecutive year, this time making the gap even larger and winning all year round. As to our new channels, LaSiete doubled its results, whereas FdF tripled them, reaching 2.12%. Boing, in turn, created in September, also showed a fast upward trend.

In 2010, the following secondary channels of Telecinco were added: FdF, La siete and Boing. They all managed to increase Telecinco's figures by 2 points exceeding 3%.

The total group of channels reached 17.7% against the 15.8% of Antena 3 channels, with a difference of almost 2 points.

During prime time, Telecinco became the leader with 14.4%, followed by Forta with 12.2% and Antena 3 in third place with 11.5%.

And we also outperformed Antena 3 by far in the prime time commercial target with 2.5 points ahead.

2010 also proved that commercial television is in excellent shape. It is still the media in which more time is spent, with 234 consumption minutes per person a day, against the 226 minutes reported in 2009.



As for contents, we should highlight the World Football Cup, contributing 0.42 points to the year's aggregate; the confirmation of highly successful shows such as *Gran Hermano* (Big Brother), *Supervivientes* (Survivor) or *Más que baile* (Strictly Come Dancing, UK / Dancing with the Stars, US); fiction that was the leader of commercial television once more, and the premiere of the most popular series, confirming the profitability of a type of product characterised by its good quality and image worldwide.

We insisted once more in our policy of commitment to the Spanish product, both in terms of fiction and entertainment, reaching an 88% share of own production in 2010.

However, Telecinco was not only the buzz thanks to entertainment and fiction, but our newscasts were the most viewed ones in commercial television with 13.5%.

In addition to the success of the main channel and new generation channels, Telecinco also made significant progress in the Internet segment. We had an average of 7.3 million monthly visits in 2010, a figure that takes us to the top of the ranking in Spanish media portals. Only with *Gran Hermano* and *Mujeres y hombres y viceversa* (a dating show), the website surpassed a total of 300 million visits.

The Internet team also started to produce successful shows such as *Sálvame diario pirata*, *Becari@s*, *Sexo en Chueca* and *Adopta a un famoso*, which later on jumped to the TV screen in our new channels.

This proves that the business model began to grow leveraged by the supply of videos and it is precisely in this segment where Telecinco.es has grown spectacularly, showing 200 million videos throughout the year. Telecinco.es has also been a pioneer in adapting itself to the social networks phenomenon with the series *La Pecera de Eva*, for which a twitter account and a Facebook profile were created where the leading actress interacts directly with her fans providing information and keys of the plot. This experience was subsequently transferred to all the fiction series of Telecinco and its family of channels.

Finally, in June we launched the Divinity.es portal, targeted at the female world and providing a different way of accessing information and dealing with current affairs. The portal was immediately acknowledged and reached 600,000 unique visitors during its first month. The web grew month-over-month, generating a communication line that includes a TV channel.

On a different note, our news agency, ATLAS, increased its sales by 7% despite the difficult domestic economic environment, consolidating its leadership as television and Internet content supplier. In addition, in 2010 it became the private audiovisual news agency benchmark, after Antena 3 Vnews ceased activities.

In addition to these outstanding business results, ATLAS also added value with the management of newscasts and the production of key events for the channel, such as the South Africa World Football Cup, where Spain was the winner for the first time together with Telecinco, just like Alonso at the Formula 1 or Atlético Madrid in the UEFA Champions League, an event also broadcasted by Telecinco.



In terms of technology, last year and over the past few months of 2011, the priority has been the integration of Cuatro. Telecinco's challenge has been achieving the unification of working systems, tapping the synergies of information production, broadcasting and management resources already in place.

The data centre developed in 2009 was of paramount importance for this process, as it has enabled us to upscale content storage to be faster and more cost-efficient. In a very short time, we have had to adjust software managing rights, advertising and administration, among others, to meet Cuatro's needs. Thanks to this work, we have managed to start 2011 as if Cuatro had always been part of our group of channels.

We should also highlight the refurbishment of the broadcasting centre, leader among audiovisual operators, servicing ten channels and turning us into the first ones to launch high definition simulcast.

The new digital newsroom, for instance, has been adjusted for the creation of high definition contents and, in turn, to take over the production of *Cuatro Noticias* and *Informativos Telecinco* newscasts and their multimedia platforms.

And today you had to walk longer to get here since 2010 was also the year when the first stone was laid for a new five-storey building that will host, among other activities, the new information factory including the sets for Telecinco and Cuatro newscasts and the entire newsroom. These facilities will make the best of our resources, reducing external dependence while increasing productivity and curtailing costs, with state-of-the-art technology and the best quality.

This new infrastructure is the result of an innovative spirit like all our projects. We shall assess the possibility of producing the entire audiovisual content value chain in high definition. We aim at providing contents for on-demand broadcasting, applications in mobile environments, and high consumption devices with broadband connection, geared to the restless users of Internet, under constant evolution.

With regard to 3D, another technology currently on the table, we are closely following its evolution to act, as with Internet, DTT or high definition, as soon as we spot a true business opportunity and interested viewers. As I have many times said, we do not work to get the headlines but to satisfy our viewers and our shareholders.

We live a moving present, a new world, and this is the reason why today a new group, a company that is stronger than ever, is taking off.

We shall make every effort every day to be worthy of the trust you have given us by investing at such uncertain times. Your trust boosts our hopes and our responsibility.