Audit Report

GESTEVISIÓN TELECINCO, S.A.
Financial Statements and Management report
for the year ended
December 31, 2008

AUDIT REPORT ON THE FINANCIAL STATEMENTS

(Free translation from the original in Spanish)

To the Shareholders of Gestevisión Telecinco, S.A.:

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

2. The accompanying 2008 financial statements are the first prepared by the directors under Spanish GAAP, enacted by Royal Decree 1514/2007. In this regard, in accordance with section one of Transitional Provision Four of said Royal Decree, January 1, 2007 has been taken as the transition date and, therefore, comparative figures for 2007 are included for each of the headings in the balance sheet, the income statement, the statement of changes in equity, the cash flow statement and the notes thereto in addition to the figures for 2008. These comparative figures have been obtained applying Spanish GAAP, enacted by Royal Decree 1514/2007. Therefore, the previous year's figures differ from those set forth in the approved 2007 financial statements, which were prepared in accordance with generally accepted accounting principles and standards in force in Spain at that time. Note 20 to the financial statements, "Issues relating to the transition to new accounting principles," provides an explanation of the main differences between the accounting criteria applied in 2007 and those currently applicable, as well as quantification of the impact on equity at January 1 and December 31, 2007 and on results for 2007. Our opinion refers only to the financial statements for 2008. On February 28, 2008, other auditors issued their audit report on the 2007 financial statements, prepared in accordance with the accounting principles and standards in force that year, in which they expressed an unqualified opinion.

3. The Company carries out a significant volume of transactions with Group companies. The transactions of this nature carried out in 2008 and the related balances at year end are described in Notes 7, 8 and 18.

4. In our opinion, the accompanying 2008 financial statements give a true and fair view, in all material respects, of the equity and financial position of Gestevisión Telecinco, S.A. at December 31, 2008 and the results of its operations, changes in equity and cash flows for the year then ended, and contain the required information necessary for their adequate interpretation and understanding, in conformity with the applicable accounting principles and standards generally accepted in Spain, which are consistent with those applied in the preparation of the figures and information related to 2007 which have been included in these 2008 financial statements for comparative purposes.

5. The accompanying 2008 management report contains such explanations as the directors consider appropriate concerning the situation of the Company, the evolution of its business and other matters, and 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 financial statements for the year ended December 31, 2008. 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 25, 2009

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GESTEVISIÓN TELECINCO, S.A.

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

Balance sheets at 31 December 2008 and 2007

(Thousands of euros)

ASSETS	Notes	2008	2007
NON-CURRENT ASSETS		**597,028**	**655,402**
Intangible assets	**6**	**129,432**	**142,218**
Patents, licenses, trademarks, et al.		275	-
Software		2,543	2,865
Audiovisual property rights		126,614	139,353
Property, plant and equipment	**5**	**50,106**	**53,033**
Land and buildings		31,009	31,287
Plant and other PP&E items		18,949	17,668
Property, plant and equipment under construction and prepayments		148	4,078
Investment in group companies and associates	**7**	**333,602**	**426,920**
Equity instruments		129,377	246,433
Loans to companies	**8**	204,225	180,487
Financial investments	**8**	**12,081**	**11,505**
Equity instruments		10,995	11,046
Loans to third parties		922	321
Other financial assets		164	138
Deferred tax assets	**14**	**71,807**	**21,726**
CURRENT ASSETS		**402,832**	**374,578**
Inventories	**9**	**7.190**	**3.425**
Finished products		7,025	3,204
Prepayments to suppliers		165	221
Trade and other receivables	**8,10**	**244,768**	**204,611**
Trade receivables		16,202	15,524
Trade receivables from group companies and associates	**18**	185,344	187,573
Other receivables		5	5
Receivables from employees		54	82
Current income tax assets	**14**	43,163	1,427
Investments in group companies and associates	**8**	**120,814**	**103,326**
Loans to companies		34,625	42,492
Other financial assets		86,189	60,834
Financial investments	**8**	**2,142**	**7,349**
Equity instruments		-	6,976
Loans to companies		1,572	60
Derivatives		262	-
Other financial assets		308	313
Accruals		**3,862**	**8,771**
Cash and cash equivalents	**11**	**24,056**	**47,096**
Cash surpluses		24,056	47,096
TOTAL ASSETS		**999,860**	**1,029,980**

Read with the attached explanatory notes.

Madrid, 25 February 2009.

(signed on the original in Spanish)	(signed on the original in Spanish)	(signed on the original in Spanish)	(signed on the original in Spanish)	(signed on the original in Spanish)
Mr. Alejandro Echevarría Busquet	Mr. Giuseppe Tringali	Mr. Paolo Vasile	Mr. Giuliano Adreani	Mr. José Ramón Álvarez Rendueles
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Mr. Miguel Iraburu Elizondo	Mr. Alfredo Messina	Mr. Borja de Prado Eulate		

GESTEVISIÓN TELECINCO, S.A.

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

Balance sheets at 31 December 2008 and 2007
(Thousands of euros)

EQUITY AND LIABILITIES	Notes	2008	2007
EQUITY	12	**515,978**	**563,593**
CAPITAL AND RESERVES		**515,978**	**563,593**
Share capital		**123,321**	**123,321**
Issued capital		123,321	123,321
Share premium		**37,013**	**37,013**
Reserves		**144,235**	**139,336**
Legal and statutory reserves		24,664	24,664
Other reserves		119,571	114,672
Treasury shares and equity investments		**(57,813)**	**(56,469)**
Profit for the year		**269,222**	**320,392**
NON-CURRENT LIABILITIES		**39,268**	**77,439**
Provisions	13	**38,240**	**75,495**
Provisions for contingencies and liabilities		38,240	75,495
Borrowings	8	**1,028**	**1,721**
Other financial liabilities		1,028	1,721
Deferred tax liabilities	14	**-**	**223**
CURRENT LIABILITIES		**444,614**	**388,948**
Provisions	13	**22,690**	**267**
Borrowings		**23,455**	**27,186**
Derivatives		-	395
Other financial liabilities		23,455	26,791
Borrowings from group companies and associates		**257,161**	**200,486**
Trade and other payables	8	**141,262**	**160,824**
Suppliers		65,977	61,832
Suppliers, group companies and associates		52,156	46,788
Other payables		954	518
Employee benefits payable		10,114	7,338
Current tax liabilities		-	30,395
Other payables to public administrations		12,061	13,953
Accruals		**46**	**185**
TOTAL EQUITY AND LIABILITIES		**999,860**	**1,029,980**

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Income statement for the years ended 31 December 2008 and 2007
(Thousands of euros)

	Notes	2.008	2.007
CONTINUING OPERATIONS			
Revenue	**17**	**774,974**	**879,620**
Sale of goods		759,989	863,482
Rendering of services		14,985	16,138
Changes in inventory of finished goods and work in progress	**17**	**3,821**	**1,511**
Work performed by the entity and capitalized		**12,141**	**13,570**
Cost of sales		**(194,852)**	**(175,728)**
Consumption of goods for resale	**17**	(194,852)	(175,728)
Other operating income		**47,289**	**32,358**
Ancillary income		47,286	32,358
Grants related to income		3	-
Employee benefits expense		**(57,913)**	**(54,813)**
Wages, salaries, et al		(48,685)	(46,074)
Social security costs, et al	**17**	(9,228)	(8,739)
Other operating expenses		**(125,744)**	**(140,104)**
External services		(120,146)	(136,112)
Taxes		(5,125)	(3,624)
Losses on, impairment of and change in trade provisions		(473)	(368)
Depreciation and amortization		**(173,222)**	**(172,775)**
Overprovisions		**5,080**	**750**
Impairment losses and gains (losses) on disposal of non-current assets		**6,641**	**(5,150)**
Impairment losses and losses	**5**	6,688	(5,109)
Gains (losses) on disposal and other gains and losses	**5**	(47)	(41)
OPERATING PROFIT		**298,215**	**379,239**
Finance income		**162,878**	**70,744**
From equity investments		144,294	54,576
In group companies and associates		144,294	54,576
From marketable securities and other financial instruments		18,584	16,168
Of group companies and associates		15,309	7,398
Of third parties		3,275	8,770
Finance costs		**(11,524)**	**(8,824)**
Borrowings from group companies and associates		(9,350)	(7,886)
Third-party borrowings		(2,174)	(938)
Change in fair value of financial instruments		**(809)**	**(1.008)**
Trading portfolio and other securities		(809)	(1,008)
Exchange gains (losses)		**(348)**	**200**
Impairment and gains (losses) on disposal of financial instruments		**(150,774)**	**(15,192)**
Impairment losses and losses		(150,763)	(15,192)
Gains (losses) on disposal and other gains and losses		(11)	-
FINANCE COST		**(577)**	**45,920**
PROFIT BEFORE TAX		**297,638**	**425,159**
Income tax	**14**	**(28,416)**	**(104,767)**
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**269,222**	**320,392**
DISCONTINUED OPERATIONS			
Profit / (Loss) after tax for the year from discontinued operations		**-**	**-**
PROFIT FOR THE YEAR		**269,222**	**320,392**

Read with the attached explanatory notes.

Madrid, 25 February 2009.

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Statements of changes in equity for the years ended 31 December 2008 and 2007
(Thousands of euros)

A) Statement of recognized income and expenses for the years ended 31 December 2008 and 2007

	Notes	2008	2007
Profit for the period		**269,222**	**320,392**
Income and expense recognized directly in equity			
From measurement of financial instruments		**-**	**-**
Available-for-sale financial assets			
Other income/expense		-	-
From cash flow 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 flow hedges			
Grants, donations and bequests received			
Tax effect			
Total amounts transferred to income statement		**-**	**-**
TOTAL RECOGNIZED INCOME AND EXPENSE		**269,222**	**320,392**

Read with the attached Notes.

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Statements of changes in equity for the years ended 31 December 2008 and 2007 (Thousands of euros)

B) Statements of changes in equity for the years ended 31 December 2008 and 2007

	Issued capital	Share premium	Legal reserve	Reserves for share option plans	Reserves	Treasury shares and equity investments	Profit for the year	TOTAL
ADJUSTED BALANCE AT JANUARY 1, 2007	**123,321**	**37,013**	**24,664**	**5,034**	**101,780**	**(25,838)**	**318,710**	**584,684**
Total recognized income and expense	-	-	-	-	-	-	**320,392**	**320,392**
Transactions with shareholders and owners								
Dividends paid	-	-	-	-	4,461	-	(318,710)	(314,249)
Transactions with treasury shares or own equity instruments (net)	-	-	-	-	-	(30,631)	-	(30,631)
Incentive plans though share-based payments	-	-	-	3,397	-	-	-	3,397
Other changes in equity	-	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2007	**123,321**	**37,013**	**24,664**	**8,431**	**106,241**	**(56,469)**	**320,392**	**563,593**
ADJUSTED BALANCE AT JANUARY 1, 2008	**123,321**	**37,013**	**24,664**	**8,431**	**106,241**	**(56,469)**	**320,392**	**563,593**
Total recognized income and expense	-	-	-	-	-	-	**269,222**	**269,222**
Transactions with shareholders and owners								
Dividends paid	-	-	-	-	2,830	-	(320,392)	(317,562)
Transactions with treasury shares or own equity instruments (net)	-	-	-	-	-	(1.344)	-	(1,344)
Incentive plans though share-based payments	-	-	-	2,069	-	-	-	2,069
Other changes in equity	-	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2008	**123,321**	**37,013**	**24,664**	**10,500**	**109,071**	**(57,813)**	**269,222**	**515,978**

Read with the attached Notes.

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Cash Flow Statement for the year ended 31 December 2008 and 2007

	Notes	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**297,638**	**425,159**
Adjustments to profit		**153,333**	**142,336**
Depreciation and amortization (+)		173,222	172,509
Impairment losses (+/-)		144,490	21,350
Changes in provisions (+/-)		(14,832)	8,719
Finance income (-)		(162,878)	(70,744)
Finance costs (+)		11,524	8,824
Change in fair value of financial instruments (+/-)		(262)	-
Other income and expenses (+/-)		2,069	1,678
Change in working capital		**13,417**	**(2,112)**
(Increase)/Decrease in inventories		(3,765)	(1,559)
(Increase)/Decrease in trade and other receivables		1,579	(15,584)
(Increase)/Decrease in other current assets		4,909	885
(Increase)/Decrease in trade and other payables		10,833	16,011
(Increase)/Decrease in other current liabilities		(139)	(1,865)
Other cash flows from operating activities		**503**	**(48,991)**
Interest paid (-)		(11,524)	(8,824)
Dividends received (+)		144,294	54,576
Interest received (+)		18,584	16,168
Income tax receipts (payments) (+/-)		(150,851)	(110,911)
CASH FLOWS FROM OPERATING ACTIVITIES		**464,891**	**516,392**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments on investments (-)		**(243,649)**	**(508,258)**
Group companies and associates		(77,436)	(375.277)
Intangible assets		(161,630)	(125,518)
Property, plant and equipment		(4,583)	(7,463)
Proceeds from disposals (+)		**75,752**	**85,744**
Group companies and associates		67,350	16,787
Intangible assets		1,361	2,578
Property, plant and equipment		60	42
Other financial assets		6,981	66,178
Other assets		-	159
CASH FLOWS FROM INVESTING ACTIVITIES		**(167,897)**	**(422,514)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from and payments on equity instruments		**(1,344)**	**(30,631)**
Acquisition of own equity instruments (-)		(1,344)	(30,631)
Proceeds from and payments of financial liabilities		**(1,128)**	**(23.266)**
Repayment and redemption of		(1,128)	(23,266)
Payable to group companies and associates (-)		-	(23,178)
Other borrowings (-)		(1,128)	(88)
Dividends paid and payments on other equity instruments		**(317,562)**	**(314,249)**
Dividends (-)		(317,562)	(314,249)
CASH FLOWS FROM FINANCING ACTIVITIES		**(320,034)**	**(368,146)**
NET FOREIGN EXCHANGE DIFFERENCE		-	-
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		**(23,040)**	**(274,268)**
Cash and cash equivalents at 1 January	**11**	**47,096**	**321,364**
Cash and cash equivalents at 31 December	**11**	**24,056**	**47,096**

Read with the attached Notes.

Madrid, 25 February 2009.

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1. Activity

Gestevisión Telecinco, S.A. (the Company), domiciled at the Carretera de Fuencarral to Alcobendas No. 4, 28049 Madrid, was incorporated as a public limited company on 10 March 1989.

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

Under a Council of Ministers Resolution dated 10 March 2000, this concession for the indirect management of the public television service was renewed for ten years starting on 3 April 2000. The Company has made all the necessary investments to begin digital broadcasts pursuant to Royal Decree 2169/1998, of 9 October, which approved the Spanish National Technical Plan for Digital Terrestrial Television.

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

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

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

2. Basis of Presentation of the Financial Statements

The financial statements have been prepared in accordance with the new accounting principles approved by Royal Decree 1514/2007 of November 16 and 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 parent company and will be submitted for approval by the shareholders in general meeting. It is expected that they will be approved without modification.

Preparation of the consolidated financial statements

The Company, as the Parent of a corporate group in accordance with Royal Decree 1815/1991, of 20 December, and given that it is a listed company, is obliged to present consolidated financial statements in accordance with the International Accounting Standards 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 31 December 2008 totaled €448,373 thousand and €211,279 thousand, respectively.

Comparative information

The 2008 financial statements are the to be prepared based on the new accounting principles approved by Royal Decree 1514/2007 of November 16.

The Company chose to measure all its assets and liabilities at the transition date pursuant to the accounting standards prevailing prior to the enactment of Law 16/2007, dated July 4, which reforms and adapts the accounting regulations contained in mercantile law for the purposes of international harmonization, based on the related EU directive, except financial instruments, which are carried at fair value.

Thus, in accordance with mercantile law, for comparative purposes the Company has included the 2007 figures in addition to those of 2008 for each item of the balance sheet, of the income statement, of the statement of changes in equity, of the cash flow statement and the of Notes thereto. The 2007 figures have been obtained by applying the principles and standards established in the new accounting principles approved by Royal Decree 1514/2007. Therefore, the figures corresponding to the previous year differ from those contained in the 2007 financial statements, which were prepared based on the accounting principles and standards in force at that time. The principal differences between the accounting principles applied in the previous years and those applied this year, as well as the quantification of the impact of this change in principles at 1 January and at 31 December 2007 on equity and on 2007 results, are explained in Note 20 "Issues related to the transition to the new accounting principles."

Critical issues concerning the assessment of uncertainty

The preparation of the Company's annual financial statements require 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 judgements on issues that have a special effect on the financial statements.

The main judgements 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:

Taxation

In accordance with prevailing tax legislation, tax returns cannot be considered final until they have been inspected by the tax authorities or until the four-year inspection period has elapsed. The Company's directors consider that, according to the best interpretation of tax regulations as at the date of preparation of these financial statements, there are no significant tax contingencies that would result in significant additional liabilities for the Company in the event of a tax inspection.

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 and the cash-generating units to which they belong and apply an appropriate discount rate to calculate the present value of these cash flows.

Deferred tax assets

Deferred tax assets are recognized when the Company 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

The Company recognizes provisions for risks in accordance with the accounting policy set forth in Note 4. The Company has made judgements and estimates regarding the probability of the occurrence of said risks, as well as the amount thereof, and has recognized a provision when the risk has been considered likely, estimating the cost that such an occurrence would represent for it.

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 judgements 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	
Profit for the year	269,222
Total	269,222
Appropriation to:	
Dividends	210,272
Voluntary reserves	58,950
Total	269,222

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.

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.

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. 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.

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.

Other intangible assets

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.

<u>In-House Series Production Rights</u>

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 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 and/or broadcast daily.

  First screening: 100% of the amortized double value

- •Series of less than 60 minutes and/or broadcast weekly

  First screening: 90% of the amortized double value
  Second screening: 10% of the amortized double value

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 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 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.

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.

Patents, licenses, trademarks, et al.

These items are recognized at acquisition cost and amortized on a straight-line basis over their useful lives, which are generally estimated to be four years.

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 2007 and 2008.

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	10-35 %
Tools	20 %
Automobile-related material	14 %
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 nonfinancial assets

At the balance sheet date, the Company regularly reviews the carrying amounts of its non-current assets to determine whether those assets have suffered an impairment loss and to determine if any cash-generating unit may be impaired. If any such indication exists, and, in all events when any intangible asset has a limited useful life, the Company estimates the recoverable value of the asset.

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 cash-generating unit's (CGU) fair value less cost to sell and 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.

Financial instruments

<u>Financial assets</u>

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, unless, 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, or

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 2007 and 2008.

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 group companies, joint ventures and 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 plus directly attributable transaction costs.

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 expenses, 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.

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, or

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 2007 and 2008.

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 2007 and 2008.

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.

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 and contingencies

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. The Company has reported in the Notes the characteristics of the remaining contingencies that do not conform to their characteristics referred to above.

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.

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 arise when balance sheet items 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.

Timing differences are recognized as deferred tax liabilities if they lower the taxable income and as prepaid tax if they increase the taxable income, provided there is no doubt as to their recovery in future years.

The calculation and settlement of consolidated corporate income tax gives rise to tax receivable or payable with the Group companies.

Income tax expense for the year is calculated as the sum of current tax resulting from applying the corresponding tax rate to taxable income for the year, less any applicable rebates and tax credits, taking into account changes during the year in recorded deferred tax assets and liabilities. Income tax expense for the year is recognized in the income statement, except where it is related to items taken directly to equity, in which case it is also recognized under this heading.

Current tax assets and liabilities are the estimated amounts payable to or receivable from the public administration, according to the tax rates in effect at the balance sheet date, including any other adjustment for taxes corresponding to previous years.

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

Deferred income tax liabilities are recognized for all taxable temporary differences, unless:

- the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affected neither the accounting profit nor taxable profit or loss.
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled by the Parent and the temporary differences are not likely to reverse in the foreseeable future.

The Company recognizes deferred tax assets for all deductible temporary differences, unused tax credits and unused tax loss carryforwards, to the extent that it is probable that future taxable profit will be available against which the Company may use these assets, except:

- the deferred income tax asset relative to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affected neither the accounting profit nor taxable profit or loss.
- in respect of temporary differences associated with investments in subsidiaries and associates, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

At each financial year-end, the Company proceeds to assess the deferred tax assets recognized and those that have not yet been recognized. Based on this analysis, the Company derecognizes the previously recognized asset 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 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 tax laws in effect and in the manner in which the Company reasonably expects to recover the asset's carrying value or settle the liability. Adjustments to the values of deferred tax assets and liabilities are recognized in the income statement, except to the extent that the affected tax assets or liabilities have been charged or credited to equity directly. Deferred tax assets and liabilities are recognized without taking into account the effect of the financial discount 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.

Trade receivables

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.

The cost of the business combination is determined based on the monetary consideration given up, plus any cost directly attributable to the combination, such as fees paid to advisers and other consultants who take part in the operation.

Related-party transactions

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

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.

5. Property, plant and equipment

The breakdown and movements in property, plant and equipment in 2008 and 2007 were as follows:

2008	12/01/08	Additions	Disposals	Transfers	12/31/08
Cost					
Land	14,970	-	-	-	14,970
Buildings	31,225	457	-	539	32,221
TV equipment, plant and tools	83,872	2,737	(3,575)	1,700	84,734
Furnitures and fixtures	4,616	210	(628)	6	4,204
Data-processing equipment	13,316	742	(2,401)	1,904	13,561
Other PP&E	985	67	(349)	-	703
Property, plant and equipment under construction	4,077	370	(14)	(4,285)	148
Total	153,061	4,583	-6,967	-136	150,541
Accumulated depreciation					
Buildings	(14,907)	(1,275)	-	-	(16,182)
TV equipment, plant and tools	(70,018)	(4,488)	3,563	-	(70,943)
Furniture and fixtures	(2,980)	(334)	598	-	(2,716)
Data-processing equipment	(11,189)	(1,189)	2,399	-	(9,979)
Other PP&E	(934)	(28)	347	-	(615)
Total	(100,028)	(7,314)	6,907	-	(100,435)
Net carrying amount	**53,033**	**(2,731)**	**(60)**	**(136)**	**50,106**

2007	12/01/07	Additions	Disposals	Transfers	12/31/07
Cost					
Land	14,892	-	-	77	14,969
Buildings	28,586	44	-	2,595	31,225
TV equipment, plant and tools	83,405	2,185	(3,154)	1,436	83,872
Furniture and fixtures	4,267	367	(18)	-	4,616
Data-processing equipment	13,657	1,163	(1,504	-	13,316
Other PP&E	1,058	3	(76)	-	985
Property, plant and equipment under construction	4,487	3,701	(2)	(4,108)	4,078
Total	150,352	7,463	(4,754)	-	153,061
Accumulated depreciation					
Buildings	(13,724)	(1,183)	-	-	(14,907)
Furniture and fixtures	(2,658)	(333)	11	-	(2,980)
TV equipment, plant and tools	(68,315)	(4,853)	3,150	-	(70,018)
Data-processing equipment	(11,829)	(839)	1,479	-	(11,189)
Other PP&E	(975)	(31)	72	-	(934)
Total	(97,501)	(7,239)	4,712	-	(100,028)
Net carrying amount	**52,851**	**224**	**(42)**	**-**	**53,033**

Increases in 2008 and 2007 relate primarily to the purchase of plant for the ongoing development of the business. Decreases in 2008 in 2007 relate primarily to idle and fully depreciated assets that the Company has eliminated from its balance sheet.

At 31 December 2008 and 2007, the amounts of fully depreciated assets still in use are as follows:

	2008	2007
Data-processing equipment	7,948	9,268
TV equipment, plant and tools	56,587	54,157
Other PP&E	5	98
Furniture and fixtures	1,492	1,956
	66,032	65,479

6. Intangible assets

The breakdown and movements in intangible assets in 2008 and 2007 are as follows:

2008	01/01/08	Additions	Disposals	Transfers	12/31/08
Cost					
Trademarks and trade names	13,072	300	-	-	13,372
Audiovisual property rights	351,813	40,523	(72,092)	6,122	326,366
Master copies and Customs	22	1	(5)	-	18
Dubbing and other work	6,433	362	(121)	-	6,674
Coproduction rights	6,712	-	-	-	6,712
Fiction series rights	733,098	97,191	-	5,451	835,740
Distribution rights	11,980	-	-	(1,583)	10,397
Other auxiliary services (distribution)	539	-	-	-	539
Rights: options, scrips, development	-	-	-	-	-
Start-up expenses	61	-	-	-	61
Prepayments, audiovisual property rights	8,551	3,743	(207)	(4,539)	7,548
Prepayments, fiction series rights	4,222	4,446	(682)	(5,451)	2,535
Prepayments, distribution rights	-	-	-	-	-
Prepayments, Coproduction Rights	-	-	-	-	-
Computer software in progress	515	172	(3)	(621)	63
Software	12,278	921	(933)	757	13,023
Total	1,149,296	147,659	(74,043)	136	1,223,048
Accumulated Depreciation					
Trademarks and trade names	(13,072)	(25)	-	-	(13,097)
Audiovisual property rights	(226,265)	(60,465)	71,628	-	(215,102)
Master copies and Customs	(18)	(3)	5	-	(16)
Dubbing and other work	(5,627)	(446)	120	-	(5,953)
Coproduction rights	(6,617)	(72)	-	-	(6,689)
Fiction series rights	(707,980)	(103,033)	-	-	(811,013)
Distribution rights	(10,139)	(258)	-	-	(10,397)
Other auxiliary services (distribution)	(483)	(56)	-	-	(539)
Start-up expenses	(55)	(6)	-	-	(61)
Software	(9,928)	(1,544)	929	-	(10,543)
Total depreciation	(980,184)	(165,908)	72,682	-	(1,073,410)
Impairment losses	(26,894)	(16,599)	23,287	-	(20,206)
Total	(1,007,078)	(182,507)	95,969	-	(1,093,616)
Net carrying amount	**142,218**				**129,432**

2007	01/01/07	Additions	Disposals	Transfers	12/31/07
Cost					
Trademarks and trade names	13,072	-	-	-	13,072
Audiovisual property rights	351,701	49,371	(58,622)	9,363	351,813
Master copies and Customs	26	1	(5)	-	22
Dubbing and other work	6,487	380	(434)	-	6,433
Coproduction rights	6,712	-	-	-	6,712
Fiction series rights	634,385	92,166	-	6,547	733,098
Distribution rights	11,369	-	(754)	1,365	11,980
Other auxiliary services (distribution)	539	-	-	-	539
Rights: options, scrips, development	-	-	-	-	-
Start-up expenses	61	-	-	-	61
Prepayments, audiovisual property rights	16,252	1,600	(1,506)	(7,795)	8,551
Prepayments, fiction series rights	3,482	7,287	-	(6,547)	4,222
Prepayments, distribution rights	2,933	-	-	(2,933)	-
Prepayments, Coproduction Rights	-	-	-	-	-
Computer software in progress	255	511	-	(251)	515
Software	10,932	1,388	(293)	251	12,278
Total	1,058,206	152,704	(61,614)	-	1,149,296
Accumulated Depreciation					
Trademarks and trade names	(13,072)	-	-	-	(13,072)
Audiovisual property rights	(212,766)	(70,893)	57,550	(156)	(226,265)
Master copies and Customs	(20)	(3)	5	-	(18)
Dubbing and other work	(5,505)	(553)	434	(3)	(5,627)
Coproduction rights	(6.238)	(379)	-	-	(6,617)
Fiction series rights	(617,201)	(90,779)	-	-	(707,980)
Distribution rights	(9,200)	(1,693)	754	-	(10,139)
Other auxiliary services (distribution)	(470)	(13)	-	-	(483)
Start-up expenses	(54)	(1)	-	-	(55)
Software	(9,265)	(956)	293	-	(9,928)
Total depreciation	(873,791)	(165,270)	59,036	(159)	(980,184)
Impairment losses	(21,786)	(21,288)	16,180	-	(26,894)
Total	(895,577)	(186,558)	75,216	159	(1,007,078)
Net carrying amount	**162,629**				**142,218**

Outstanding provisions at year-end 2008 and 2007 correspond to the net carrying amount of rights which, while expiring later than 31 December 2008 and 2007, did not feature in the channel's future broadcasting plans at the time of these financial statements were prepared.

The Company estimates that 35% to 40%% of the total amount of audiovisual rights classified as non-current assets on the consolidated balance sheet at 31 December 2007 will be used within 12 months from year-end (between 40% and 45% was estimated at 31 December 2007). This percentage is the best estimate available at this time, based on the programming budget for the coming year.

At year-end 2008, there were firm commitments to acquire audiovisual property rights available starting 1 January 2009 for a total amount of US$33,709 thousand and €65,908 thousand. At 31 December 2008, prepayments of US$670 thousand and €7,066 thousand had been made in connection with said firm commitments to acquire audiovisual property rights.

At year-end 2007, there were firm commitments to acquire audiovisual property rights available from 1 January 2008 for a total of US$74,838 thousand and €71,464 thousand. At

31 December 2007, prepayments of US$643 thousand and €8,057 thousand had been made in connection with said firm commitments to acquire audiovisual property rights.

At 31 December 2008 and 2007, the amounts of fully depreciated assets still in use are as follows:

	2008	**2007**
Software	8,078	8,107

7. Investment in group companies and associates

The breakdown and movements in non-current investments in Group companies and associates in 2008 and 2007 are as follows:

2008	01/01/08	Additions	Disposals	Transfers	12/31/08
Cost					
Equity instruments	274,748	23,116	-	-	297,864
Impairment losses	(28,315)	(141,341)	1,169	-	(168,487)
Total equity instruments	246,433	(118,225)	1,169	-	129,377
Receivables from group companies (Note 8)	181,008	35,621	-	-	216,629
Impairment losses	(521)	(11,883)	-	-	(12,404)
Total group companies	180,487	23,738	-	-	204,225
	426,920	(94,487)	1,169	-	333,602

2007	01/01/07	Additions	Disposals	Transfers	12/31/07
Cost					
Equity instruments	91,687	183,061	-	-	274,748
Impairment losses	(13,778)	(15,721)	1,184	-	(28,315)
Total equity instruments	77,909	167,340	1,184	-	246,433
Receivables from group companies (Note 8)	-	181,008	-	-	181,008
Impairment losses	-	(521)	-	-	(521)
Total group companies	-	180,487	-	-	180,487
	77,909	347,827	1,184	-	426,920

7.1 Description of investments in group companies and associates

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

Company	12.31.08 Direct equity interest (%)	12.31.07 Direct equity interest (%)	Activity
Group companies and associates:			
Publiespaña, S.A.U. Ctra. de Fuencarral a Alcobendas, 4, 28049 Madrid	100	100	Exclusive advertising concessionaire, Telecinco
Agencia de Televisión Latinoamericana de Servicios y Noticias España, S.A.U. Ctra. de Fuencarral a Alcobendas, 4, 28049 Madrid	100	100	News agency and producer of broadcast news
Premiere Megaplex, S.A. C/ Enrique Jardiel Poncela, 4, 28016 Madrid	50	50	Film and video distribution
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
Cinematext Media, S.A. Ctra. de Fuencarral a Alcobendas, 4, 28049 Madrid	60	60	Movie-, television- and video-subtitling
Canal Factoría de Ficción, S.A.U. Ctra. De Fuencarral a Alcobendas, Km. 12,450 28049 Madrid	100	40	Exploitation and distribution of audiovisual products
Conecta 5 Telecinco, S.A.U. Ctra. De Fuencarral a Alcobendas, 4 28049 Madrid	100	100	Exploitation of audiovisual content on the Internet
Mediacinco Cartera, S.L. Ctra. De Fuencarral a Alcobendas, 4 28049 Madrid	75	75	Financial management and intermediation services
Telecinco Factoria de Producción, S.L. Ctra. De Fuencarral a Alcobendas, 4 28049 Madrid	100	-	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	35.08	-	Television stations and production of television content

	Information on the year ended 12/31/08							
Company	Net carrying value at 12/31/08	Percentage ownership	Share capital	Reserves	Profit (loss) for the year	Total capital and reserves	Operating profit (loss)	Dividends distributed during the year
Publiespaña, S.A.U.	72,708	100	601	(32,654)	73,510	41,457	84,333	133,577
Agencia de Televisión Latinoamericana de Servicios y Noticias España, S.A.U.	1,836	100	901	567	3,496	4,964	3,180	6,939
Premiere Megaplex, S.A. (*)	23	50	131	(96)	12	47	-5	-
Grupo Editorial Tele 5, S.A.U. (*)	120	100	120	(601)	3,622	3,141	4,965	3,777
Telecinco Cinema,S.A.U.	-	100	160	(608)	(11,956)	(12,404)	(16,724)	-
Cinematext Media, S.A. (*)	1,370	60	150	1,134	482	1,766	539	-
Canal Factoría de Ficción, S.A.U. (*)	467	100	300	29	256	585	343	-
Conecta 5 Telecinco, S.A.U.	564	100	62	(1,387)	1,889	564	1,587	-
Mediacinco Cartera, S.L.	39,945	75	240,000	(12,533)	(174,207)	53,260	(474)	-
Telecinco Factoría de Producción, S.L.	3	100	3	-	(1)	2	(1)	-
Pegaso Televisión Inc.	12,341	35	355	41,435	(14,187)	27,603		-
	129,377							

The information for Pegaso Televisión Inc. was calculated based on an exchange rate of 1 euro = 1.3917 dollars, in effect on 31 December 2008

	Information on the year ended 12/31/07							
Company	Net carrying value at 12/31/07	Percentage ownership	Share capital	Reserves	Profit (loss) for the year	Total capital and reserves	Operating profit (loss)	Dividends distributed in 2007
Publiespaña, S.A.U.	71,627	100	601	22,996	77,864	101,461	99,776	44,225
Agencia de Televisión Latinoamericana de Servicios y Noticias España, S.A.U.	1,727	100	901	1,372	6,026	8,299	6,950	2,984
Premiere Megaplex, S.A. (*)	18	50	131	(103)	7	35	2	-
Grupo Editorial Tele 5, S.A.U. (*)	120	100	120	(477)	3,653	3,296	5,236	3,371
Telecinco Cinema,S.A.U.	294	100	160	5,221	(5,926)	(545)	(9,816)	3,996
Cinematext Media, S.A. (*)	771	60	150	885	250	1,285	356	-
Canal Factoría de Ficción, S.A.U. (*)	120	40	300	(48)	77	329	64	-
Conecta 5 Telecinco, S.A.U.	-	100	62	(1,179)	(208)	(1,325)	(191)	-
Mediacinco Cartera, S.L.	171,756	75	240,000	(1,711)	(10,822)	227,467	(1,207)	-
	246,433							

(*) Unaudited data

The operating 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.

A breakdown of the loans extended to the group companies at 31 December 2008 and 31 December 2007 are as follows:

	Thousands of euros	
	2008	2007
Mediacinco Cartera, S.A.	186,720	176,098
Telecinco Cinema. S.A.U.	16,095	2,979
Conecta 5 Telecinco, S.A.	1,410	1,410
	204,225	180,487

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 31 December 2008

Acquisition of Pegaso Televisión INC

On 19 February 2008, the Company acquired 35.08% of the share capital of Pegaso Televisión INC., which in turn owns 83.34% of the share capital of CaribeVisión TV Network LLC. and 25% of CaribeVisión Holdings, Inc. The Company also has a call option over the latter, enabling it to acquire up to 83.34% of its share capital.

The acquisition price of the shares was $31.7 million, which entailed a payment, at the exchange rate in effect on the transaction date, of €21,480 thousand.

The primary objective of CaribeVision, a recently created television channel that currently operates in New York, Miami and Puerto Rico, is to cover the television market of Spanish-speaking residents on the East Coast of the United States.

Acquisition of an additional ownership interest in Canal Factoría de Ficción, S.A.U.

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

- On 25 July 2008, the Company became the owner of all of Canal Factoría's share capital, through the acquisition of the portion of that share capital held by other shareholders, for €347 thousand.
- On 28 July 2008, the company was reactivated, thereby nullifying the 20 December 2007 dissolution agreement and allowing the company to resume its activity. In addition, the company's registered office was changed to the Carretera de Fuencarral to Alcobendas, No. 4 28049, Madrid (registered at the Mercantile Registry on 28 September 2008).
- On 28 July 2008, the company was declared a single-shareholder entity (registration at the Mercantile Registry on 25 September 2008).

Other changes in the year ending 31 December 2008

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

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

b) Main changes in the year ending 31 December 2007

Incorporation of Mediacinco Cartera, S.L.

In April 2007, Sociedad Mediacinco Cartera, S.L. was incorporated. The Company has a 75% interest in it, and Mediaset, the parent company of Gestevisión Telecinco S.A, has a 25% interest. The total amount paid for the corporation was €180,000 thousand.

This company owns one-third of the share capital of Edam Acquisition BV (the name of which was later changed to Edam Acquisition Holding Cooperative UA), which, in 2007, acquired Endemol NV for a total of €3,436 million, of which Mediacinco Cartera, S.L. (on a par with the remaining investors) paid €466 million.

Acquisition of the remaining interest in Conecta 5 Telecinco, S.A.U.

In March 2007, the company acquired the remaining 50% interest in Conecta 5 Telecinco, S.A.U. for €1,340 thousand.

7.2.2. Receivables from Group companies

Loan to Mediacinco Cartera, S.L.

In 2007, a €225,000 thousand loan was granted to Mediacinco Cartera, S.L. The maturity of the entire loan is 30 June 2012, and its interest rate is 3-month Euribor plus a 1-point spread. The drawn balance at 31 December 2008 is: €186,720 thousand. At 31 December 2007, the balance was €176,098 thousand. The terms of this loan are symmetrical to those of the loan granted by the other shareholder of Mediacinco Cartera, S.L. (Mediaset Investment, SRL).

Participating loan granted to Telecinco Cinema

In 2007, a €3,500 thousand participating loan was granted to Telecinco Cinema, S.A.U. The purpose of the loan was to restore the Company's net-worth equilibrium. In 2008, the Company granted an additional participating loan, for €25,000 thousand. The purpose of this participating loan was also to restore at the Company' net-worth equilibrium. Because of the net-equity position of Telecinco Cinema, S.A.U., an additional €11,883 thousand has been recorded, related to the participating loan, as a consequence of the negative capital and reserves of Telecinco cinema, S.A.U., on 31 December 2008. In 2007, a provision of €521,000 was established. This loan will mature when the Company restores the net-worth equilibrium, which is not expected to occur before 31 December 2009.

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

In 2007, a €1,410 thousand participating loan was granted to Conecta 5 Telecinco, S.A.U. The purpose of the loan was to restore the Company's net-worth equilibrium this loan will mature when the Company restores the net-worth equilibrium, which is not expected to occur before 31 December 2009.

7.3. Impairment testing

The Company has examined the possible impairment of its equity investments at year-and 2008 and 2007, and it has no need to recognize any impairment provision, except in the case of three of these investments, as indicated below:

Telecinco Cinema, S.A.U.

This subsidiary is engaged in cinematographic coproductions 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 2008 and 2007. Given that the value of the capital and reserves of Telecinco Cinema, S.A.U. was negative at 31 December 2008, the participation loan granted to Telecinco Cinema, S.A.U. has been replenished with the amount of the Company's negative capital and reserves.

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.

During the year, the Company has provisioned for its equity loss corresponding to its interest in Mediacinco Cartera, S.L., in order to adjust its interest to the Company's underlying carrying amount. Much of the loss stems from the impairment during the year of the value of the cash-generating units of which Grupo Endemol is composed, determined based on an impairment test that compares its carrying value at 31 December with its realizable value.Indeed, the impairment test reflected in Edam Acquisition Holding Cooperative's accounts at 31 December 2008 regarding the cash-generating units operationally identified in the Group was practiced on the basis of the 2009/2013 Business Plan approved by the Company's Board of Directors. The discount rates and growth parameters were applied in line with market circumstances, and have been validated by Endemol's auditors. The test had a before-tax negative impact of €123 million on the accounts of Mediacinco Cartera, S.L.

Once the impairment of Mediacinco Cartera, S.L. stemming from its interest in Grupo Endemol was recognized in its financial statements, the Company's interest in Mediacinco Cartera, S.L. was adjusted in accordance with its underlying carrying amount.

Pegaso Televisión Inc.

As noted above, in 2008 the Company acquired an interest in Pegaso Televisión Inc. At year-end, the recoverable amount was determined through the present value of future cash flows stemming from the investment, and calculated on the basis of CaribeVision Holding's business plan approved by its Board of Directors on 16 February 2009.

8. Financial instruments

8.1 Financial Assets

The breakdown of financial assets in 2008 and 2007 was as follows:

	Equity instruments		Debt securities		Loans, derivatives and other financial assets		Total	
(Thousands of euros)	2008	2007	2008	2007	2008	2007	2008	2007
Non-current financial instruments								
Assets at fair value through profit or loss								
Held for trading	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Held-to-maturity investments	-	-	-	-	-	-	-	-
Loans and receivables	-	-	-	-	205,311	180,946	205,311	180,946
Available-for-sale financial assets	-	-	-	-	-	-	-	-
Measured at fair value	-	-	-	-	-	-	-	-
Measured at cost	10,995	11,046	-	-	-	-	10,995	11,046
Hedging derivatives	-	-	-	-	-	-	-	-
Total	10,995	11,046	-	-	205,311	180,946	216,306	191,992
Current financial assets								
Assets at fair value through profit or loss								
Held for trading	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Held-to-maturity investments	-	-	-	-	-	-	-	-
Loans and receivables	-	-	-	-	367,462	308,310	367,462	308,310
Available-for-sale financial assets	-	-	-	-	-	-	-	-
Measured at fair value	-	6,976	-	-	-	-	-	6,976
Measured at cost	-	-	-	-	-	-	-	-
Hedging derivatives	-	-	-	-	262	-	262	-
Total	-	6,976	-	-	367,724	308,310	367,724	315,286

These amounts are disclosed in the balance sheet as follows:

	Equity instruments		Debt securities		Loans, derivatives and other financial assets		Total	
(Thousands of euros)	2008	2007	2008	2007	2008	2007	2008	2007
Non-current financial assets								
Investments in group companies and associates								
Loans to companies	-	-	-	-	204,225	180,487	204,225	180,487
Non-current financial investments	-	-	-	-	12,081	11,505	12,081	11,505
Total	-	-	-	-	216,306	191,992	216,306	191,992
Current financial assets								
Trade and other receivables (Note 10)	-	-	-	-	244,768	204,611	244,768	204,611
Loans to Group companies	-	-	-	-	120,814	103,326	120,814	103,326
Financial investments	-	6,976	-	-	2,142	373	2,142	7,349
Total	-	6,976	-	-	367,724	308,310	367,724	315,286

a) Available-for-sale financial assets

	Thousands of euros	
	2008	**2007**
Current financial assets		
Equity instruments		
Mutual funds	-	6,976

Equity instruments

Equity instruments includes a mutual fund acquired in 2007. The fair value of mutual funds is their net asset value.

In 2008, the mutual fund was sold, generating €87 thousand in income.

b) Loans and receivables

	Thousands of euros	
	2008	**2007**
Non-current financial instruments		
Loans to Group companies (Note 18)	204,225	180,487
Loans to third parties	922	321
Deposits given and prepayments	164	138
	205,311	**180,946**
Current financial assets		
Trade and other receivables (Note 10)	244,768	204,611
Loans to Group companies (Note 18)	120,814	103,326
Loans to third parties	1,572	60
Derivatives (Note 8.d)	262	-
Deposits given and prepayments	308	313
	367,724	**308,310**

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.

c) Available-for-sale financial assets

The amount and the movements in the year in the items of which non-current Financial Investments are composed were as follows:

	Balance 12/31/07	Additions	Disposals	Balance 12/31/08
Equity instruments	11,676		25	11,651
Impairment losses	(179)	-26		(205)
Uncalled share capital	(451)			(451)
Total equity instruments	11,046	-26	25	10,995

	Balance 12/31/06	Additions	Disposals	Balance 12/31/07
Equity instruments	11,676			11,676
Impairment losses	(628)	-24	473	(179)
Uncalled share capital	(451)			(451)
Total equity instruments	10,597	-24	473	11,046

The information relating to these investments is as follows:

Company	Net carrying value at 12/31/08	Percentage ownership	Share capital	Reserves	Profit (loss) for the year	Total capital and reserves	Operating profit (loss)	Dividends distributed during the year
Kulteperalia, S.L. (*)	1,475	15	8,177	(611)	8	7,574	905	-
Alba Adriática, S.L. (*)	9,500	15	76	447	3	526	455	-
Other	20							
	10,975							

Company	Net carrying value at 12.31.07	Percentage ownership	Share capital	Reserves	Profit (loss) for the year	Total capital and reserves	Operating profit (loss)	Dividends distributed in 2007
Kulteperalia, S.L. (*)	1,475	15	8,177	(2,041)	58	6,194	585	-
Alba Adriática, S.L. (*)	9,500	15	76	(67)	629	638	1,220	-
Other	71							
	10,975							

(*) Unaudited data

d) Derivative financial instruments

The Company uses derivatives financial instruments 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 consolidated balance sheet.

The breakdown of the notional values of the financial derivatives outstanding in the Company at 31 December 2008 is as follows:

ASSETS	Notional value/Maturity Within 1 year	USD Amount Dollars	Year-end rate (€/$) rate (€/$)	Fair value
Unmatured foreign-currency purchases:				
Purchases of dollars against euros	3,053	4,598	1,506	262
Sales of dollars against euros	-	-	-	-
Net balance	3,053	4,598	1,506	262

The notional amounts of the financial derivatives outstanding at the Company at 31 December 2007 are as follows:

ASSETS	Notional value/Maturity Within 1 year	USD Amount Dollars	Year-end rate (€/$) rate (€/$)	Fair value
Unmatured foreign-currency purchases:				
Purchases of dollars against euros	5,204	6,984	1,342	455
Sales of dollars against euros	(717)	(966)	(1,347)	(60)
Net balance	4,487	6,018		395

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 2008 and 2007 was as follows:

(Thousands of euros)	Bank borrowings 2008	Bank borrowings 2007	Bonds & other mrktble debt securities 2008	Bonds & other mrktble debt securities 2007	Derivatives and other financial liabilities 2008	Derivatives and other financial liabilities 2007	Total 2008	Total 2007
Non-current financial liabilities								
	-	-	-	-	-	-	-	-
Trade and other payables	-	-	-	-	1,028	1,721	1,028	1,721
Liabilities at fair value through profit or loss	-	-	-	-	-	-	-	-
Held for trading	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Hedging derivatives	-	-	-	-	-	-	-	-
	-	-	-	-	1,028	1,721	1,028	1,721
Current financial liabilities								
Trade and other payables	-	-	-	-	421,878	388,002	421,878	388,002
Liabilities at fair value through profit or loss	-	-	-	-	-	-	-	-
Held for trading	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Hedging derivatives	-	-	-	-	-	395	-	(395)
	-	-	-	-	421,878	388,397	421,878	387,607
	-	**-**	**-**	**-**	**422,906**	**390,118**	**422,906**	**389,328**

These amounts are disclosed in the balance sheet as follows:

(Thousands of euros)	Bank borrowings 2008	Bank borrowings 2007	Bonds & other mrktble. debt securities 2008	Bonds & other mrktble. debt securities 2007	Derivados y otros 2008	Derivados y otros 2007	Total 2008	Total 2007
Non-current financial liabilities								
Borrowings	-	-	-	-	1,028	1,721	1,028	1,721
	-	-	-	-	1,028	1,721	1,028	1,721
Current financial liabilities								
Borrowings	-	-	-	-	23,455	27,186	23,455	27,186
Borrowings from group companies and associates	-	-	-	-	257,161	200,486	257,161	200,486
Trade and other payables	-	-	-	-	141,262	160,725	141,262	160,725
	-	-	-	-	421,878	388,397	421,878	388,397
	-	**-**	**-**	**-**	**422,906**	**390,118**	**422,906**	**390,118**

a) Bank borrowings

At 31 December 2008 and 2007, the Company had no bank borrowings. In 2008, borrowing facilities were signed with various financial institutions at EURIBOR plus a spread of between 15 and 100 basis points, bringing the credit limit available to the Company to €173,000 thousand.

In 2009, before these financial statements were prepared, the existing borrowing facilities were rolled over and increased to a total of €228,000 thousand, at competitive interest rates, in light of the market situation.

b) 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.

c) Current borrowings

The breakdown at 31 December 2008 and 2007 is as follows:

	Balance 12.31.08	**Balance 12.31.07**
Other financial liabilities	23,455	26,791
Derivatives	-	395
	23,455	27,186

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

d) Other non-current financial liabilities

“Other non-current financial liabilities” in 2008 was composed primarily of:

- Refundable advances totaling €456,000 granted by the Ministry of Science and Technology in 2004, under the following terms and conditions:

  7-year maturity
  2-year grace period
  Interest rate: 0%
- An interest-free preferential loan for €564,000 thousand, granted by the Center for Industrial Technology Development (CDTI) in 2006 under the following terms and conditions:

  6-year maturity
  2-year grace period
  Interest rate: 0%

“Other non-current financial liabilities” in 2007 was composed primarily of:

- Refundable advances totaling €1,007 thousand granted by the Ministry of Science and Technology in 2002 (€369 thousand) in 2004 (€638 thousand), under the following terms and conditions:

  7-year maturity
  2-year grace period
  Interest rate: 0%

- An interest-free preferential loan for €705,000 thousand, granted by the Center for Industrial Technology Development (CDTI) in 2006 under the following terms and conditions:

  6-year maturity
  2-year grace period
  Interest rate: 0%

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

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 31 December 2008 was as follows:

	Thousands of euros
Non-current receivables from Group companies and associates	204,225
Non-current financial investments	1,086
Trade and other receivables	244,768
Current receivables from Group companies and associates	120,814
Current investments	2,142
Cash and cash equivalents	24,056
	597,073

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 at 31 December 2008 was as follows:

	Number of customers	Thousands of euros
With a balance of more than 1,000 thousand euros	5	193,054
With a balance between 1,000 thousand euros and 500 thousand euros	5	3,938
With a balance between 500 thousand euros and 200 thousand euros	7	2,459
With a balance between 200 thousand euros and 100 thousand euros	7	1,010
With a balance of less than 100 thousand euros	84	1,085
Total	108	201,546

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, 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 31 December as the benchmark, we applied a variation of +/- 100 basis points.

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

	Reference Rate (Eur)	Cash Surpluses	Annual Interest	100bp	Annual Interest	-100bp	Annual Interest
12/31/08	2.603	24,056	626	3.603	867	1.603	386
12/31/07	4.288	47,096	2,019	5.288	2,490	3.288	1,549

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

The exposed balance sheet value of these financial instruments was corrected by applying a symmetrical percentage change, equal to the 1-year implicit volatility of the currency in question published by Reuters (8.40% for 2007 and 19.5% for 2008), to the year-end exchange rate.

The sensitivity test shows that the variations on the year-end exchange rate would have had an impact on the P&L account, that, in any event, is not significant.

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

3. Liquidity risk

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

Liquidity risk would result from the 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 2008, the opening credit lines total €173,000 thousand. As of the date of preparation of these annual accounts, this amount had increased to €228,000 thousand. Given the difficult market situation, these credit lines have been contracted under very competitive financial conditions, which strengthens the financial sector's perception that the Company is creditworthy and sound.

The undiscounted contractual maturity dates of financial liabilities at 31 December 2008 were as follows:

	Euros				
	Up to 6 months	**6 months - 1 year**	**Entre 1año y 5 años**	**More than 5 years**	**Total**
Non-current borrowings			1,020	8	1,028
Current borrowings	23,455				23,455
Current borrowings from Group companies and associates	19,926	237,235			257,161
Trade and other payables	126,938	14,324			141,262
	170,319	251,559	1,020	8	422,906

9. Inventories

The balances under this heading at year-and were as follows:

	2008	2007
Prepayments to program suppliers	165	221
In-house production programs	7,025	3,204
Total	7,190	3,425

10. Trade and Other Receivables

The breakdown of trade and receivables in 2008 and 2007 was as follows:

	12/31/08	12/31/07
Trade receivables	16,202	15,524
Receivables from Group companies and associates (Note 18)	185,344	187,573
Other receivables	5	5
Receivables from employees	54	82
Receivables from Public Bodies (Note 14)	43,163	1,427
	244,768	204,611

Impairment losses:

The balance of trade receivables is shown net of impairment loss allowances. The variations in 2008 and 2007 in these impairment losses were as follows:

	Thousands of euros
Cumulative impairment losses at 1 January 2007	3,712
Net of provisions	(1,052)
Cumulative impairment losses at 31 December 2007	2,660
Cumulative impairment losses at 1 January 2008	2,660
Net of provisions	473
Cumulative impairment losses at 31 December 2008	3,133

The breakdown of trade receivables denominated in foreign currency, for 2007 and 2008, is as follows:

	2008		2007	
ASSETS	**Dollars**	**Balance in euros at 12/31/08**	**Dollars**	**Balance in euros at 12/31/07**
Trade receivables	6	4	1,119	842

11. Cash and cash equivalents

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

	Thousands of euros	
	2008	**2007**
Cash	11	41
Current accounts	24,045	47,055
	24,056	**47,096**

Current accounts earn market interest rates.

12. Capital and Reserves

a) Issued capital

At 31 December 2008 and 2007, the share capital social consisted of 246,641,856 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	**12.31.08**	**12.31.07**
Mediaset Investimenti, S.p.A.	50.1	50.1
Corporación de Nuevos Medios Audiovisuales, S.L.U. (Grupo Vocento)	5.1	13.0
Free float	43.6	35.7
Treasury shares	1.2	1.2
Total	100	100

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

Share transfers will be governed by the Private Television Act dated 3 May.

<u>Listing on the Stock Exchange:</u>

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

<u>Dividends</u>

On 9 April 2008, approval was given at the Company's General Shareholders' Meeting to pay out €317,562 thousand in dividends charged to 2007 earnings. This dividend was paid in May 2008 and was equivalent to €1.30 per eligible share.

On 11 April 2007, approval was given at the Company's General Shareholders' Meeting to pay out €314,249 thousand in dividends charged to 2006 earnings. This dividend was paid in May 2007 and was equivalent to €1.28 per eligible 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 cover income statement balances payable, if no other reserves are available. For this purpose, in the distribution of 2004 profit, the amount necessary for the legal reserve to reach 20% of share capital was set aside for this purpose.

c) 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 16.

Changes under this heading in 2008 were as follows:

	Thousands of euros			
	Balance 12/31/07	**Additions**	**Disposals**	**Balance 12/31/08**
Treasury shares	56,469	1,701	(357)	57,813

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

	Number of shares			
	12/31/07	**Additions**	**Disposals**	**12/31/08**
Treasury shares	3,014,813	111,253	19,153	3,106,913

Changes under this heading in 2007 were as follows:

	Thousands of euros			
	Balance 12/31/06	**Additions**	**Disposals**	**Balance 12/31/07**
Treasury shares	25,838	30,825	(194)	56,469

The change in the number of shares in 2007 is detailed below:

	Number of shares			
	12/31/06	**Additions**	**Disposals**	**12/31/07**
Treasury shares	1,411,540	1,613,867	(10,594)	3,014,813

Since year-end, under the authorization of the General Shareholders' Meeting, the Company acquired 445,374 treasury shares for a total amount of €2,923 thousand.

13. Provisions and Other Contingent Liabilities

Current and Non-Current Provisions

The breakdown and movements in provisions in 2008 and 2007 are as follows:

2008					
(Thousands of euros)	Balance at January 1	Allowances	Reversals/Applications	Transfers	Balance at December 31
Provisions					
Provision for outstanding litigation	73,570	3,541	(16,411)	(22,630)	38,070
Provision for long-term personnel benefits	1,925	591		(2,346)	170
	75,495	**4,132**			**38,240**
Provisions					
Provision for outstanding litigation	267		(207)	22,630	22,690
Provision for short-term personnel benefits (*)	-			2,346	2,346
	267	**-**			**25,036**
Total					
Provision for outstanding litigation	73,837	3,541	(16,618)	-	60,760
Provision for long-term personnel benefits	1,925	591	-	-	2,516
	75,762	**4,132**			**63,276**

(*) Provisions for long-term personnel benefits are recognized under Current liabilities "Personnel (remuneration payable)

2007					
(Thousands of euros)	Balance at January 1	Allowances	Reversals/ Applications	Transfers	Balance at December 31
Provisions					
Provision for outstanding litigation	65,931	13,262	(5,623)		73,570
Provision for long-term personnel benefits	1,112	1,051	(238)		1,925
	67,043	**14,313**			**75,495**
Provisions					
Provision for outstanding litigation	575	60	(368)		267
Provision for short-term personnel benefits	-				-
	575	**60**			**267**
Total					
Provision for outstanding litigation	66,506	13,322	(5.991)	-	73,837
Provision for long-term personnel benefits	1,112	1,051	(238)	-	1,925
	67,618	**14,373**			**75,762**

Provision for outstanding litigation

On 29 June 1995, the Spanish tax authorities began an audit and inspection regard to the following items and periods:

Item	Period
Income tax	1989-90-91-92-93
Value added tax	1990-91-92-93-94
Personal income tax withholdings and prepayments	1990-91-92-93-94
Withholdings from income from property assets	1990-91-92-93-94
Annual statement of transactions with third parties	1989-90-91-92-93
Non-resident income tax (form 210)	1990-91-92-93-94
Transfer and stamp tax	1990-91-92-93-94
Gaming tax	1992-93-94-95

Subsequently, the inspection period was extended to include 1995 for all the aforementioned taxes, which were not originally included in all tax items.

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

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

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

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

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

The allowances for the year correspond to coverage of possible risks related to litigation awaiting a definitive resolution.

Since 2001, Gestevisión Telecinco, S.A. has booked provisions for possible litigation with intellectual property rights management entities that have either filed suits against the company for their right to receive remuneration for the alleged use of their respective catalogues or have made claims, any event, for payment of their respective fees.

On 14 January 2008, Company signed a contract with the Intellectual Rights Management Association (Asociación de Gestión de Derechos Intelectuales, AGEDI) through which the two parties end their differences and agree on continuing to abide by the use of phonograms and on the corresponding compensation. The largest amounts for reversion and application in 2008 correspond to this signed agreement.

With this negotiated agreement, the effects of which cover from 1 January 1990 to 31 December 2008, the parties have ended the different proceedings that they had brought against each other, both in administrative and jurisdictional matters.

The amount set forth in this agreement is not significantly different from the provision estimates reflected in the 2007 financial statements; nonetheless, the company has taken steps to adjust this amount in 2008.

Other suits are still pending with other parties in various jurisdictions, either because the Company does not recognize the right being claimed, or due to claims for management fees in relation to differing degrees of usage of the parties' respective catalogues.

In these instances, the Company has made a series of provisions, included under this heading, based on reasonable estimates as to the settlement amount.

14. 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. The Company's directors and tax advisors consider that the more accurate interpretation of current regulations means 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.

Following the serving of notice on 1 September 2008, the Spanish tax authorities began the audit and inspection with regard to the following items and periods:

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

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

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

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

	Thousands of euros	
	2008	**2007**
Current tax liabilities	-	(30,395)
	-	(30,395)
VAT	(9,645)	(11,156)
Personal income tax withholdings	(1,675)	(2,107)
Social security	(741)	(690)
Other payables to public administrations	**(12,061)**	**(13,953)**
Deferred tax assets	65,467	21,726
Unused tax deductions and relief	6,340	-
	71,807	**21,726**
Other receivables from public administrations		
Income tax	41698	-
Other taxes	1,465	1,427
	43,163	**1,427**

14.1 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
2008						
Income and expenses for the year						
Continuing operations	269,222		269,222			
Discontinued operations			-			
	269,222	-	269,222			
Income tax						
Continuing operations	28,416		28,416			
Discontinued operations (Note 10)			-			
	28,416	-	28,416			
Income and expenses for the year before tax			297,638			
Permanent differences						
Non-deductible expenses & penalties	903		903			
Internal elimination of dividends	-	153,648	(153,648)			
Other	2,333		2,333			
Temporary differences	142,520		142,520			
Non-deductible exps. & penalties, Subsidiaries undertax consolidation			-			
Temporary differences in subsidiaries		2,040	(2,040)			
			-			
Tax result			**287,706**			

Thousands of euros

	Income statement			Income and expenses directly recognized in equity		
	Increase	Decrease	Total	Increase	Decrease	Total
2007						
Income and expenses for the year						
Continuing operations	320,392		320,392			
Discontinued operations	-		-			
	320,392	-	320,392			
Income tax						
Continuing operations	104,767		104,767			
Discontinued operations (Note 10)			-			
	104,767	-	104,767			
Income and expenses for the year before tax			**425,159**			
Permanent differences						
Non-deductible expenses & penalties	654		654			
Difference permanent differences from GAAP conversion	773		773			
Internal elimination of dividends	-	60,599	(60,599)			
Other	2,821		2,821			
Temporary differences	18,372		18,372			
Taxable income contributed by subsidiaries in tax consolidation	107,599		107,599			
Utilization of tax loss carryforwards						
Tax result			**494,779**			

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

(Thousands of euros)	Income statement	Income and expense recognized directly in equity
2008		
Income and expenses for the year before tax	297,638	
Tax charge (tax rate: 30%)	89,291	
Non-deductible revenue/expenses	(45,123)	
Tax credits	(18,565)	
Positive adjustments to income tax charge	(173)	
Negative adjustments to income tax charge	167	
Tax adjustments (dividends minus deductions from subsidiaries)	2,806	
Tax on foreign profits	13	
Tax expense (income)	**28,416**	

Thousands of euros

(Thousands of euros)	Income statement	Income and expense recognized directly in equity
2007		
Income and expenses for the year before tax	425,159	
Tax charge (tax rate: 32.5%)	138,176	
Non-deductible revenue/expenses	(18,314)	
Tax credits	(18,062)	
Positive adjustments to income tax charge	(56)	
Negative adjustments to income tax charge	1,002	
Tax adjustments (dividends minus deductions from subsidiaries)	1,957	
Tax on foreign profits	63	
Tax expense (income)	**104,766**	

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

	Thousands of euros	
(Thousands of euros)	Income statement	Directly recognized in equity
2008		
Current income tax	71,172	
Other temporary differences	(42,756)	
	28,416	

	Thousands of euros	
(Thousands of euros)	Income statement	Directly recognized in equity
2007		
Current income tax	110,738	
Other temporary differences	-5,971	
	104,767	

Income tax payable was calculated as follows:

	Thousands of euros
	2008
Taxable income:	287,706
Tax payable: (30%)	86,311
Negative tax payable contributed by subsidiaries in tax consolidation	(40,445)
Tax credits	(18,565)
Withholdings	(69,007)
Other	8
Total income tax refund	**(41,698)**

	Thousands of euros
	2007
Taxable income	494,779
Tax payable: (32,5%)	160,803
Withholdings	(110,256)
Tax credits	(18,062)
Other	(2,090)
Total income tax payable	**30,395**

14.2 Deferred tax assets

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

				Thousands of euros
	Balance at January 1	Income statement	Equity	Balance at December 31
2008				
Deferred tax assets				
Impairment audiovisual rights	7,503	(2,007)	-	5,496
Rights management institutions	6,227	275	-	6,502
Provisions, subsidiaries	6,457	43,947	-	50,404
Other	2,524	541	-	3,065
			-	
	22,711	**42,756**	-	**65,467**
2007				
Deferred tax assets				
Impairment audiovisual rights	5,970	1,533	-	7,503
Rights management institutions	5,204	1,025	-	6,229
Provisions, subsidiaries	2,195	4,262	-	6,457
Other	2,386	(849)	-	1,537
			-	
	15,755	**5,971**	-	**21,726**

The Company has no unused tax carryforwards.

The amount of income that qualifies for the tax credit arising from a land swap, in accordance with Article 42 of Royal Decree 4/2004, dated 5 March, approving the revised text of the Spanish Corporation Law, is €3,128 thousand. The reinvestment date is 17 March 2003.

15. Guarantee Commitments to Third Parties

The breakdown of guarantees provided as of 31 December 2008 and 2007 is as follows:

Type	2008	2007
Collateral for contracts, concessions and tenders	10,990	12,975
Legal guarantees	340	27,364
	11,330	40,339

Within the first category of guarantees, there is a three-year bond totaling €6,010 thousand that guarantees the liabilities arising from the concession to indirectly manage public service television, in accordance with Law 107/1988 of 3 May and a General Secretariat of Communications Resolution dated 25 January 1989. The concession was renewed for another 10 years by the decision of the Spanish Cabinet on 10 March 2000, made public through a General Secretariat of Communications Resolution of the same date and published in the Official State Gazette (B.O.E.) on 11 March 2000.

The Company has provided guarantees in an amount totaling €1,073 thousand to the Directorate-General for the Development of the Information Society (Science and Technology Ministry, currently the Ministry of Industry, Tourism and Trade) for an indefinite period to guarantee the refundable advance granted by the Directorate-General to the company as aid for research and development in the following projects: "Research and development to improve and expand the current management system and applications to adapt work processes to new technological tools and their integration with the digital archive," "Research and development of new tools for the technological evolution of production processes in digital television," "Research and development on an information system to manage contracts with electronic signatures and a security and contingency plan," and "New tools for the technological evolution of production processes in digital television."

The reduction in the amount of the legal guarantees currently in effect at year-end 2008 is due to the refunding of the guarantees corresponding to the legal proceedings that began with the 1 June 1998 writ.

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

In its decision, the National Court of Justice absolved all of the parties accused and affirmed that none of the events under investigation constitutes an offense, and consequently refunded the guarantee.

Subsequently, as indicated in item 13 of these Notes, the National Appellate Court, in a decision dated 23 June 2008, ended this proceeding by rejecting Appeal No. 1701/2007 before the Supreme Court, brought by the Prosecutor's Office. Hence, the National Appellate Court definitively acquitted all of the parties accused of all of the charges, thereby eliminating any civil liability of Gestevisión Telecinco S.A. and Publiespaña SAU for the offense in question (see Note 13).

16. Compensation System Indexed to Share Values

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

	No. of options 01/01/08	Additions	Disposals	No. of options 31/12/08	Granted to employees of the Company	Granted to employees of the Group	Strik price	Assignment date	Strike term From	Strike term To
2005 share-based payments plan	1.131.000	-	94.500	1.036.500	505.000	531.500	19,70 €	27/07/05	27/07/08	26/07/10
2006 share-based payments plan	1.627.650	-	111.500	1.516.150	610.250	905.900	18,57 €	26/07/06	26/07/09	25/07/11
2007 share-based payments plan	1.135.650	-	57.000	1.078.650	545.750	532.900	20,82 €	25/07/07	25/07/10	24/07/12
2008 share-based payments plan	-	590.325	-	590.325	292.375	297.950	8,21 €	30/07/08	30/07/11	29/07/13

	No. of options 01/01/07	Additions	Disposals	No. of options 31/12/07	Granted to employees of the Company	Granted to employees of Group companies	Strik price	Assignment date	Strike term From	Strike term To
2005 share-based payments plan	1.207.500	-	76.500	1.131.000	568.500	562.500	19,70 €	27/07/05	27/07/08	26/07/10
2006 share-based payments plan	1.717.650	-	90.000	1.627.650	685.250	942.400	18,57 €	26/07/06	26/07/09	25/07/11
2007 share-based payments plan	-	1.153.650	18.000	1.135.650	602.750	532.900	20,82 €	25/07/07	25/07/10	24/07/12

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

As a result of these plans, €784 thousand was recognized in the 2008 income statement. In the 2007 income statement, a result of these plans, €1,678 thousand was recognized.

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

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

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

17. Income and expenses

a) Breakdown of sales

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

	Thousands of euros 2008	2007
Business segment		
Advertising revenue	759,989	863,549
Rendering of services	14,985	16,138
Other	-	(67)
Total	774,974	879,620

The Company's most important client continues to be Publiespaña, S.A.U. Revenue from advertising sales to this client, €753,854,000, accounts for approximately 97% of the Company's total revenue (€857,389 thousand, or 98% of the total, in 2007).

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 31 December 2008 and 2007 is as follows:

	Thousands of euros	
	2008	**2007**
Consumption of goods for resale		
Changes in inventories	(3,821)	(1,511)
	(3,821)	(1,511)
Goods for resale		
Purchases in Spain	180,236	163,288
EU acquisitions	14,616	12,440
Cost of sales	194,852	175,728

c) Wages and salaries

	2008	**2007**
Wages and salaries	48,685	46,074
Social Security costs, et al.	9,228	8,739
Total	57,913	54,813

The breakdown of Social Security costs et al. for the years ended 31 December 2008 and 2007 is as follows:

	Thousands of euros	
	2008	**2007**
Social security	7,801	7,422
Other employee welfare expenses	1,427	1,317
Total employee welfare expenses	9,228	8,739

18. Related-party transactions

Related companies

Company transactions in 2008 and 2007 with related parties, as well as the nature of the relationship, were as follows:

Company	Nature of the relationship
Publiespaña, S.A.U.	100% owned
Agencia de Televisión Latinoamericana de Servicios y Noticias España, S.A.U.	100% owned
Grupo Editorial Tele 5, S.A.U.	100% owned
Telecinco Cinema, S.A.U.	100% owned
Publimedia, S.A.U.	100% owned
Aprok Imagen, S.L.	40% owned
Canal Factoría de Ficción, S.A	100% owned
Micartera Media, S.A.U.	100% owned
Atlas Media, S.A.U.	100% owned
Agencia de Televisión Latinoamericana de Servicios y Noticias País Vasco, S.A.U.	100% owned
Conecta 5 Telecinco, S.A	100% owned
Publieci Televisión, S.A.	50% owned
Cinematext Media, S.A	60% owned
Producciones Mandarina, S.L.	30% owned
Fundación Telecinco	Related
La Fábrica de la Tele , S.L.	30% owned
Advanced Media, S.A.U.	100% owned
Mediacinco Cartera S.L.	75% owned
Alba Adriática, S.L.	15% owned
Pegaso Inc	35.08% owned
Grupo Vocento	Shareholder
Grupo Endemol	33% owned

The balances with the related parties listed in the preceding table at 31 December 2008 and 2007 are as follows:

	Trade receivables from group companies and associates		Suppliers, group companies and associates		Suppliers, rights of group companies and associates		Long-term loans to Group companies (Note 8)	
	12/31/08	12/31/07	12/31/08	12/31/07	12/31/08	12/31/07	12/31/08	12/31/07
Publiespaña, S.A.U.	176,284	179,984	9,147	7,799	-	-	-	-
Agencia de Televisión Latinoamericana de Servicios y Noticias España, S.A.U.	883	1,086	19,150	18,266	-	-	-	-
Grupo Editorial Tele 5, S.A.U.	92	49	350	360	-	-	-	-
Telecinco Cinema, S.A.U.	4,513	2,882	45	45	2,085	3,376	16,095	2,979
Publiespaña, S.A.U.	2,226	2,239	-	2,110	-	-	-	-
Aprok Imagen, S.L.	-	-	162	212	-	-	-	-
Canal Factoría de Ficción, S.A.	-	122	10	-	-	-	-	-
Micartera Media, S.A.U.	491	491	393	393	-	-	-	-
Atlas Media, S.A.U.	-	17	-	-	-	-	-	-
Agencia de Televisión Latinoamericana de Servicios y Noticias País Vasco, S.A.U.	-	5	-	-	-	-	-	-
Conecta 5 Telecinco, S.A.	444	164	70	253	-	-	1,410	1,410
Publieci Televisión, S.A.	-	7	-	-	-	-	-	-
Cinematext Media, S.A.	80	65	370	219	-	-	-	-
Producciones Mandarina, S.L.	24	24	2,280	1,034	-	-	-	-
Fundación Telecinco	-	3	-	-	-	-	-	-
La Fábrica de la Tele, S.L.	-	-	2,074	1,697	-	-	-	-
Advanced Media, S.A.U.	22	-	-	-	-	-	-	-
Mediacinco Cartera, S.L.	141	214	58	-	-	-	186,720	176,098
Alba Adriática, S.L.	8	3	73	62	678	2,115	-	-
Other	-	12	589	389	-	-	-	-
Caribevisión TV Network LLC	88	-	-	-	-	-	-	-
Grupo Vocento	-2	28	4,458	1,958	17,163	25,110	-	-
Grupo Endemol	50	178	12,927	11,991	-	-	-	-
	185,344	187,573	52,156	46,788	19,926	30,601	204,225	180,487

	Current tax payables, Group companies		Current liabilities with creditor Group companies	
	12/31/08	12/31/07	12/31/08	12/31/07
Publiespaña, S.A.U.	-	-	146,512	152,661
Agencia de Televisión Latinoamericana de Servicios y Noticias España, S.A.U.	-	-	-	463
Grupo Editorial Tele 5, S.A.U.	-	-	3,319	4,367
Telecinco Cinema, S.A.U.	9,559	6,915	-	-
Canal Factoría de Ficción, S.A.	-	-	604	-
Atlas Media, S.A.U.	51	84	-	-
Conecta 5 Telecinco, S.A.U.	-	-	-	2
Advanced Media, S.A.U.	89	1	-	-
Mediacinco Cartera, S.L.	75,324	5,392	1,777	-
	85,023	12,392	152,212	157,493

	Current tax payables, Group companies (Note 8)		Current liabilities with debtor Group companies	
	12/31/08	12/31/07	12/31/08	12/31/07
Publiespaña, S.A.U.	28,387	34,532	-	-
Agencia de Televisión Latinoamericana de Servicios y Noticias España, S.A.U.	1,150	2,302	8,476	-
Grupo Editorial Tele 5, S.A.U.	1,552	1,759	-	-
Publimedia Gestión, S.A.U.	2,719	3,026	-	-
Telecinco Cinema, S.A.U.	-	-	63,569	60,781
Canal Factoría de Ficción, S.A.	-	-	-	-
Atlas Media, S.A.U.	-	-	-	-
Conecta 5 Telecinco, S.A.U.	-	-	14,555	396
Producciones Telecinco, S.A.U. (in liquidation)	-	-	15	15
Advanced Media, S.A.U.	-	-	-	-
Mediacinco Cartera, S.L.	391	462	-	53
	34,199	42,081	86,615	61,245

In 2008 and 2007, the following transactions were conducted with the related parties listed above:

	Purchases		Accrued interest expense		Purchase of rights	
	12/31/08	12/31/07	12/31/08	12/31/07	12/31/08	12/31/07
Grupo Editorial Tele 5, S.A.U.	507	553	205	175	-	-
Atlas España, S.A.U.	45,018	52,220	-	-	-	-
Atlas País Vasco S.A.U.	-	27	-	-	-	-
Canal Factoría de Ficción, S.A.U.	-	-	12	-	-	-
Cinematext Media, S.A.U.	1,132	1,009	-	-	-	-
Publiespaña, S.A.U.	249	276	9,075	7,709	-	-
Publimedia Gestión, S.A.U.	5	-	-	-	-	-
Telecinco Cinema, S.A.U.	3	2,126	-	-	3,627	55,48
Aprok Imagen, S.L.	883	1,086	-	-	-	-
Conecta 5 Telecinco, S.A.U.	300	758	-	2	-	-
Mediacinco Cartera, S.L.	-	-	58	-	-	-
Producciones Mandarina, S.L.	14,642	18,410	-	-	-	-
La Fábrica de la Tele, S.L.	15,008	10,050	-	-	-	-
Alba Adriática, S.L.	338	214	-	-	14,768	11,636
Grupo Vocento	9,223	1	-	-	37,377	46,060
Grupo Endemol	43,521	25,756	-	-	-	-
Grupo Mediaset	1,216	290	-	-	-	-
	132,045	112,776	9,350	7,886	55,772	63,244

	Advertising revenue & sale of rights		Other revenue		Accrued interest revenue		Dividends	
	12/31/08	12/31/07	12/31/08	12/31/07	12/31/08	12/31/07	12/31/08	12/31/07
Grupo Editorial Tele 5, S.A.U.	-	-	380	293	-	-	3,777	3,371
Atlas España, S.A.U.	-	7	2,774	2,864	74	215	6,939	2,984
Atlas País Vasco S.A.U.	-	-	-	26	-	-	-	-
Atlas Media, S.A.U.	-	-	-	92	-	-	-	-
Canal Factoría de Ficción, S.A.U.	-	299	-	147	-	-	-	-
Cinematext Media, S.A.U.	-	-	170	166	-	-	-	-
Publiespaña, S.A.U.	753,854	857,389	3,621	3,821	-	-	133,577	44,225
Publimedia Gestión, S.A.U.	5,776	5,571	2,575	640	-	-	-	-
Advanced Media, S.A.U.	-	-	64	-	-	-	-	-
Mi Cartera Media, S.A.U.	-	-	-	-	-	1	-	-
Telecinco Cinema, S.A.U.	-	-	580	646	4,330	2,742	-	3,996
Conecta 5 Telecinco, S.A.U.	132	-	765	365	149	18	-	-
Publieci Televisión, S.A.	-	-	43	134			-	-
Mediacinco Cartera, S.L.	-	-	392	183	10,622	4,407	-	-
"Doce meses doce causas" Foun	-	-		8	-	-	-	-
Producciones Mandarina, S.L.	-	-	75	91	-	-	-	-
Alba Adriática, S.L.	-	-	19	6	136	-	-	-
Caribevisión Network LLC	640	-	128		-	-	-	-
Grupo Vocento	179	-	24	26	-	-	-	-
Grupo Endemol	45	4	368	122	-	-	-	-
Grupo Mediaset	-	16	76	45	-	-	-	-
	760,626	863,286	12,054	9,675	15,311	7,383	144,293	54,576

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 2008 and 2007:

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

	Thousands of euros	
	2008	2007
Compensation	2,525	4,359
Attendance fees	468	434
	2,993	4,793

In addition to the information given in this section, the compensation received by each director in 2008 is indicated below, in euros:

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

Fixed Board compensation:	60,000.00
Attendance fees:	60,000.00
Fixed compensation:	521,572.56
Variable compensation:	166,730.00
Total	808,302.56

Option rights granted: 33,625

Option rights exercised: 0

Mr. Paolo Vasile – Joint CEO

Fixed Board compensation:	60,000.00
Attendance fees:	30,000.00
Fixed compensation:	719,386.86
Variable compensation:	333,460.00
Remuneration in-kind:	7,705.92 (*)
Total	1,150,552.78

Option rights granted: 67,250

Option rights exercised: 0

(*) Excluding the base of the in-kind compensation, €32,608.18

Mr. Giuseppe Tringali – Joint CEO

Fixed Board compensation:	60,000.00
Attendance fees:	30,000.00
Total	90,000.00

Option rights granted: 67,250

Option rights exercised: 0

Mr. Massimo Musolino - Executive Director

Mr. Musolino has been a member of the Board of Directors since 9 April 2008.

Fixed Board compensation:	40,000.00
Attendance fees:	12,000.00
Total	52,000.00

Option rights granted: 30,500

Option rights exercised: 0

Mr. Alfredo Messina – Board Member

Fixed Board compensation	60,000.00
Attendance fees:	24,000.00
Total	84,000.00

Mr. Fedele Confalonieri – Board Member

Fixed Board compensation:	60,000.00
Attendance fees:	57,000.00
Total	117,000.00

Mr. Marco Giordani – Board Member

Fixed Board compensation	60,000.00
Attendance fees:	30,000.00
Total	90,000.00

Mr. Pier Silvio Berlusconi – Board Member

Fixed Board compensation:	60,000.00
Total	60,000.00

Mr. Giuliano Adreani – Board Member

Fixed Board compensation:	60,000.00
Attendance fees:	57,000.00
Total	117,000.00

José Mª Bergareche Busquet – Board Member

Mr. Bergareche was a member of the Board of Directors from January to 9 April 2008.

Fixed Board compensation:	16,500.00
Attendance fees:	15,000.00
Total	31,500.00

Mr. Ángel Durández Adeva –Independent Director

Fixed Board compensation:	60,000.00
Attendance fees:	42,000.00
Total	102,000.00

Mr. Miguel Iraburu Elizondo - Independent Director

Fixed Board compensation:	60,000.00
Attendance fees:	18,000.00
Total	78,000.00

Mr. Borja de Prado Eulate – Independent Director/Chair Audit and Compliance Committee

Fixed Board compensation:	60,000.00
Attendance fees:	42,000.00
Total	102,000.00

Mr. José Ramón Álvarez-Rendueles – Independent Director/Appointments and Remuneration Committee

Fixed Board compensation:	60,000.00
Attendance fees:	51,000.00
Total	111,000.00

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 2008, 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 €11,524.54. 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.

Options on the Company shares

In 2008, the Board members were given a total of 198,625 share options, of which 67,250 were granted to each Joint CEO and 33,625 to the Chairman of the Board of Directors.

In 2008, no share options were exercised.

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)**	
2008	**2007**	**2008**	**2007**
11	7	3,816	3,002

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

Mr. Alejandro Echevarría Busquet:

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

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

Mr. Alejandro Echevarría Busquet:

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

Mr. Paolo Vasile

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

Mr. Giuliano Adreani

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

Mr. Pier Silvio Berlusconi

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

Mr. Fedele Confalonieri

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

D. Giuseppe Tringali:

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

Mr. Marco Giordani:

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

Mr. Massimo Musolino

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

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

19. Other disclosures

a) *Employees*

	At year-end			2008
	Male	**Female**	**Total**	**Average for the Year**
Senior executives	9	2	11	11
Executives	27	14	41	43
Department managers	21	30	51	52
Technical staff	324	149	473	480
Administrative personnel	29	104	133	135
Operators	21	-	21	23
	431	299	730	744

	At year-end			2007
	Male	**Female**	**Total**	**Average for the Year**
Senior executives	7	-	7	7
Executives	30	17	47	46
Department managers	20	26	46	46
Technical staff	327	152	479	479
Administrative personnel	35	104	139	139
Operators	23	3	26	26
	442	302	744	743

b) *Audit fees*

Audit fees of the 2008 financial statements totaled €86 thousand (2007: €99 thousand).

In addition, the fees paid in the year for other services performed by the Company's statuatory auditors in 2008 totaled €208 thousand (2007: €168 thousand).

c) Foreign currency

Foreign-currency transactions related to the acquisition of audiovisual property rights and distribution rights totaled $22 million.

"Trade receivables" includes €842 thousand denominated in US dollars.

In addition, "Plant, property and equipment" payables includes €3,300 thousand, denominated in US dollars.

20. Issues related to the transition to the new accounting principles

As is indicated in Note 2, the financial statements for the year ended 31 December 2008 have been prepared in accordance with the Spanish General Chart of Accounts approved by Royal Decree1514/2007 of 16 November, and the transition date was taken as 1 January 2007. In this regard, in accordance with section one of Transitional Provision Four of said Royal Decree, January 1, 2007 has been taken as the transition date and, therefore, comparative figures for 2007 are included for each of the headings in the balance sheet, the income statement, the statement of changes in equity, the cash flow statement and the notes thereto in addition to the figures for 2008.

The financial statements of Gestevisión Telecinco, S.A. for 2007 were approved by the General Shareholders' Meeting on 9 April 2008. The statements were prepared in accordance with the provisions of mercantile legislation in force and, therefore, do not coincide exactly with the amounts indicated for 2007 included, for comparative purposes, in the financial statements for the year ended 31 December 2008.

The following information is included in accordance with the requirements of Additional Provision Four, Section 1, of Royal Decree 1514/2007, dated 16 November:

a) An explanation of the main differences between the accounting criteria followed in 2007 and those followed in 2008
b) A reconciliation of equity on the preceding balance sheet date
c) A reconciliation of equity and income for the year ended 31 December 2007

20.1 Explanation of the main differences between the accounting criteria followed in 2007 and those followed in 2008

The differences between the accounting criteria applied in 2008 and 2007 are described below:

- Various reclassifications

  The change in the accounting framework has entailed multiple reclassifications, both in the balance sheet as well as in the income statement. The most important of these changes is:

  - Amortizations and provisions of assets, which are recognized by the deducting the acquisition costs of these assets in the balance sheet, whereas under the previous accounting regulations, these items were recognized in separate lines under the corresponding headings.

- New accounting statements in financial statements:

The new accounting legislation has introduced two new accounting statements in the financial statements:

a) The statement of changes in equity, which is presented in two documents, the statement of recognized income and the Total statement of changes in equity
b) The cash flow statement

Therefore, the Administrators have included these statements in the financial statements for the year ended 31 December 2008 and, to facilitate comparison, have also included the figures for the previous year.

- Changes in recognition and measurement accounting policies:

The recognition and measurement bases used by the Company in preparing the financial statements for the year ended December 31, 2008 are explained in greater detail in section 4 of the accompanying notes to the financial statements and are pursuant to the new accounting policies approved by Royal Decree 1514/2007. The main differences between these recognition and measurement bases and those applied by the Company under the preceding accounting regulations are as follows:

a) Employee benefits expense: Under the previous regulations, this expense was not included in the measurement of stock options plans. Under the current regulations, this measurement is recognized in "Employee benefits expense."
b) Treasury shares: Under the previous regulations, "Treasury shares" was recognized in assets, and a non-distributable reserve was created for the same amount in Capital and reserves. In addition, a provision was established for portfolio depreciation when their quoted value was less than their value carrying amounts. Under the current regulations, treasury shares are recognized at acquisition price, reducing the Company's equity.
c) Portfolio depreciation: With the impairment tests called for by the new regulations, a portion of the provisions depreciation taken under the preceding regulations will have to be adjusted.

20.2 Reconciliation of equity on the preceding balance sheet date

A reconciliation between equity as per the balance sheet contained in the financial statements at 31 December 2006 and the opening balance sheet at 1 January 2007, which incorporates the aforementioned changes referred, is shown below:

	Euros
Pursuant to regulations before 1 January 2007	606,48
Treasury shares	(25,838)
Share based payments	2,727
Financial investment provision	1,224
Other	91
Pursuant to current legislation at 1 January 2007	584,684

20.3 Reconciliation of equity and income for the year ended 31 December 2007.

A reconciliation between equity as per the balance sheet contained in the financial statements at 31 December 2007 and the balance sheet at 1 January 2008, which incorporates the changes referred to above, is shown below:

	Euros
Equity at 31 December 2007 pursuant to previous regulations	611,563
Adjustments to beginning balances explained in table above	(21,796)
Effect on reserves, stock option plans	3,397
Effect on reserves, Treasury share	(30,541)
Adjustment to 2007 profit	1,069
Equity at 31 December 2007 pursuant to current Spanish accounting regulations	563,692

A reconciliation between income for 2007, calculated according to the previous accounting regulations and income according to the current accounting regulations, is given below:

	Euros
Profit for 2007 under previous accounting regulations	319,332
Stock options plans	
Cancel. Prov. Deprec. Treasury Shares	(1,678)
Others	2,577
Profit for 2007 under current accounting regulations	161
	320,392

Read with the attached Notes.

Madrid, 25 February 2009.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

THE GLOBAL ECONOMY IN 2008

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

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

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

The ramifications of this deleveraging are still being felt at the time of writing. The banks have dramatically choked off lending to households and businesses and to each other and the previous growth model predicated on ever rising prices in underlying assets, fuelling massive leverage and, by extension, consumption growth (the prevalent growth model in the US, UK, Ireland and Spain, among other places) lies in tatters in the aftermath of the tsunami.

Reported economic data justify labeling 2008 as an 'annus horribilis' in finance. It takes a journey back in time as far as 1929 to unearth a parallel for the events of the past year.

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

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

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

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

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

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

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

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

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

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

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

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

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

THE TV ADVERTISING MARKET

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

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

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

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

Advertising revenue at Gestevisión Telecinco, S.A. stood at 774 million euros, down 12% on 2007 due to declining demand for advertising starting in the second quarter, a trend which prompted a generalized reduction in average prices per advertising hit from that point on. Telecinco's leadership on pricing and commercial target meant that the slump in demand hit the broadcaster to a greater degree.

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

AUDIENCE LEADER IN ALL TIME SLOTS

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

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

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

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

SOLID, STABLE AND FLEXIBLE PROGRAMMING, THE KEY TO SUCCESS

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

EFFICIENT CONTENT STRATEGY

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

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

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

PROFITABILITY: AN INCREASINGLY SCARCE GOOD

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

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

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

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

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

- Revenue narrowed 12% in 2008 to 774 million euros.
- Total costs meanwhile narrowed 0.6% on 2007. This control was facilitated by Telecinco's business model, which is predicated on in-house programming, which in turn mitigates the operational gearing inherent in the television business, although this pattern was also shaped by the reversal of a contingency provision in 2008.
- Profit from operations amounted to 298 million euros (2007: 379 million euros). Expressed as a percentage of revenue, this represents an excellent margin of 38.5%.
- Net profit for the year came to 269 million euros (2007: 320 million euros), driven in large part by the share in equity accounted companies' profits.

DIVIDENDS

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

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

INVESTMENT IN RIGHTS AND FILM PRODUCTION

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

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

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

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

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

NEW GROWTH ALTERNATIVES IN INTERNATIONAL MARKETS

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

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

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

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

DIGITAL TELEVISION

In 2004 Telecinco completed its full technical digitalization process and started to broadcast two new digital channels using in-house programming from November 2005, which it continued in 2006 and 2007. These two new digital channels, which complement Telecinco's analogue broadcasts, endeavor to offer, within the prevailing limitations posed by the penetration of digital terrestrial TV, alternative programming to Telecinco's analogue line-up.
Early 2008, Telecinco made significant name and content changes at its two digital channels to create Telecinco 2, a generalist channel structured around news, sports and reality programming and FDF Telecinco, a channel which leverages a well-known brand in the industry to broadcast a range of the network's films and drama series.

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

STEADY SHARE PRICE PERFORMANCE

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

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

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

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

Trading volume: 4,350.2 million euros.

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

TREASURY SHARES

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

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

HEDGING

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

BUSINESS OUTLOOK

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

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

From a business standpoint, Telecinco will preserve its traditional attention to cost control, at all times circumscribed by the need to maintain a high quality programming line-up which is the calling card of competitiveness in terms of audience and advertising revenue. This is why the network believes its margins will remain the highest in the market despite intense competitive pressure.
In terms of financial health and solvency, the virtual absence of debt and the existence of sizeable credit lines on competitive market terms, place Telecinco in an enviable position in terms of content purchases and potential investment opportunities in light of prevailing high borrowing costs and persistent restricted access to credit at levels.

From an industry standpoint, the network plans to continue to focus on DTT broadcasting via Telecinco, Telecinco 2 and FDF Telecinco, optimizing content as a function of the actual business conditions, costs, viewers and scope for advertising monetization.

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

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

SOCIAL RESPONSIBILITY

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

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

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

SHARE CAPITAL STRUCTURE

The Company's share capital totals 123,320,928 euros, made up of 246,641,856 shares of the same class represented by book entries and with a par value of 0.50 euros each.

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

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

RESTRICTIONS ON THE TRANSFER OF SECURITIES

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

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

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

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

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

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

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

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

SIGNIFICANT SHAREHOLDINGS

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

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

RESTRICTIONS ON VOTING RIGHTS

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

SHAREHOLDER AGREEMENTS

There are no shareholder agreements currently in force.

RULES GOVERNING THE APPOINTMENT AND REPLACEMENT OF DIRECTORS AND THE AMENDMENT OF THE COMPANY'S BYLAWS

A. Appointment and removal of directors.

Article 41 of the Company bylaws:

1. Directors shall be appointed pursuant to a resolution of the shareholders at the General Meeting, adopted in accordance with the requirements of article 102 of the Spanish Corporation Law.

2. Notwithstanding the foregoing, the designation of directors through the proportional system referred to in article 137 of the Spanish Corporation Law is duly safeguarded.

3. In the event of a vacancy during the term for which the directors were appointed, the Board may co-opt a shareholder to occupy the position until the earliest General Meeting.

Article 54 of the Company bylaws:

1. Directors shall be appointed for a period of five years and may be re-elected for one or more subsequent terms of equal length. The appointment shall lapse at the end of the term once the subsequent General Meeting has been held or at the end of the legal term established for calling the Annual General Meeting.

2. The appointment of directors designated by cooptation shall be deemed to have been made and the directors shall exercise their functions up to and including the date of the next General Meeting, without prejudice to the shareholders' powers of ratification at the General Meeting.

3. Independent directors may exercise their functions for a maximum period of twelve (12) years and may not be re-elected after such period except subject to a favorable report by the Appointments and Remuneration Committee.

Article 55.- Removal of directors

1. Directors shall cease to hold office when so determined at the General Meeting, when they notify the Company of their resignation or decision to stand down or when the term for which they were appointed elapses. In the latter case, the resignation shall be effective from the date of the earliest General Meeting.

2. Directors shall tender their resignation to the Board of Directors and the Board shall accept their resignation if deemed appropriate in the following situations: (a) when they reach the age of 70; (b) when they retire from the executive positions to which their appointment as directors was associated; (c) when they are involved in any applicable situations of incompatibility or prohibition; (d) when they have been seriously reprimanded by the Appointments and Remuneration Committee for having infringed their duties as directors; and (e) when their continuity as directors jeopardizes the Company's interests or adversely affects its prestige and reputation or when the reasons for which they were appointed cease to exist (e.g. when proprietary directors dispose of their ownership interest in the company).

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

B. Amendments to the Company's bylaws.

Article 34.- Adoption of resolutions

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

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

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

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

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

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

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

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

o) Approval of corporate governance policy.

p) Oversight of corporate social responsibility policy.

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

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

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

t) Approval of Company policy on treasury shares.

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

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

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

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

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

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

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

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

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

a) Directly by the Company or by other Telecinco Group companies.
b) Indirectly, through third parties with an explicit or implicit mandate.
c) By third parties without a mandate but acting to the same end.

9.2. Policy on treasury shares

Within the scope of the authorization given at the General Meeting, the Company's Board of Directors shall be responsible for drawing up specific plans for the acquisition or disposal of treasury shares.

9.3. General principles guiding trading in treasury shares

Trading in treasury shares shall conform to the following principles:

9.3.1. Compliance with regulations

All Affected Persons are obliged to know and comply with the applicable internal regulations and procedures.

9.3.2. Purpose

The overriding objective of trading in treasury shares is to provide investors with the adequate market liquidity and depth for its securities and to minimize any possible temporary imbalances arising between market demand and supply. Under no circumstances shall trading be engaged in with a view to intervening in the free formation of prices.

9.3.3. Transparency

Transparency in dealings with the stock exchange supervisory and regulatory bodies in connection with treasury share transactions shall be monitored.

9.3.4. Insider information

Under no circumstances may persons who have had access to insider information on the related securities and instruments trade in treasury shares.

9.3.5. Neutrality in price formation

Intervention shall be neutral and under no circumstances may a dominant position be held in the market.

9.3.6. Brokerage

The Telecinco Group companies shall channel all trading in Company shares through a limited number of market members. Prior to any trading the Company shall inform the CNMV in a confidential manner of the designated member and also of any replacement thereof. In the event that a framework agreement is executed with any market member governing treasury share dealing, a confidential copy thereof shall be furnished to the CNMV and to the stock exchange governing bodies.

9.3.7. Counterparty

The Telecinco Group companies shall refrain from buying or selling Company shares where the counterparty is any of the following persons or entities: (i) Telecinco Group companies, (ii) the directors thereof, (iii) their significant shareholders, or (iv) interposed persons of any of the above. Similarly, the Telecinco Group companies may not simultaneously hold purchase and sale orders for Company shares.

9.3.8. Restrictions

Trading in Company shares shall not be engaged in during processes related to public offerings, takeover bids, mergers or other similar corporate operations unless expressly provided for in the prospectus for the transaction in question. The Company shall also refrain from trading in treasury shares during the closed periods established in article 4.3.4 of the Code of Conduct.

9.3.9. Amendment

In the event of the urgent need to protect the interests of the Telecinco Group and its shareholders, the chief executive officer or the director of regulatory compliance may agree to temporarily amend or suspend the application of the foregoing regulations, of which the Board of Directors and the CNMV shall be informed.

9.4. Stock option plans

Notwithstanding the foregoing, the rules established in articles 9.1 to 9.3 of the Code shall not apply with respect to the acquisition of treasury shares to be subsequently granted to the beneficiaries of the Company's stock option plans approved by the Board of Directors or to the other trading in treasury shares entered into by the Company within the framework of a share buyback program. The aforementioned transactions shall be executed taking into account the particular characteristics thereof, the manner and the specific features established by the Board of Directors when approving the plans, which shall comply with the conditions established in the regulations implementing article 81.4 of the Securities Market Law.

9.5. Designation and functions of the department responsible for the management of treasury shares

The Management Control Department shall be responsible for managing treasury shares.

9.5.1. Special duty of confidentiality

The persons that form part of the Management Control Department assume special confidentiality commitments with respect to treasury share strategy and trading.

9.5.2. Duties

The Department shall be responsible for:

a) Managing the treasury shares in accordance with the general principles established in the Code of Conduct and those determined by the Telecinco Group's managing bodies.
b) Overseeing the performance of the Telecinco's shares and informing the director of regulatory compliance of any significant changes in the share price which cannot reasonably be attributed to market movements.

c) Keeping a record of all treasury share trades ordered and executed for consultation by the director of regulatory compliance, the Board of Directors or any other persons designated by the Board.
d) Establishing relationships with any supervisory bodies as necessary to correctly comply with the provisions of this Code.
e) Preparing a report on the Department's activities quarterly, or whenever so required.
f) Notifying the director of regulatory compliance of any significant incident arising from the management of the treasury shares.

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

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

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

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

Position	Guarantee or golden parachute clause
General Manager	Termination of contract by the Company (except for just cause): (in replacement of legally prescribed severance, unless the latter is higher) Termination between 24/04/02 and 31/12/07: 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
General Manager	Termination of contract for reasons attributable to the Company or the suspension, modification or restriction of the manager's functions by the Company: the higher of the following indemnities: A) An indemnity starting at 1,020,000 euros, declining at 34,000 euros per month for the 30 months following execution of the agreement (30/01/2006) until reaching zero. B) 12 months current salary.
General Manager	Termination of contract by the Company (except for just cause): · Years of service between 22/01/01 and 31/12/04: 7 days' salary per year up to a maximum of 6 months' pay, or 20 days' salary up to a maximum of 12 months' pay, depending on the grounds for dismissal. · Years of service from 01/12/05: 45 days' salary per year worked up to a maximum of 12 months' pay. The salary base used for the calculation shall be the fixed salary plus bonus (subject to a minimum bonus of 30,000).

ANNUAL CORPORATE GOVERNANCE REPORT

YEAR 2008

COMPANY IDENTIFICATION NUMBER: A-79075438

Company Name:

Gestevisión Telecinco, S.A

A SHAREHOLDER STRUCTURE

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

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

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

NO

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

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

(*)Held through:

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

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

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

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

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

(*)Held through:

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

% of total voting rights held by directors	0.081

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

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

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

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

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

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

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

NO

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

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

NO

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

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

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

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

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

YES

Name or company name
Mediaset Investimenti SpA

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

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

At year-end:

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

(*)Held through:

Name of the individual or company directly holding the shares	Number of shares held directly

-	-
Total:	-

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

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

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

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

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

Below is the exact text of the proposed resolutions:

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

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

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

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

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

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

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

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

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

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

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

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

NO

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

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

NO

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

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

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

YES

Description of legal restrictions on the acquisition or transmission of shareholdings in the share capital
Section 21 of Law 10/1988 of Private Television dated 3rd May, as amended, sets forth: "1. Any individual or corporation with the intention of acquiring, either directly or indirectly, a significant

shareholding in the capital of a concessionaire shall previously notify the Ministry of Industry of such intention, including the percentage of the shareholding, the terms and conditions of the acquisition and the maximum term within which the transaction is expected to be completed.

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

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

"3. The Ministry of Industry shall have a maximum term of three months as from the date on which the relevant information is entered on any of the registers of the Department to notify the acceptance or, if applicable, the refusal of the intended acquisition. The refusal may be based on lack of transparency of the structure of the group to which the acquiring entity will belong or the existence of links between the potential acquirer and any other concessionaire providing essential television service that may impair the principle of non-concentration inspiring this Law."

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

"5. The provisions of this Section shall be without prejudice to the provisions on significant shareholdings contained in the Stock Exchange Act 24/1988 dated 28th July."

"6. Once the acquisition has been completed pursuant to the prior notice procedure set forth here in above, this acquisition shall be notified by the acquirer to the Ministry of Industry, which shall cause its registration with the Special Register of Concessionaires. The transferor shall also notify the Ministry of Industry of any transfer of shares in the concessionaire entailing the decrease of one of the shareholding percentages included in paragraph 2 above, in order for the Ministry of Industry to cause its registration. Any notice of acquisition or transfer referred to in this section shall be given within a month after such acquisition or transfer is completed."

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

NO

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

B COMPANY GOVERNING BODIES

B.1 Board of Directors

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

Maximum number of directors	19
Minimum number of directors	11

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

Name or company name of the director	Proxy	Position on the Board	Date when first appointed	Date when last appointed	Method of appointment
Mr. Alejandro Echevarría Busquet		Chairman	15-05-1996	29-03-2004	General Meeting
Mr. Paolo Vasile		Chief Executive Officer	29-03-1999	29-03-2004	General Meeting
Mr. Giuseppe Tringali		Chief Executive Officer	29-03-2004	29-03-2004	General Meeting
Mr. Giuliano Adreani		Director	26-09-2001	29-03-2004	General Meeting
Mr. Pier Silvio Berlusconi		Director	07-05-2003	29-03-2004	General Meeting
Mr. Fedele Confalonieri		Director	21-12-2000	29-03-2004	General Meeting
Mr. Marco Giordani		Director	07-05-2003	29-03-2004	General Meeting
Mr. Alfredo Messina		Director	30-06-1995	29-03-2004	General Meeting
Mr. Ángel Durández Adeva		Director	20-05-2004	20-05-2004	General Meeting
Mr. Miguel Iraburu Elizondo		Director	20-05-2004	20-05-2004	General Meeting
Mr. José Ramón Álvarez-Rendueles		Director	28-07-2004	22-04-2005	General Meeting
Mr. Francisco de Borja Prado Eulate		Director	28-07-2004	22-04-2005	General Meeting
Mr. Massimo Musolino		Director	09/04/2008	09/04/2008	General Meeting

Total number of directors	13

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

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

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

EXECUTIVE DIRECTORS

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

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

OUTSIDE PROPRIETARY DIRECTORS

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

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

INDEPENDENT OUTSIDE DIRECTORS

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

	Private Equity 3i.
Mr. José Ramón Álvarez-Rendueles	Chairman of ArcelorMittal España, S.A., Chairman of Peugeot España S.A. and Chairman of Peugeot Citroën Automóviles EspañaS.A.; Member of the Board of Directors of ArcelorMittal, Sanitas, Asturiana de Zinc, Holcim España, Assicurazioni Generali España and Genworth Mortgage Insurance Ltd.
Mr. Borja Prado Eulate	Chairman of Mediobanca Sucursal en España, Director of Endesa, Director of Willis, Chairman of Almagro Asesoramiento e Inversiones, S.A.

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

<u>OTHER OUTSIDE DIRECTORS</u>

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

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

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

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

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

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

-	-	-	-

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

Shareholder's name or company name	Justification
-	-

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

NO

Shareholder's name or company name	Explanation
-	-

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

Name of the Director:

Mr. Jose Mª Bergareche Busquet

Reason for stepping down:

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

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

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

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

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

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

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

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

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

NO

Explanation of rules
-

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

	Yes	No
Investment and financing policy	+	
Definition of the group of companies' structure	+	

Corporate governance policy	+	
Corporate social responsibility policy	+	
Strategic or business plan, as well as the annual management and budget objectives	+	
Senior Management's remuneration and performance assessment policy	+	
Risk control and management policy, as well as periodic follow up of the internal information and control systems	+	
Dividend policy, as well as treasury stock policy, and particularly, the limits thereof.	+	

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

In the company filing this report

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

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

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

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

Other benefits	Figures in thousands of euros
Advances	0
Loans granted	0
Retirement Plans and Funds: Contributions	0
Retirement Plans and Funds: Obligations undertaken	0
Life insurance premiums	12
Guarantees constituted by the company in favor of directors	0

c) Total remuneration paid by type of Director:

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

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

Total remuneration of the directors (in thousands of euros)	4,080
Total remuneration of the directors/company's	1.5 %

profit allocated to controlling company(%)	

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

Name or company name	Position
MUSOLINO, MASSIMO	Managing Director, Management and Operations
VILLANUEVA DE CASTRO, MANUEL	Managing Director, Contents
CARULLO, ALBERTO	Managing Director, Antena
EXPÓSITO RODRIGUEZ, LUIS	Managing Director, HR and Services Division
FERNÁNDEZ ARANDA, EUGENIO	Managing Director, Technology Division
RODRIGUEZVALDERAS, MARIO	Secretary General
URIA IGLESIAS, FRANCISCO JAVIER	Managing Director, Economic and Finance Division
AGUSTÁN REGAÑÎN, ALVARO	Managing Director, Telecinco Cinema
PIQUERAS GOMEZ, PEDRO MARÁA	Managing Director, News Programmes
BAUTISTA PEREZ, JESUSMª	Managing Director, Business Development and Multi-Platform
SILVESTRONI, GIUSEPPE	Managing Director, Commercial Publiespaña
ALUM LÎPEZ, FRANCISCO	Managing Director, Marketing and Operation Publiespaña
CHIRIATTI, SALVATORE	Managing Director of Publimedia Gestión
GONZÁLEZ COMAS, OSCAR	Commercial Director, Clients Publiespaña
JIMÉNEZ GONZÁLEZ, MIGUELANGEL	Commercial Director, Special Initiatives Publiespaña
VILLA ALEGRE, JOSÉ LUIS	Director, Media Buyers Commercial director Publiespaña
GARCÍA HERRERO, LÁZARO	Director, Corporate Marketing
BENITO FERNÁNDEZ, ANTONIO	Managing Director of Cinematext
MARCO PATRICIA	Managing Director of Televisión Telecinco and TDT
BALTANA LEONARDO	Managing Director of contents production
BARROIS GHISLAIN	Director, Cinmea Division and Acquisition of Rights.
DRAGOEVICH MIRTA	Managing Director of Comunications and External Relations
MADRID JULIO	Central Director
MAYOR GASPAR	Commercial Director of PUBLIMEDIA GESTION
PANIZZA CRISTINA	Operational and Sales Services Director Publiespaña

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

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

Number of beneficiaries	6

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

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

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

Process used for establishing the remuneration of the directors and the main provisions of the Articles of Association
Article 56 of the Articles of Association and Article 28 of the Regulations of the Board of Directors describe the process to set the directors' remunerations and conditions to be met. Description Article 56 of the Articles of Association determines the manner in which the system of remuneration to directors is established, differentiating between executive directors and all other directors. In this way the members of the Board of Directors who are executive directors shall receive, in addition to the remuneration corresponding to them as directors, remuneration comprised of: (a)a fixed part, appropriate to the services and responsibilities assumed by them; (b)a variable part correlated to some indicator of performance of the director or the company; (c)a benefit-related amount for welfare and insurance purposes. (d)It may also include the delivery of shares or options over them. The Board of Directors shall be responsible for determining the amount of the remuneration concepts integrating the fixed part, configuration modalities and indicators for calculating the variable part (which in no case may consist of an interest in Telecinco's profits) and benefits, upon report to the Appointments and Remuneration Committee. The variable component of the remuneration is related to the director's or company's performance indicators (in the case of the company's performance indicators, the qualifications appearing on the Audit Report and reducing results, if any, should be considered). In any event, directors' remuneration is granted based on their degree of dedication and without comprising their independence whatsoever. The Annual General Meeting of Shareholders shall have jurisdiction over the decision whether the remuneration is to be complemented with the delivery of shares of Telecinco or

options over shares. The agreement will, as applicable, state the number of shares to be delivered, the strike price for exercising the option rights, the value of the shares taken as reference and the duration oft his form of remuneration.

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

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

Bodies

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

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

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

Transparency

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

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

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

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

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

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

YES

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

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

YES

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

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

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

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

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

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

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

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

NO

Description of modifications
-

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

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

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

Appointment and re-election:

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

- The appointment and termination of the Secretary and Vice-secretary shall be informed by the

Appointments and Remuneration Committee and approved by the Board of Directors

- The inclusion of new directors in a category must be preceded by the corresponding report from the Appointments and Remuneration Committee. The new director must be included in one of the categories contemplated in the Bylaws and the Regulations of the Board of Directors
- The Appointments and Remuneration Committee is required to ensure that the selection procedures for filling new vacancies do not result in an obstacle for the selection of female directors.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Termination of directors:

In addition to cases set by law, directors shall tender their resignation to the Board of Directors in the cases listed in section B.1.20 below of this report.
In this case, the competent bodies and procedures are similar: removal begins with the Appointments and Remuneration Committee, then the Board of Directors steps in and finally the matter is taken to the Annual General Meeting.

Proposals for removal of independent directors before their tenure expires may only be made when the directors fail to meet the requirements of the Unified Code to be classed as independent and they should be removed when they no longer qualify as such.
Where directors are removed before their tenure expires, Telecinco shall publicly state the reasons for the removal.
Evaluation of directors:

Evaluation of directors starts with and is coordinated by the Appointments and Remuneration Committee, to which all pertinent requests and comments should be directed. (article 5 of the Rules of the Appointments and Remuneration Committee).

B.1.20 Mention the circumstances in which directors are required to resign.

Article 14 of the Regulations of the Board of Directors includes the circumstances when directors are required to resign:

(a)When they reach 70 years of age. Their removal as director and resignation from their position shall occur during the first meeting of the Board of Directors held after the Annual General Meeting which approves the financial records for the financial year in which the director reaches said age.

(b)When they have been removed from the executive positions associated with his appointment as director;

(d)When the Appointments and Remuneration Committee issues a serious warning for infringing their obligations as directors;

(e)When remaining on the Board may endanger the interests of Telecinco or when the reasons for which he was appointed (for example when a proprietary director disposes of his shareholding in the company disappear);

(f) Where the shareholder represented by them wholly sells or reduces its shareholding in Telecinco below the relevant threshold; in this case, the number of resignations shall be proportional to the reduction in the shareholding;

The Board of Directors may propose the termination of any independent director before expiration of the term of office established under the Articles of Association only where there exists reasonable cause; reasonable cause shall be deemed to exist where a director fails to comply with the duties inherent to its position or falls under any of the grounds contemplated in the Regulations which prevent it from being appointed independent director.

B.1.21 Explain whether the chairman of the board also performs the duties of chief executive officer. If so, mention the measures taken to limit the risk of accumulation of power in a single person:

NO

Actions limiting risks
-

State and, where applicable, explain whether regulations have been established to allow one of the independent directors to call a Board of Directors' meeting or include new items in the agenda, to coordinate and get involved in the concerns of the outside directors and to direct the evaluation by the Board of Directors.

YES

Explanation of regulations
Article 24 of the Board of Directors' Regulations provides that not only independent directors but any of the members of the Board of Directors may call for a meeting or include new items in the Agenda. The Chairman is required to call a board meeting when so requested by at least three directors. Petitions shall be made in writing, electronically or by fax, and shall be addressed to the Secretary and the Chairman of the Board of Directors. The reasons for the petition shall be filed accompanied by a brief explanation. Immediately afterwards, notice shall be given to the remaining directors and a date for the meeting shall be set. In 2008, no director exercised this right. With respect to the process for the evaluation of the directors, including the obligation in Article 23 of the Regulations, as amended, is commenced and coordinated from the Appointments and Remuneration Committee, to which any relevant petition and comment shall be made (Article 5 of the Appointments and Remuneration Committee's Regulations).

B.1.22 Is there any type of decision for which a special majority is required, other than those foreseen by law?

NO

Describe how resolutions are approved by the Board of Directors, mentioning at least the quorum required to hold the meeting and the type of majority required for approving resolutions:

Approving resolutions		
Type of resolution	Quorum	Type of majority
Ordinary	Board of Directors will be validly constituted when the majority of its members attend, present either personally or through a representative: 54%	Absolute majority of the directors who are present personally or by proxy.

B.1.23 State whether there are any special requirements to be met to be appointed chairman, other than those for directors.

NO

Description of requirements
-

B.1.24 State whether the chairman has a casting vote:

NO

Issues where the chairman has a casting vote
-

B.1.25 State whether there is any age limit for directors under the articles of association or Board Regulations:

YES

Age limit for Chairman: 70 years

Age Limit for Chief Executive Officer: 70 years

Age limit for Directors: 70 years

B.1.26 Mention whether the articles of association or the regulations of the Board provide for any limit on the term in office of independent directors

YES

Maximum number of years in office	12 years

B.1.27 Should the number of female directors be scarce or null, explain the reasons and initiatives adopted to correct this situation.

Explanation of reasons and iniciatives
In 2008, Mr. Bergareche, a proprietary director, tendered his resignation, leaving a vacancy in the Board of Directors that was filled by another proprietary director. As this is a proprietary director, the Board Committee and Board of Directors have limited decision making ability, as shareholders appoint their representatives and the choice of women directors is subject to their being senior officers in their organization. In this case, the Appointments and Remuneration Committee followed the entire procedure established in its rules, with the shareholder ultimately appointing a male proprietary director. In line with our commitment in this respect, the Appointments and Remuneration Committee will submit a proposal to the Board of Directors to appoint a new female independent director, which will be put to vote by shareholders at the 2009 Annual General Meeting.

Particularly, state whether the Appointments and Remuneration Committee has established procedures so that the selection processes lack implied slants hindering the selection of female directors and deliberately search for female candidates meeting the profile sought:

YES

State main procedures
In accordance with Article 5 of the Rules of the Appointments and Remuneration Committee, this committee must: (i) inform the Board of Directors about questions relating to gender diversity; (ii) ensure that the selection procedures for filling new vacancies do not result an obstacle for the selection of female directors; (iii) encourage Telecinco to search for and include women in the list of candidates meeting the required professional profile.

B.1.28 State whether there are any formal procedures for granting proxies for voting in the Board of Directors. If so, briefly describe them.

The Regulations of the Board of Directors provide that the directors shall do their best to attend board meetings personally. If they cannot attend, they may grant proxies only to other directors. The proxies must be in writing and specifically for each meeting. A director may hold proxies for several other directors at the same time.

B.1.29 Mention the number of meetings held during the year by the Board of Directors. Also indicate, if relevant, the times that the Board has met without the presence of the Chairman:

Number of Board meetings	7
Number of Board meetings from which the Chairman has been absent	0

Mention the number of meetings held during the year by the various Board committees:

Number of meetings of the Executive or Delegate Committee	4
Number of meetings of the Audit Committee	4
Number of meetings of the Appointments and Remuneration Committee	2
Number of meetings of the Appointments Committee	0
Number of meetings of the Remuneration Committee	0

B.1.30 State the number of meetings held by the Board of Directors during the year without all its members being present. For the purposes of calculation, any proxy which fails to meet specific instructions shall be considered as nonattendance:

Number of times directors have not attended during the year	7

% of non-attendance out of total votes during the year	7.69%

B.1.31 State whether the individual and consolidated annual accounts are certified prior to being submitted for approval by the Board:

Mention the person or persons who have certified the individual and consolidated annual accounts of the Company prior to being submitted for approval by the Board:

Name	Position
-	-

B.1.32 Describe any procedures instituted by the Board of Directors to prevent an audit report with qualifications from being submitted to the Annual General Meeting concerning the individual and consolidated accounts.

To the current date, Telecinco' s Annual Accounts, both individual and consolidated, have never been presented with qualifications In any event, there are mechanisms to prevent this from happening.

The individual and consolidated annual accounts, as well as the financial statements, breakdowns and additional information are prepared by the Financial Division of the Company and are examined by the Audit and Compliance Committee to ensure compliance with the statutory requirements and that the accounting principles applying in Spain as well as International Financial Reporting Standards (IFRS) are applied correctly.

With this aim, the Audit and Compliance Committee held a meeting with the company's auditor prior to the approval of the annual accounts or interim financial information by the Board of Directors, with the attendance of the Internal Audit Manager and key personnel of the Finance Department.

Besides, the Committee acts as a channel of communication between the Board of Directors and the Auditors, evaluating the results of each audit and the management response to their recommendations, as well as mediating as an arbitrator, if necessary, when there is any disagreement between management and auditors on the criteria applying to the financial statements.

The Regulations of the Audit and Compliance Committee includes the following among its functions. To: "Act as a communications channel between the Board of Directors and the Auditor, evaluate the results of each audit and response of the Telecinco management staff to its recommendations, and mediate and act as arbiter in the event of discrepancies between Telecinco management and the auditor with regard to the principles and criteria applicable in preparing the financial statements. It shall see that the accounts prepared by the Board of Directors are not subject to any qualifications by the auditor."

Accordingly, the Audit and Compliance Committee plays a crucial role in the Company's relations with the external auditor. In 2008, in order to reinforce its independence, the number of independent members on this committee was increased from one to two. They are Angel Durández Adeva and Borja Prado Eulate, with Mr Prado Eulate as Chairman. The two independent directors held four preparatory meetings with Telecinco's management prior to the Audit and Compliance Committee meetings.

B.1.33 Does the Secretary of the Board have the status of director?

NO

B.1.34 Explain the procedures for the appointment and termination of the Secretary of the Board, stating whether its appointment and termination have been informed by the Appointments Committee and approved by the meeting of the Board.

Appointment and termination procedure

The Secretary of the Board of Directors not need be a director. Current Secretary Mario Rodríguez Valderas is not a member of the Board of Directors. Notwithstanding the above, article 18 of the Regulations of the Board of Directors states that the appointment to and termination of the Secretary shall be informed by the Appointments and Remuneration Committee.

	Yes	No
Did the Appointments Committee announce the appointment?	+	
Did the Appointments Committee announce the termination?	+	
Did the Board meeting approve the appointment?	+	
Did the Board meeting approve the termination?	+	

Is the secretary of the Board entrusted with specifically monitoring good governance recommendations?

Comments
Article18 of the Regulations of the Board of Directors, modified in the year 2007, include among the Secretary's obligations monitoring to ensure that the actions of the Board follow the letter and spirit of the Law and the Regulations, conform to Telecinco's Articles of Association and Regulations and have present the good governance recommendations contained in the Unified Code or in any other code approved by the CNMV (Spanish stock market regulatory body).

B.135 Describe any procedures implemented by the Company to protect the independence of the auditors, financial analysts, investment bankers and rating agencies.

The independence of Telecinco and its Group‘s auditor is guaranteed by means of the control and follow-up conducted by the Audit and Compliance Committee and ultimately by the Board of Directors.

According to the Audit and Compliance Committee‘s Regulations, one of the functions of the Committee is that of being in charge of any matters related to the Group‘s external auditor. Apart from proposing to the Board of Directors the auditor‘s appointment, hiring conditions, duration of professional activities and termination or non-renewal of its appointment, the Committee is also the communications channel between the auditor and Telecinco. If necessary, it shall be in charge of receiving information on issues which may endanger its independence, though this has not occurred to date.

The Committee is also in charge of authorising any contracts between the auditor and Telecinco outside the scope of accounts auditing and shall not propose the appointment of any auditing firm when fees payable by Telecinco to the auditor exceed 5% of its total revenues for the previous fiscal year.

The company publishes its results quarterly. The publication consists of a detailed release with key highlights and events for the period, along with a graphic presentation of the company's main activities and areas of interest. First, the release in Spanish is filed with the Spanish National Securities Market Commission (CNMV) for subsequent distribution via its website. Then, when the release is posted on the CNMV's website, the company posts the same information, both in Spanish and English, on its own website (www.inversores.telecinco.es) in the Investor Relations section, where it is kept indefinitely. Additionally, and in parallel to publication on Telecinco's website, the presentations in Spanish and English are e-mailed to those shareholders, institutional investors and analysts who request it.

After publication, results are usually presented through a conference call and webcast so that shareholders, institutional investors, and analysts so requiring may have precise information on the activities and results, as well as the opportunity to pose questions to the Company's management team for it to clarify doubts not explained during the presentations. This conference call shall be recorded and published on the Company's website in the investor relations section for a term of three months following the event.

In the case of communication of any relevant event related to the Company, this event shall be notified to the CNMV and then published on Telecinco's website. It shall be simultaneously sent by e-mailto a shareholders, institutional investors, and analysts.

Publication of significant events

In the case of communication of any relevant event related to the company's activity, this event if first published on the CNMV's website and then on Telecinco's website, where it shall remain indefinitely. It shall be simultaneously sent by e-mail to all shareholders, institutional investors, and analysts that request it.

All information is published in Spanish and English.

B.1.36 State whether, during the year, the Company has changed its external auditor. If yes, identify the outgoing and incoming auditor:

YES

Outgoing auditor	Incoming auditor
DELOITTE, S.L.	ERNST & YOUNG, S.L.

In the event of disagreements with the outgoing auditor, explain them:

NO

Explanation of disagreements
-

B.137 State whether the audit firm performs non-audit work for the Company and/or its Group and, if so, mention the fees paid for such work In absolute figures and as a percentage of the total fees charged to the Company and/or its Group:

NO

	Company	Group	Total
Fees paid for non-audit work (in thousands of euros)	0	-	0
Fees paid for non-audit work as a percentage of the total fees charged by the audit firm (%)	0	-	0

B.1.38 State whether the audit report on the Annual Accounts for the previous year shows reservations or qualifications. If yes, state the reasons provided by the Chairman of the Audit Committee explaining the contents and scope of these reservations or qualifications.

NO

Explanation of reasons
-

B.1.39 For how many years has the current audit firm been continuously auditing the annual accounts of the Company and/or its Group? Also give the number of years that the Company has been audited by the current audit firm as a percentage of the total number of years since the Company's annual accounts are being audited:

	Company	Group
Unbroken number of years	1	0

	Company	Group
Number of years audited by the current audit firm as a percentage of the total number of years since the Company is being audited	0.1	0.1

B.1.40 List the shareholdings of Company directors in companies engaging in a similar, analogous or comparable business as that which is the corporate purpose of the Company and its Group, which have been reported to the Company. Also mention the positions or duties they have in those companies:

Name or company name of the director	Name of the company in question	% shareholding	Position or duties
Mr. Alejandro Echevarría Busquet	Vocento, S.A.	0.124%	None
Mr. Alejandro Echevarría Busquet	Diario ABC, SL	0.000%	None
Mr. Alejandro Echevarría Busquet	Sociedad Vascongada de Publicaciones, SA	0.107%	None

B.1.41 State whether there is any procedure for directors to receive external advice and, if so, describe it:

YES

Explanation of the procedure
The Board of Directors' Regulations and the Audit and Compliance Committee's Regulations establish the mechanisms for any director to call for external audit services. Thus, the director willing to be assisted in the exercise of its functions may request the hire of legal, accounting, technical, financial, commercial or any other kind of consultancy service at Telecinco's cost. The assistance requested shall only deal with specific problems of a given relevance and complexity. 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) 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 Telecinco's financial situation. (c) If the technical assistance which could be offered can be adequately provided by experts and specialists within Telecinco. (d) If for reasons of confidentiality it is not advisable that the expert in question have access to sensitive information.

B.1.42 State whether there is any procedure for directors to receive the information they need to prepare for meetings of the Board and its committees in good time:

YES

Explanation of the procedure
During the second half of the year, the Secretary sends a calendar to directors along with a list of the issues to be addressed at the Board of Directors and Board Committee meetings held the following year. The directors then initiate the

procedure described in articles 16 and 29 of the Regulations of the Board of Directors. In addition, the Secretary sends the agenda with the items to the directors by e-mail.

The procedure, now guaranteed by the direct oversight of the Chairman, begins with the meeting notice itself: Article 24 establishes that the notice will always include the agenda for the meeting with the relevant information attached, duly prepared and summarized. The notice and relevant information will be sent five (5) days in advance The notice and relevant information shall be sent at least five (5) days prior to the date of the meeting. In discharging his duties, the Chairman shall coordinate with the Secretary the preparation and dispatch of the agenda to all directors.

Article 29 further amplifies the directors' right to receive not just information referring to the agenda of the meeting of the board, but any aspect of Telecinco, including examining its books, records, documents and other background to corporate operations. The possibility of inspecting the facilities, as well as communicating with Telecinco's management at any time is also included.

The mechanism to exercise the said powers shall be channelleed through the chairman, the chief executive officer, or the Secretary to the Board of Directors, who shall satisfy the requests by directly providing the information, offering the appropriate interlocutors at the organizational level or arbitrating the measures, so that the desired examination and inspection can be performed in situ.

The procedures intended to guarantee that the directors receive information on a timely manner are clearly established in the Regulations, but, apart from these mechanisms, the directors' general obligations include that of being aware of Telecinco's performance and adequately prepare the Board of Directors' meetings and the meetings of the committees in which they participate.

In 2008, independent directors of the Audit and Compliance Committee held four preparatory meetings with company managers to analyze the issues to be debated at the Committee meetings.

B.1.43 State and, if applicable, detail whether the Company has established rules forcing its directors to inform of and, if applicable, resign upon, events which may adversely affect the Company's credit and reputation:

YES

Explanation of the rules

Among the causes for termination, article 14 of the Regulations of the Board of Directors states that directors shall submit their resignation when their permanence on the Board may threaten the interests of Telecinco or adversely affect its credibility and reputation. Regarding the question of this section, we would highlight that while it does not constitute grounds for termination, the general obligations of directors include informing of any lawsuits in which they are involved and their developments (article 31 of the Regulations of the Board of Directors) due to the potential implications for the Company and its shareholders.

B.1.44 State whether some member of the Board of Directors has informed the Company that it has been for may accused or that an order for the commencement of oral proceedings against it has been issued for some of the crimes mentioned inSection124 of the Limited Companies Act:

NO

Name of director	Criminal case	Comments
-	-	-

State whether the Board of Directors has analysed the case. If yes, explain in a reasonable manner the decision made on whether it is convenient or not for the director to remaining office.

NO

Decision made	Reasonable explanation
May/May not remain in office	-

B.2. Board committees

B.2.1 Provide details of all the Committees of the Board of Directors:

EXECUTIVE OR DELEGATE COMMITTEE

Name	Position	Type
Mr. Alejandro Echevarría Busquet	Chairman	Proprietary Director
Mr. Paolo Vasile	Director	Executive director
Mr. Giuseppe Tringali	Director	Executive director
Mr. Fedele Confalonieri	Director	Proprietary Director
Mr. Giuliano Adreani	Director	Proprietary Director
Mr. Francisco de Borja Prado Eulate	Director	Independent director

Mr. José Ramón Álvarez Rendueles	Director	Independent director

AUDIT COMM ITTEE

Name	Position	Type
Mr. Francisco de Borja Prado Eulate	Chairman	Independent director
Mr. Ángel Durández Adeva	Director	Independent director
Mr. Fedele Confalonieri	Director	Proprietary Director
Mr. Giuliano Adreani	Director	Proprietary Director
Mr. Marco Giordani	Director	Proprietary Director
Mr. Alfredo Messina	Director	Proprietary Director

APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Position	Type
Mr. José Ramón Álvarez Rendueles	Chairman	Independent director
Mr. Fedele Confalonieri	Director	Proprietary Director
Mr. Giuliano Adreani	Director	Proprietary Director
Mr. Ángel Durández Adeva	Director	Independent director

B.2.2 State whether the below functions are under the Audit Committee's remit:

	Yes	No
Supervise the process for the preparation and integrity of financial information on the Company and the Group and, if applicable, review compliance with statutory requirements, adequate limitation of the scope of consolidation and proper application of accounting criteria.	+	
Periodically review internal risk management and control systems so as to identify, manage and properly inform the main risks.	+	
See to the independence and effectiveness of the internal audit functions; Propose the selection, appointment, re-election and dismissal of the head of the Internal Audit Department; propose a budget for that service; receive period icinformation on its activities; and verify that the senior management considers the conclusions and recommendations of its reports.	+	

Establish and supervise a mechanism allowing employees to communicate, in a confidential manner and, if applicable, anonymously, any potentially important irregularities, particularly financial and accounting irregularities, detected in the Company.		+
File with the Board of Directors any proposal for the selection, appointment, re-election, and replacement of the external auditor as well as the hire conditions thereof.	+	
Regularly receive from the external auditor information on the audit plan and the results for the year and verify that the senior management considers its recommendations.	+	
Ensure the independence of the external auditor.	+	
In the case of groups, cause the group's auditor to assume liability on the audits of the companies which make it up.	+	

B.2.3 Describe the organization and operating rules as well as the responsibilities allocated to each of the committees of the Board of Directors.

APPOINTMENTS AND REMUNERATION COMMITTEE

The composition of the Appointments and Remuneration Committee has also changed. Before the amendments approved in 2008, there were three proprietary directors and one independent director. Now there are two independent and two proprietary directors. The Chairman is still an independent director.

As with the Audit and Compliance Committee, in addition to the Regulations of the Board of Directors, there exists a specific Set of Regulations governing this Committee which includes all the existing recommendation as well as the new recommendations following the publication of the Unified Code.

Composition:

Members of the Appointments and Remuneration Committee will be appointed by the Board of Directors from among members with the knowledge and experience necessary.

The Appointments and Remuneration Committee shall be comprised of four (4) outside directors, and the Board of Directors will see that a balance will be maintained between proprietary directors and independent directors. Without prejudice to the above, the executive directors and senior management shall attend the meetings if expressly requested to do so by the Committee.

The Chairman of the Appointments and Remuneration Committee shall be appointed by the Board of Directors from among its independent members, and shall be substituted every four years. He may be reelected after one year has passed from his removal.

The Appointments and Remuneration Committee shall have a Secretary, who is not necessarily a member of it, but who may not bean executive director.

Members of the Appointments and Remuneration Committee shall be appointed and removed by the Board of Directors, and in any case shall resign simultaneous with their resignation as directors.

In the event of his vacancy, absence, or illness, the Chairman shall be substituted by the oldest member present; and the Secretary, as required, shall be substituted by the youngest member.

Functioning:

The Appointments and Remuneration Committee shall meet whenever deemed appropriate, upon notice from the Chairman, its own decision, or in response to three (3) of its members, members of the Executive Committee or the Board of Directors. In any event, the Committee shall meet twice (2) per year to prepare the information regarding directors' remuneration, to be approved by the Board of Directors and included within the annual public documentation.

Notice shall be provided at least forty eight (48) hours in advance.

Without prejudice to the foregoing, the Appointments and Remuneration Committee shall be constituted with no need for notice if all the members are present either personally or by representation, and unanimously accept that the meeting beheld and the points listed on the agenda.

When circumstances justify, the Chairman may call a meeting of the Appointments and Remuneration Committee by telephone and the advance notice and other requirements indicated above shall not apply

Meetings of the Appointments and Remuneration Committee shall be held in the registered offices of the company, and in any other place decided on by the Chairman and stated in the notice.

Constitution and adoption of resolutions

The Appointments and Remuneration Committee shall be validly constituted with the attendance, either personal or through representative, of at least half plus one of its members; and resolutions shall be adopted by a majority vote of those attending.

In case of tie, the Chairman shall have the deciding vote. The members of the Committee may grant proxies to other members, with a maximum of two (2) proxies being held by any one member.

A members of the management team or the company's staff shall be required to attend the meetings of the Appointments and Remuneration Committee and to collaborate and provide access to information in their power, if requested. Any person not a member of Telecinco may also attend meetings of the Committee when considered appropriate.

The Secretary of the Appointments and Remuneration Committee shall take the minutes of each meeting, which shall then be reported to the Board of Directors.

Sphere of influence:

The spheres of influence of the Committee, of a consultative nature, are as the following:

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

b) To advise on the dedication required from the directors in carrying out their duties.

c) Advise on the number of directors who may form part of the Board of Directors. A report shall be issued by the Committee on members of the Board of Directors before they join the boards of directors of other companies.

d) Collect information regarding other professional obligations of the Directors.

e) Advise the Board of Directors of the succession of the chairman and top executives of the company, formulating the suggestions it deems pertinent.

f) Inform the Board of Directors of the appointment and removal of members of senior management occurred within the company.

g) To inform the Board of Directors about questions relating to gender diversity, ensuring that the selection procedures for filling new vacancies do not result an obstacle for the selection of female directors. The Committee shall further more motivate the company to search for and include in the list of candidates, women who meet the professional profile sought.

h) Oversee compliance with rules regarding conflict of interest.

i) Advise the Board of Directors on the removal and appointment of the Secretary.

j) Oversee the compliance of the Directors with the obligations and duties established in the Regulations and in the Articles of Association.

k) Oversee the transparency of remunerations and inclusion of information regarding remunerations to Directors in the Annual Report and Annual Corporate Governance Report, submitting all the information appropriate to the Board for said effect.

l) Assist the Board of Directors in evaluating the Chairman of the Board and the top executives of the company, and specifically insetting and supervising the remuneration policy for directors and senior management, proposing the modality, procedures and amounts of annual remuneration to the Directors (including, as appropriate, proposed incentives such as stock option plans), periodically reviewing the remuneration programmes and seeing that remunerations paid to Directors comply with the criteria of moderation and are in accordance with the results of the company.

m) Draft a report on Directors‘ Remuneration Policy, to be approved by the Board of Directors and presented to the Annual General Meeting.

n) Advise the Board of Directors in assigning the deserved status to each director at the time of his appointment or renewal and review the said status on an annual basis at the time of preparing the Annual Corporate Governance Report.

As in the case of all Committees, the minutes of all Appointments and Remuneration Committee meetings held in 2008 were drawn up and reported to the Board of Directors in a timely manner.

EXECUTIVE COMMITTEE

Composition:
In 2008, the number of proprietary directors on the Committee was reduced and the number of independent directors increased. Instead of one, now two independent directors attend the meetings: Borja Prado Eulate and José Ramón Alvarez-Rendueles.

The Committee is comprised of seven (7) members, a directors of Telecinco, appointed by the Board of Directors by a majority vote of at least two thirds of the members.

In any case, the chairman of the Board of Directors and the chief executive officers shall be members of the Committee, being the Secretary the Secretary to the Board of Directors. Members shall be renewed in the time, form and number decided on by the Board.

Functioning:
The Committee shall meet at least four (4) times per year and as many other times as the chairman considers appropriate. The chairman may also decide to suspend any of the ordinary meetings when he considers it appropriate. The Executive Committee shall have at he powers inherent to the Board, except those which cannot be delegated. Resolutions adopted by the Executive Committee are referred to the Board of Directors at its first meeting. The Articles of Association and the Regulations of the Board shall apply to the Executive Committee, insofar as they are not incompatible with its specific nature.

Sphere of influence:
The Executive Committee shall have at he powers inherent to the Board, except those which pursuant to law or the by laws cannot be delegated.

Minutes of all Executive Committee meetings held in 2008 were drawn up and reported to the Board of Directors in a timely manner.

AUDIT COMMITTEE

The Audit and Compliance Committee is governed by the Regulations of the Board of Directors and its own rules, which include the recommendations of the Unified Code.

In 2008, the number of proprietary directors on the Audit Committee was reduced in order to increase the number of independent directors. Now, in addition to the Chairman, there is another member classed as independent.

Composition:
The Committee is comprised of six(6) outside directors, all appointed by the Board of Directors.

The Chairman of the Committee is appointed by the Board from among its independent members, and shall be substituted every four years. He may be re-elected after one year has passed from his removal.

The independent director acting as chairman shall be an accredited expert in accounting, auditing and risk management.

The Committee also has a secretary who is not a member, appointed by the Committee.

Functioning:
The Audit and Compliance Committee shall meet at least once per quarter and whenever deemed appropriate, upon notice from the Chairman, on its own decision, or in response to three (3) of its members, members of the Executive Committee or the Board of Directors. It shall in any case meet when the Board of Directors requires it to do so to issue reports, present proposals or adopt agreements.

One of its meetings shall be dedicated to evaluating the efficiency of and compliance with the Telecinco rules of governance and procedures, and to prepare the information to be approved by the Board of Directors and included as part of the annual public documentation.

Notice shall be given maximum seven (7) days in advance, and in any case minimum forty eight (48)hours in advance, and may be sent by fax, telegram, or e-mail.

Without prejudice to the foregoing, the Audit and Compliance Committee shall be constituted with no need for notice if all the members are present either personally or by representation, and unanimously accept that the meeting beheld and the points listed on the agenda heard.

When circumstances justify, the Chairman may call a meeting of the Audit and Compliance Committee by telephone and the advance notice and other requirements indicated above shall not apply.
Meetings of the Audit and Compliance Committee shall be held in the legal offices of the company, or in any other place decided on by the Chairman and stated in the notice.

Sphere of influence:

Regarding the external auditor:

The Audit and Compliance Committee shall be responsible for all matters related to the external auditor of the Telecinco Group, and specifically shall:

a) Propose that the Board of Directors appoint an accounts auditor, specifying the conditions for his hiring, length of his professional duties, and if applicable, the cancellation or non-renewal of the appointment. The Audit Committee shall abstain from proposing the appointment of any audit firm when it is aware (i)that it is incompatible pursuant to current audit legislation, or (ii)that the fees anticipated to be paid by the Company for all concepts exceed five percent (5%)of its total income during the financial year.

The Audit and Compliance Committee shall propose the same accounts auditor for Telecinco and for companies in the Telecinco Group.

In the event the auditor resigns, the Committee shall examine the reasons for it.

b) Act as a communications channel between the Board of Directors and the Auditor, evaluate the results of each audit and response of the Telecinco management staff to its recommendations, and mediate and act as arbitrator in the event of discrepancies between Telecinco's management and the auditor with regard to the principles and criteria applicable in preparing the financial statements. It shall see that the accounts prepared by the Board of Directors are not subject to any qualifications by the auditor.

c) The Audit and Compliance Committee shall propose any follow up on there commendations issued by the auditor, unless the Committee considers that it should keep its own criteria, in which case it shall explain the content and scope of its discrepancy.

d) Supervise compliance with the auditors‘ contract and see that the auditor‘s opinion on a financial statements and principal contents of the auditor‘s report are drafted clearly and precisely;

e) Maintain contact with the accounts auditor to receive information on any matters that may place the auditor‘s independence at risk, and any other matters related to the account auditing process, as well as receive information and maintain with the accounts auditor the communications specified in audit law and technical audit standards;

f) Supervise the independence of the accounts auditor, paying special attention to circumstances or matters that may present a risk to said independence and to any others related to the process carried out by the accounts auditor.

g) Verify that the accounts auditor respects current legislation regarding the provision of services other than audit service, the limits to the concentration of the auditor‘s business and any other standard that may represent a risk to his independence.

h) Verify that Telecinco reports the change of the accounts auditor to the CNMV as a relevant fact, accompanying, as applicable, a declaration with any possible discrepancies with the existing auditor and their content.

i) The Audit and Compliance Committee shall authorize contracts between the company and the accounts auditor for any activities outside those of account auditing.

Regarding the financial information:

The Audit and Compliance Committee shall see that the financial information, both periodic and annual, complies with a legal requirements, and is responsible for and shall:

a) Supervise the accounts of Telecinco and its Group, in compliance with legal requirements and the correct application of accounting principles used in Spain and International Accounting Standards (IAS), and issuing opinions on management proposals to modify accounting principles and criteria;

b) Supervise periodic as well as annual financial information prior to its publication, to ensure that it is provided to the markets and their supervising bodies, and see that it is prepared in accordance with the same principles and practices as the annual accounts;

c) Supervise the correct delimitation of the scope of consolidation of the Telecinco Group.

With regard to internal control and relations with the Internal Audit Department:

The Audit and Compliance Committee shall over see the correct functioning of the internal control and information systems, and shall supervise the functioning of the Internal Audit Department of Telecinco. In connection with this, it shall:

a) Propose the selection, appointment and re-election and removal of the person responsible for the Telecinco Internal Audit Department.

b) Oversee that the Internal Audit Department performs its functions with full freedom and independence, assuring that the Telecinco management takes its recommendations into account.

c) Periodically learn of the actions and studies performed by the Internal Audit Department and propose its budget.

d) Approve the Annual Internal Audit Plan as well as any other additional plan required in response to the needs of the organization. The person responsible for the Internal Audit Department shall inform the Committee of the development and possible incidents regarding its execution, and shall present are port of its activities at the end of each financial year. The Annual Plan shall be submitted to the Board of Directors for approval, with appropriate publicity.

e) Be informed of the extent to which the different departments comply with the recommendations of the Internal Audit Department, informing the Board of Directors of cases which may present a risk to Telecinco or its Group.

f) Review compliance with the actions and measures resulting from the reports or in section activities of the supervisory and control administrative authorities.

With regard to risk management and control policy:

The Audit and Compliance Committee is the body responsible for supervising and controlling the Telecinco policy regarding the identification, management and reporting of any possible risks, and in terms of said policy it is responsible for and shall:

a) Determine the types of risk for Telecinco, both operating as well as technological, financial, legal, and any other, including contingent liabilities and other economic and financial risks.
b) Set a risk level acceptable for Telecinco.
c) If risks materialise, set mechanisms to precisely determine the measures to mitigate the impact of the risks identified.
d) Establish internal communication and control measures to control and manage any risk

With regard to transactions between related parties while these are not attributed to any other Committee, the Audit and Compliance Committee shall be responsible for proposing policies regarding this type of transactions, informing the Board of Directors of them. The policy on related-party transactions should be made public in the Annual Corporate Governance Report.

B.2.4 Mention any advisory and consulting powers of the individual committees, and any authorities delegated in them:

Name of the committee	Brief outline
Appointments and Remuneration Committee	See section B.2.3 above.

Executive Committee	See section B.2.3 above.
Audit Committee	See section B.2.3 above.

B.2.5 State whether the Committees of the Board of Directors have any regulations, where these may be consulted, and any changes made in the regulations during the year. Also state whether any annual reports have been voluntarily drawn up on the activities of the individual committees.

APPOINTMENTS AND REMUNERATION COMMITTEE

The Audit and Compliance Committee and the Appointments and Remuneration Committee are governed by the Regulations of the Board of Directors and their own rules and regulations, which include the amendments made following the publication of the Unified Code.

No articles were amended in 2008.

Both sets of regulations are available for consultation on the Telecinco website at http://www.inversores.telecinco.es/es/home.htm.

As in 2007, each committee prepared a report discussing the meetings held, the resolutions adopted and attendance figures.

AUDIT COMMITTEE

The Audit and Compliance Committee and the Appointments and Remuneration Committee are governed by the Regulations of the Board of Directors, as well as their own regulations, which include the amendments made following the publication of the Unified Code.

No articles were amended in 2008.

Both sets of regulations are available for consultation on the Telecinco website at http://www.inversores.telecinco.es/es/home.htm.

As in 2007, each committee prepared a report discussing the meetings held, the resolutions adopted and attendance figures.

B.2.6 State whether the composition of the executive committee reflects the participation of the various directors in the Board according to their status:
YES

If not, explain the composition of the Executive Committee
-

C TRANSACTIONS WITH RELATED PARTIES

C.1 State whether the Board of Directors has reserved the power to approve, upon favourable report from the Audit Committee or any other committee entrusted with the task, the transactions the company may conduct with directors, significant shareholders, shareholders represented on the Board or with people linked to these shareholders:

YES

C.2 Detail any material transactions involving the transfer of resources or liabilities between the company or Group member companies and major shareholders of the company:

Name of the individual or company who is a major shareholder	Name of the company or Group member company	Nature of the relation	Type of transaction	Amount (thousands of euros)
VOCENTO,S.A	BOCA BOCA PRODUCCIONES S.L.	Contract	Purchase of assets intangible and others	7,182
VOCENTO, S.A	BOCA BOCA PRODUCCIONES S.L.	Contract	Receipt of services	8,770
VOCENTO, S.A	BOCA BOCA PRODUCCIONES S.L.	Business	Provision of services	92
VOCENTO, S.A	CANAL BILBOVISIÓN, S.L.	Business	Receipt of services	99
VOCENTO, S.A	COMUNICACIÓN MEDIATRADER. S.L.U	Business	Receipt of services	8
VOCENTO, S.A	DIARIO ABC	Business	Receipt of services	1
VOCENTO, S.A	EUROPRODUCCIONES	Business	Provision of services	14
VOCENTO, S.A	INVERSOR EDICIONESS.L.	Business	Receipt of Services	20
Name of the individual or company who is a major shareholder	Name of the company or Group member company	Nature of the relation	Type of transaction	Amount (thousands of euros)
VOCENTO, S.A	INVERSOR EDICIONES S.L.	Business	Provision of services	13
VOCENTO, S.A	INVERSOR EDICIONES S.L.	Contract	Purchase of goods	1,316
VOCENTO, S.A	RIOJA TV	Business	Receipt of services	3
VOCENTO, S.A	TELEDONOSTI, S.L.	Business	Receipt of services	86
VOCENTO, S.A	TRIPICTURES, S.A.	Contract	Purchase of assets; tangible, intangible	11,440

			and others	
VOCENTO, S.A	VIDEOMEDIA, S.A.	Contract	Purchase of assets; tangible, intangible and others	18,754
VOCENTO, S.A	VIDEOMEDIA, S.A.	Contract	Receipt of services	577
VOCENTO, S.A	VIDEOMEDIA, S.A.	Business	Provision of services	97
MEDIASET INVESTMENTI SPA	ARNOLDO MONDADORI EDITORE SPA	Contract	Purchase of goods	89
MEDIASET INVESTMENTI SPA	MEDIASET INVESTMENT SARL	Contract	Other expenses	3,487
MEDIASET INVESTMENTI SPA	MEDIASET SPA	Business	Receipt of services	12
MEDIASET INVESTMENTI SPA	MEDIASET SPA	Business	Provision of services	75
MEDIASET INVESTMENTI SPA	MEDUSA FILM SPA	Contract	Purchase of assets; tangible, intangible and others	451
MEDIASET INVESTMENTI SPA	PUBLIEUROPE INTERNACIONAL LTD	Business	Receipt of services	450
MEDIASET INVESTMENTI SPA	PUBLIEUROPE INTERNACIONAL LTD	Business	Provision of services	170
MEDIASET INVESTMENTI SPA	PUBLITALIA 80	Business	Receipt of services	1,188
MEDIASET INVESTMENTI SPA	PUBLITALIA 80	Business	Provision of services	110
MEDIASET INVESTMENTI SPA	RETI TELEVISIVE ITALIANE SPA	Business	Receipt of services	1,241
MEDIASET INVESTMENTI SPA	VIDEOTIME	Business	Provision of services	1

C.3 Mention any material transactions involving a transfer of resources or liabilities between the company or Group member companies and directors or senior managers of the company:

Name of the individual or company who is a director or senior manager	Name of the company or Group member company	Nature of the transaction	Type of transaction	Amount (thousands of euros)
-	-	-	-	-

C.4 Mention any material transactions between the company and other Group member companies which are not written off in drawing up the consolidated financial statements and do not form part of the company's ordinary business because of their scope or terms:

Name of the Group member company	Brief description of the transaction	Amount (thousands of euros)
-	-	-

C.5 State whether the members of the Board of Directors have been involved, throughout the year, in some conflict of interest, as provided for in Section 127 of the Limited Companies Act.

NO

Name or company name of the director	Description of conflict of interest
-	-

C.6 Describe the arrangements in force for discovering, determining and settling possible conflicts of interest between the company and/or the Group and their directors, senior managers or major shareholders.

The mechanisms established to detect and solve any possible conflict of interest are governed by the Board of Directors' Regulations and the Appointments and Remuneration Committee's Regulations. The Appointments and Remuneration Committee is the body in charge of guaranteeing compliance with the provisions governing these cases. The directors shall avoid getting involved in conflicts of interest and, should they fail to do so, they shall communicate such situation to the Board of Directors' Secretary.

Based on the foregoing, the directors undergoing this situation shall refrain from attending and participating in discussions which may interfere with their personal interests.

The Regulations extend the cases where a director may get involved in a conflict of interest to include not only the existence of a personal interest but also situations in which the person affected is related to a director.

Once the situation is detected, the director affected may not conduct any type of operations with Telecinco, neither directly nor through persons related thereto it, unless it notifies the Board of Directors of such situation and the Board of Directors, upon a report by the Appointments and Remuneration Committee, approves the operation.

C.7 Is more than one company in the Group listed in Spain?

NO

Identify the affiliates listed in Spain:

Listed affiliates
-

D RISK CONTROL SYSTEMS

D.1 General description of the risk policy of the company and/or its group, detailing and evaluating the risks covered by the system, and showing that those systems are we-suited to the profile of each type of risk.

In 2007, the Telecinco Group implemented a Corporate Risk Management System based on the Enterprise Risk Management (ERM) framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO II). In addition, an Integral Corporate Risk Management Policy was defined for all Telecinco Group companies.

In general, the primary aim of the Telecinco Group's Corporate Risk Management System is to control and manage risks in order to ensure the maximum guarantees and safety to our shareholders, regulators (e.g. the CNMV, CMT), other stakeholders and the financial markets in general, as well as to create value for the company by adequately managing risks and tapping opportunities that arise.

As part of this process, the Integral Corporate Risk Management Policy was developed and implemented. This policy provides the framework for action in which the Telecinco Group's Integral Corporate Risk Management Model is carried out.

The COSO II (Committee of Sponsoring Organizations of the Treadway Comission) approach was followed in the preparation of this framework, and its terminology and risk management concepts were used. The Integral Corporate Risk Management Policy is, therefore, an adaptation of the integrated framework developed in COSO II, tailored to the needs of the Telecinco Group.

The targets defined by the Telecinco Group within the COSO II framework are:

- Oversee the effectiveness and efficiency of its operations.
- Safeguard the assets owned by the Group.
- Guarantee the reliability and integrated of financial reporting.
- Comply with applicable laws, regulations and contracts.

Therefore, the scheme of the Integral Corporate Risk Management Policy follows the structure proposed by COSO II, which recognizes eight components of enterprise risk management. Each mark an essential step towards appropriate risk management.

The first two components, Internal Environment and Objective Setting, set the framework for our organization, so that we can carry out the risk management processes represented by the following five components: Event Identification, Risk Assessment, Risk Response, Control Activities and Monitoring.

The eighth component, Information and Communication, provides a tool for fostering a risk culture within our organization that helps Group employees assume responsibilities.

The Integral Risk Management System allows us to measure the relevance, in euros, of each of the risks identified and that could potential affect Group companies, the probability that this risk will occur and the degree of control over the risk.

Thus, Telecinco Group has, at all relevant times, an updated risks map where different potential risks identified are classified based on their probability of occurrence and their impact measured in economic terms. The risk map allows identifying those risks which call for specific control and follow-up, classified based on their degree of relevance. These risks are prioritised and managed internally or passed to a third party.

Telecinco Group perform continuous follow-ip of the most relevant risks affecting any of the companies in the Group.

As part of the Integral Risk Management Policies, Telecinco Group has set the following principles:

- Establish the degree of risk accepted by the management in line with Telecinco Group's objectives.
- Strictly identify potential responses to risks and selection thereof.
- Increase the capacity to identify potential events, evaluate risks and establish responses thereto.
- Identify and manage the risks in all companies in the Group, profiting from any opportunity which may arise.

Based on the Corporate Risk Management System, the types of risks identified and managed in Telecinco Group can be classified into the following categories:

- Strategic risks: Directly related to high-level objectives, in line with and supporting the company's mission.
- Operating risks: Related to the effective and efficient use of resources of companies in the Group.
- Reporting risks: Related to the reliability and integrity of the internal and external reporting, whether financial or not, prepared and provided by the Company to its stakeholders.
- Compliance risks: Related to compliance by the Group's companies with any applicable laws or regulations.

Telecinco Group's risk management model is based on the COSO II methodology and defines the policies, practices, procedures, managers and owners of the risks, the tools provided for a correct development of the model implemented and the Group's risk management processes. Theses processes are as follows:

- The owners of the processes are responsible for identifiying the risks, which are verified by the senior management.
- The risks are evaluated to determine how they are to be managed and which objectives they may compromise. The risk evaluation is made in terms of probability of occurrence and impact on the companies in Telecinco Group.
- Management responses to risks.
- Setting control activities by the different departments supported and coordinated by Internal Audit.

- Risk supervision and follow-up.

With respect to Telecinco Group management bodies, the Board of Directors has the responsibility of identification of the principal Group risks as well as the development and follow-up of the appropriateness of the information systems and internal control.

Furthermore, the Audit and Compliance Committee is responsible of the understanding and verification of the appropriateness and completeness of the financial information and internal control systems.

Telecinco Group encourages and supports risks management from Internal Audit. Annually, the Audit Plan is prepared and filed with the Board of Directors and the Audit and Compliance Committee for their approval.

In 2008, four meetings of the Audit and Compliance Committee were held, prior to the filing of the reporting of financial information of Telecinco Group to the market and the Regulator.

Internal Audit is responsible for evaluating, controlling and conducting a follow-up of the business risks identified and managed by each of the different areas and departments of the Telecinco Group companies. With this purpose, it uses an ad hoc computer tool providing a dynamic view of the risks affecting the companies in the Group.

During 2008, following instructions from Mediaset, main shareholder of the company and in compliance with Law 262/05 on savings protection, the group set in motion a project to identify the most significant processes related to financial reporting. The mentioned project, divided into different stages, principally consist on the following activities:

- Identification and documentation of processes related to financial reporting at Telecinco Group companies.
- Identification and documentation of risks inherent in the processes related to financial reporting and the control mechanisms in place.
- Assessment of the degree of effective application of the financial reporting processes via tests to ensure the correct operation of the controls applied in the financial reporting processes.

The Internal Audit Department presented the 2008 Audit Plan and the project for adaptation of the Telecinco Group to Law 262 on savings protection to the Internal Control Committee and the Mediaset Group's audit committee.

As an aid to the audit of the Telecinco Group's annual financial statements for 2007, in the first quarter of 2008 the Internal Audit Department and the external auditor reviewed the IT systems control environment that supports the financial processes. In addition, it was concluded that the Telecinco Group had a reasonable and appropriate level of control in business cycles.

As part of this project, the existing general controls were reviewed and certain substantive tests of the IT applications and systems were conducted with the aim of verifying the degree of integrity among critical business applications.

The final result of the work showed that the level of control in place in the areas and processes reviewed was satisfactory, affording a reasonable degree of confidence, although some areas where improvement could be made were detected.

In 2008, the Internal Audit Division developed and implemented the Corporate Security Policy in accordance with the UNE ISO/IEC 17799:2005 standard, which establishes best practice for information security management and within the framework of COBIT, the international standard for IT management and control, which provides regulations on technical and physical security applied to information, support systems and audiovisual technical means, considered an essential part of the assets required for the Group to carry out its business. The Policy establishes guidelines and general principles for initiating, implementing, maintaining and improving information security management in the organization.

The Policy aims to avoid or mitigate potential risks related to the Group's technology assets and the harmful effects in the form of financial loss or image, which they could have if they materialize.

This Policy also strives to guarantee the continuity of the business, maximize return on investments (ROI) and leverage new business opportunities.

By implementing this Policy, the company aims to help users and technicians in the daily work through the use of different resources, and to help managers implement the security mechanisms of the new resources and maintain those in existing resources.

Finally, during 2008 Internal Audit have performed an analysis of the Information Systems Risks with respect to the consolidation and reporting applications, identifying and assessing the impact of the vulnerabilities detected.

As stated above, Telecinco Group's risk management model is based on the Enterprise Risk Management (ERM) of the Committee of Sponsoring Organizations of the Treadway Commission (COSO II) whose main objectives areas follows:

1. Efficiency and effectiveness of its operations.
2. Safeguard of assets.
3. Reliability of financial information.
4. Compliance with applicable laws and regulations.

On the other hand, apart from the controls established for each of the operating processes, Telecinco Group counts on the following control elements:

- Internal Audit Office, covering all the activities conducted by Telecinco Group and developing its functions pursuant to the best practices and professional criteria and standards set forth by the Internal Auditors Institute. The internal audit an independent and objective safeguard and consulting activity that adds value to the Group's operations. It also helps the Telecinco Group meet its targets through a systematic and disciplined approach to measuring and enhancing the efficiency of the risk management, control and corporate governance procedures.
- Companies in Telecinco Group, based on the separation of functions and responsibilities assigned and supervision and authorization levels. The internal procedures developed for a processes shall serve as support to the Organization to define and design the control related to the risks in different value added activities.
- The Annual Accounts of a significantly important companies in the Group are subject to review by are cognized external auditing firm.
- As regards Information Technology management, the Internal Audit Office supervises and coordinates the activities related to the safety of the computer systems and the initiatives for improvement.

• The Internal Audit Department oversees and coordinates personal data protection-related activities and carries out the legal audits established in article 17 of the Regulations on Security Measures (RD 994/1999) related to Law 15/9999 on Personal Data Protection dated 13th December (LOPD).
• In compliance with Italian law 262 on the protection of savings, the Internal Audit Department performs an evaluation every six months to ensure that the financial reporting procedures are being applied
• Furthermore, Telecinco continues conducting controls relating to the budget management, expenses, compliance with objectives and performance through the Control Units under the charge of the Management and Operations General Office.
• The Acquisitions and Sales Committee supervises purchase and sale transactions on goods and services whose amount exceeds (€) 20,000.
Occupational risks:

The Occupational Risk Prevention Plan was drawn up to lay down the general guidelines which, via appropriate annual prevention planning, would guarantee the health and safety of workers in all work-related areas. Therefore, it establishes the actions and general foundations for integration preventive activities at all levels of Telecinco Group companies and the general guidelines that allow any measure necessary to be adopted.

The implementation and application of the Telecinco Group's Occupational Risk Prevention Plan include:
- The structure of the organization.
- The responsibilities.
- The functions, practices, procedures and processes .
- The necessary resources

To develop the Plan, on April 29, 2002 the task forces decided to set up, as an organizational approach, a Joint Prevention Service to advise and assist the company, its workers and their representatives. At any rate, the definition of this organizational scheme does not means the Company no longer needs integrated prevent management for the rest of its processes and activities.

The guidelines laid down in the Prevention Plan will affect the work carried out by employees on staff at each company in the community, those from temporary agencies and workers assigned to companies that perform work or render services, contracted or subcontracted, with whom the workplace is shared or those for which a project is carried out or a service provided.

The Prevention Plan is designed after gathering data from the start of the preventive action at the Group companies, which is when the companies are set up or added to the community, including the existing knowledge of each of their businesses, the number of employees, work centers, claims indices, etc.

The general targets pursued by the companies in the GT (task force?), in accordance with the Prevention Policy described above, are as follows:

- Comply with the main principles indicated in the GT's prevention policy.
- Ensure compliance with applicable rules and regulations.

Main bodies:

Occupational Risk Management Committee

Led by the Director of Human Resources and Services, this committee is in charge of coordinating the development of the risk management policy and strategy and will be composed of individuals with greater responsibility in the area of prevention.

Corporate Health and Safety Committee

Comprising workers' representatives with risk prevention qualifications and an equal number of representatives of the GT, this committee has the powers and competences indicated in the article 39 of the Occupational Risk Prevention Law and, inter alia, the following:

- Participate in the design, rollout and evaluation of prevention plans and programs.
- Debate projects related to planning, work organization or the introduction of new technologies, among others
- Spearhead initiatives regarding methods and procedures for effective risk prevention
- Visit the various installations to know the real situation of risk prevention and consult any necessary documents and reports on working conditions. Prevention activity is planned annually.

D.2 State whether any of the different types of risk (operative, technological, financial, legal, reputation, fiscal) affecting the company and/or its group has materialized during the year:

YES

If yes, state the circumstances motivating them and whether the control systems established have worked.

Risk materializaed during the year

Sensitivity of advertising investment to the business cycle and economic trends.

Circumstances motivating it

Economic crisis, fall in advertising investment, decline in consumption and demand.

Functioning of the control system

The control systems defined by the Telecinco Group functioned appropriately for all the risks materialized in 2008.

Risks materialized in the year

Change in market conditions

Circumstances motivating the risks

Changes in consumption and the advent of alternative supports to free-to-air analogue television (internet, cable, DTT, theme channels, etc.), arrival of new competitors and increase in the price of content.

Functioning of control systems

The control systems defined by the Telecinco Group functioned appropriately for the risks materialized in 2008.

D.3 Mention any committee or other governing body responsible for implementing and monitoring these control arrangements:

YES

If yes, describe its functions.

Name of committee or body	Description of functions
Audit and Compliance Committee	Among the functions introduced in the Committee's Regulations, inspired by the recommendations of the Unified Code, is to supervise and control Telecinco's risk policy in order to adequately identify, manage and report any possible risks, and in terms of said policy it is responsible for: a) Determine the types of risk for Telecinco, both operating as well as technological, financial, legal, and any other, including contingent liabilities and other economic and financial risks. b) Set a risk level acceptable for Telecinco. c) If risks materialise, set mechanisms to precisely determine the measures to mitigate the impact of the risks identified. d) Establish internal communication and control measures to control and manage any risk.

Name of committee or body	Description of functions
	The Audit and Compliance Committee is responsible for proposing a policy regarding this type of transactions and reporting them to the Board of Directors.
Board of Directors	This body is entitled to approve, upon favourable report from the Audit and Compliance Committee, the related-party transactions which Telecinco may conduct with directors or people linked to them or with significant shareholders.
Internal Audit Office	Department within Telecinco responsible for supervising control systems; it reports directly to the Secretary General and is under the remit of the Audit and Compliance Committee.

D.4 Mention and describe the process of compliance of the various regulations applying to your company and/or group.

The procedures for compliance with rules and regulations affecting the Telecinco Group are covered in the Internal Code of Conduct if Gestevisión Telecinco, S.A. and its Group of Companies regarding their Activities on the Stock Markets, which was amended by the Board of Directors of Gestevisión Telecinco, S.A. on 19th December 2007, and are applicable to all departments with access to privileged information.

E ANNUAL GENERAL MEETING

E.1 State and, if applicable, detail whether there are any differences from the regulations on the minimum provided for by the Limited Companies Act regarding the quorum necessary to hold the Annual General Meeting.

YES

	% of quorum different from that established in Section 102 of the Limited Companies Act for general cases	% of quorum different from that established in Section 103 of the Limited Companies Act for special cases under Section 103
Quorum required on 1st call	50%	0%
Quorum required on 2nd call	0%	0%

Description of differences

The only difference between the provisions of Sections 102 and 103 of the Limited Companies Act and the Articles of Association is the need for present shareholders or shareholders represented by a proxy to hold at least 50% of the share capital entitled to vote, instead of holding the 25% required under the law, for the Annual General Meeting to be validly held on the first call. The percentages required by the Articles of Association for a validly held meeting on a second call coincide with those set for thin the Limited Companies Act. The quorum required on the first and second call for the Annual General Meeting to validly agree on the issuance of obligations, a capital increase or reduction, transformation, merger or spin off the Company and, in general, any modification to the Articles of Association (Section103 of the Limited Companies Act)coincides with that established in Article 25 of the Articles of Association.

E.2 State and, if applicable, detail whether there exist differences form the provisions set forth in the Limited Companies Act for the adoption of company's agreements:

NO

E.3 Mention any rights of shareholders concerning the Annual General Meeting which are different from those foreseen in the Limited Companies Act.

The rights of the shareholders of Telecinco, included in the Articles of Association and the recently amended Regulations of the Annual General Meeting, coincide with those set forth in the Limited Companies Act and in many cases are extended.

Right to information prior to the Annual General Meeting

The call for the Annual General Meeting is published pursuant to legal requirements and requirements set for thin the Articles of Association one month in advance of the date scheduled for the meeting on first call. The call is sent to the Spanish Stock Exchange Commission and published through national written means of communication and is also included on Telecinco's website.

The notice of the call shall inform shareholders of the possibility of consulting the website or requesting a free copy of the documents to be discussed at the Annual General Meeting:

1.-Documents related to the items included in the agenda (annual reports, management report for Telecinco and its group corresponding to the financial year, auditor's report, management report and any other document related to the items included in the agenda).

2.-Full text of the proposed resolutions corresponding to the items included in the agenda, submitted by the Board of Directors.

3.-The Annual Corporate Governance Report for the financial year 2007.

4.-Corporate Responsibility Report.

5.-Explanatory report in accordance with the provisions of Section 116 of the Securities Market Act.

6.-Report on the remuneration policy for directors.

The call informs shareholders of their right to request clarifications or to ask questions in writing regarding matters included in the agenda provided by Telecinco to the Spanish Stock Exchange Commission from the date of the last Annual General Meeting. Responses would be published in the Telecinco website.

To date, no shareholder has exercised this right.

The Notice shall also include the right of shareholders representing at least 5% (five percent) of share capital to request that a complementary notice be published, including one or more points in the agenda.
Telecinco shall also make the following information available to its shareholders through the website, on the date of publication of the notice:

(i) Form of the attendance and proxy card and, as applicable, the remaining documents to be used to delegate the vote, with an explanation of the procedure to obtain the corresponding originals.

(ii) Information about the site or sites where the meeting is to take place, describing where relevant how to access the venue.

(iii) Description of proxy or remote voting mechanisms available for use.

(iv) Information on systems or procedures selected to facilitate following the meeting, such as simultaneous interpretation mechanisms, broadcasting through audiovisual media, information in other languages, etc.

Information is available in English and in Spanish.

Right to information during the Annual General Meeting.

Shareholders appearing at the place where the meeting is to be held will receive at the time they enter all the documentation to be debated during the meeting, together with the Annual Corporate Governance Report, the Corporate Social Responsibility Report, and in general all documentation placed at the disposal of shareholders since the publication date of the notice.

Shareholders may request to speak at the meeting to raise issues for clarifications, pose questions or request information that they consider appropriate. Article 22 of the Regulations for the Annual General Meeting broadly regulates this right to intervene during the Annual General Meeting.

To facilitate the exercise of this right, the Secretary-General of the Meeting will provide an area in the place where the meeting is to beheld, where shareholders who wish to intervene shall identify themselves at the time indicated by the Secretary. Interventions shall be made in the order in which they are called by the Secretary.

Responses to the interventions shall be provided by the members of the Board of Directors, the Secretary, or any director expert in the matter.

The policy followed until today is that a interventions are answered, except those which fall under the terms of Article 22 of the Regulations. However it must be noted that to date a interventions made during the meetings have been dealt with and answered.

In the event that it is not possible to satisfy the shareholder‘s right at that moment, directors shall provide the information requested in writing within 7(seven) days following the conclusion of the meeting.

At the General Meeting in 2008, three questions were posed to the CEOs that none of the shareholders wanted recorded in the minutes. In 2007, the minutes included two questions and a speech.

Right to attend

There are no restrictions: shareholders holding at least one share and whose shareholding is registered in the accounting record at least five (5) days in advance of the date for the Meeting shall be entitled to attend.

The right of share pooling to be entitled to attend is then eliminated.

The members of the Board of Directors as well as its Secretary may also attend. The managers, technicians, and other individuals with an interest in the correct advance of corporate matters shall also attend the Annual General Meeting. In no case shall the failure of any of these individuals to attend affect the valid constitution of the Annual General Meeting. Access shall also be facilitated to the economic press and analysts.

Shareholders attending the 2007 General Meeting represented 64.584% of share capital, while those attending the 2008 General Meeting represented 63.239%.

Right to representation

Representation of the shareholders in the Annual General Meeting is regulated in Article 27 of the Articles of Association and 10 of the Regulations.

Since 2006, shareholders who cannot attend and wish to be represented by another person, are allowed to proxy their vote through remote communications means, either by post or by e-mail.

Proxies in favour of third parties, not necessarily shareholders, may be granted as follows:

(i) By notarized document containing the agenda, the request for instructions to exercise the right to vote, and indicating the vote to be cast by the representative. In the event no precise instructions are given, then this shall be subject to law.

In the event that instructions cannot be given as the matters are not included in the agenda, the representative shall vote in the way he deems most appropriate in accordance with the interests of the company, and his client.

The requirements to be fulfilled, if representation is granted to a third-party, shall not apply when the representative is a spouse, defendant, or ascendant; or when the representation was granted in a notarized document with a general power of attorney for broad powers to administer the property of the party represented.

(ii)By remote communications means: mail or e-mail.

By mail:

-Shareholders wishing to proxy their vote shall complete the attendance and proxy card sent by Telecinco to their domicile.

Powers of representation may be granted to the Chairman of the Board of Directors or to a third party. In both cases, any proxy not expressly stating the name of the shareholder to whom the vote is proxied, shall be understood as conferred to the Chairman of the Board of Directors.

If the representative incurs in a conflict of interest with regard to the vote on any of the proposals submitted to the meeting either as part of or outside of the agenda, then the representation will be understood as granted to the Secretary of the Board of Directors.

In granting his instructions, the shareholder proxying his vote shall mark the corresponding cell with an "x" demonstrating the vote that he wishes cast.

In the event there is a vote on matters not listed in the agenda sent with the notice, then the proxy will also be understood to extend to these matters unless the shareholder proxying his vote states other wise by marking the corresponding cell. In this case, the representative to shall vote in the form he deems the most convenient.

Once he has granted his representation as stated above, the attendance and proxy card shall be sent to the General Secretary of Telecinco either by mail, using the stamped prepaid envelope attached and personally delivered to a shareholders, or delivered to the corporate offices.

In order to be valid, the proxy shall be received at least twenty four (24)hours prior to the day preceding the date scheduled for the meeting in the first notice.

By remote communications means:

-A section of the corporate website will be prepared so that shareholders who have identified themselves by certified electronic signature can delegate their representation.

In either case, personal attendance of the shareholder will revoke the representation.

At the 2008 General Meeting, 2,075 shareholders exercised their right to vote by proxy and 8 by electronic means, representing a total of 31,249,397 shares (12.670% of share capital). Of the proxies, 31,216,721 shares were granted in favor of the Chairman of the Board of Directors and 3,096 in favor of the Secretary.

Right to vote

Neither the Articles of Association nor the Annual General Meeting's Regulations contain any limitations on the exercise of voting rights. Each share grants its owner the right to one vote. The exercise of this right is regulated in Articles 32 -33 and 26 of the Articles of Association and the Regulations of the Annual General Meeting, respectively.

Proposed resolutions will be voted on separately during the Annual General Meeting, following the agenda provided in the notice. The Chairman shall decide the order of voting on resolutions not included in the agenda. The Secretary shall indicate each of the items in the agenda referring to the proposed resolution submitted for vote. It is therefore not necessary to read the proposed resolutions, as the texts have been provided to the shareholders upon their entry into the place where the Annual General Meeting is held.

Generally speaking, resolutions included in the agenda shall be voted on using the negative deduction system, i.e. considering the votes corresponding to each of the shares present or represented to be in favour, and deducting from them votes against, blank votes and abstentions of the shareholders who so stated before the notary public present during the meeting or included in the attendance and proxy card. The procedure for voting on resolutions not included in the agenda shall be the opposite: Votes for the shares present or represented shall be computed as against, except for those of shareholders expressly stating otherwise.

As in the case of the representation during the Annual General Meeting of 2008, in addition to the vote of those present, mechanisms were provided to facilitate a vote prior to holding the meeting, using remote communications means: mail or electronic means.

Voting rights exercised prior to the Annual General Meeting via mail were 334,831 and 7,100 were sent via electronic email.

The form of remote voting by sending the attendance and proxy card by mail to Telecinco, or via electronic means is similar to the process already described for the right to representation.

All the rights mentioned above have been adopted by the Articles of Association and the Annual General Meeting's Regulations available on our website (www.telecinco.es/corporate).

Information related to attendance, representation and remote voting at Annual General Meetings held in prior years is provided below:

	2007	**2008**
Present Shareholders	63.239%	64.585%
Represented Shareholders	10.900%	12.670%
Remote voting	0.108%	0.139%

E.4 Mention any steps taken to encourage shareholders to take part in Annual General Meetings.

The measures adopted to encourage the participation of the shareholders at the Annual General Meeting are included in the paragraphs above; among them, the elimination of the need to hold a certain number of shares to attend a meeting should be noted.

Apart from the increased dissemination of the call for the Annual General Meeting through publications on major media, publications of information on our website, a phone number for shareholders to call and ask for additional information, make questions, and ask for clarifications, etc, Telecinco shall send through ordinary mail to each of its shareholders a letter informing the date, place and time of the Annual General Meeting on first and second ca, the possibility of voting and arranging representations through remote means of communication, and attach an attendance and delegation card should shareholders not be able to attend. A stamped prepaid envelope is also included so that in the event they decide to exercise their right to remote or proxy vote by regular mail, they may easily send the card to the company at no additional cost.

As regards the precinct where the Annual General Meetings are to beheld, since the first Annual General Meeting, held in 2008, meetings have been held in the same precinct, situated in the centre of Madrid, favoured by good public transport connections, easily accessed by the handicapped, and by sufficient space, where specific technical means shall be in stalled to ensure the proper follow-up of the meeting by the shareholders present. The website includes information and a plan which allows knowing how to access the precinct where the meeting shall be held.

E.5 State whether the positions of chairman of the Annual General Meeting and of chairman of the Board of Directors are held by the same person. If so, mention any measures taken to assure the independence and sound performance of the Annual General Meeting:

YES

Detail of measures
As explained above, the Chairman of the Board of Directors is not an executive director. The Chairman of the Board of Directors presides over the meetings of the Annual General Meeting incompliance with Article15 of the Annual General Meeting‘s Regulations. This does not preclude the ordinary development or independence of the Annual General Meeting. However, to reinforce the guarantees of proper operation and independence, two measures have been incorporated: 1.-The participation of a specialized entity totally independent from the Board of Directors and Telecinco in the preparation of the attendance list and the calculation of the quorum, thus avoiding the intervention of the Chairman and Secretary of the Board of Directors.

2.-The presence of a Notary Public to draft the Minutes of the meeting and record interventions.

E.6 Mention any amendments made in the regulations of the Annual General Meeting during the year.

In 2007, the Bylaws, the Regulations of the Board of Directors and the Regulations of the General Meeting were amended to adapt to the Unified Code. The amendments broadened the powers of the General Meeting and the rights of shareholders (authority to reallocate to subsidiaries core activities carried out by Telecinco, elimination of the need to hold a certain number of shares to attend General Meetings and split voting).

In 2008, no further amendments were approved.

E.7 Provide the following figures on attendance to the annual general meetings held during the year covered by this report:

	Attendance figures				
Date of the Annual General Meeting	Attended Personally (%)	Attended by Proxy (%)	Remote voting(%)	Other	Total
09/04/08	64.584%	12.670	0.139%	0%	77.393%

E.8 Briefly describe the resolutions approved at the annual general meetings held during the year covered by this report and the percentage of the votes by which each resolution was approved.

Item one.-Approval of the Annual Accounts (Balance Sheet, Profit and Loss Account, as well as the Notes to the Annual Financial Statements) and of the Management Report of both GESTEVISIÓN TELECINCO, S.A. and its Consolidated Group of Companies for the year to 31st December 2007.
Approved by 183,051,456 vote for, representing 97.663%, 600,070 votes against, representing 0.320%, 3,770,002 abstentions, representing 2.011%; and 11,373 blank votes, representing 0.0006%.

Item two.-Approval of the distribution of profit for 2007.

The distribution of the profit for 2007, amounting to € 319,332,000, was approved as follows:

	(thousands of euros)
To Legal Reserve	€0
To Voluntary Reserves	€1,770
To Dividend	€317,562
Total	€319,332

To establish the dividend to be received at 1.30 euros per share, after discounting the amount that would correspond to the Company's treasury shares.

Approved by 187,412,217 votes for, (99.989%), 6,268 votes against (0.003 %), 3,702 abstentions, (0.002 %) and 10,696 blank votes (0.006%).

Item three.-Approval of the management of the company's business by the Board of Directors during 2007.

Approved by 186,094,327 votes for, (99.286 %), 624,039 votes against (0.333 %), 704,615 abstentions, (0.376 %) and 9,920 blank votes (0.005%).

Item four.-Determination of the maximum over a annual remuneration payable to the Company's Directors.
In accordance with Article 56 of the Articles of Association, the maximum amount that may be paid by the Company in 2008 to its Directors as (i) fixed annual remuneration and (ii)per diem allowances is established at €1,800,000.

Approved by 187,372,868 votes for, (99.968%), 30,156 votes against (0.016 %), 19,305 abstentions, (0.010 %) and 10,572 blank votes (0.006%).

Item five.-Delivery of company shares to Directors with executive functions and members of the senior management of the company, as part of their remuneration.

The Annual General Meeting was asked to approve whether a portion of the variable remuneration earned by the Chief Executives and Managing Directors, which may not be greater than € 12,000 per capita, may be paid through delivery of company shares. This system does not imply an additional remuneration but a method of payment of the relevant remunerations.

Approved by 187,343,918 votes for, (99.953%), 487,594 votes against (0.025 %), 31,506 abstentions, (0.017 %) and 9,883 blank votes (0.005%).

Item six.-Approval of the implementation of a remuneration scheme for Executive Directors and Senior Managers of the Company and Group member companies

The Annual General Meting resolved to approve the creation of a remuneration scheme(the"Remuneration Scheme")for Executive Directors and Senior Managers of the Consolidated Group, tied to the value of the Company's shares as well as to the Group's results and to such specific objectives as may be fixed for each participant. The basic features of the proposed Remuneration Scheme are as follows:

-Recipients: Executive directors and managers of the Group determined in each case by the Board of Directors.
-Purpose: To grant an incentive consisting of the payment of a variable remuneration with reference to the value of the company's shares.
-Number of shares: The maximum number of shares to be used as reference in setting the amount of the incentive to be paid to beneficiaries of the Remuneration Scheme shall be the equivalent of 1% of the company's share capital; up to a maximum of 16% of said 1% shall correspond to the executive directors of the company. The Company may not increase its share capital to meet payments under this Remuneration Scheme.
-Date of delivery: Any date agreed upon by the Board of Directors, which shall be within 6 months of the date that the Remuneration Scheme was approved by the Annual General Meeting.
-Strike price: The value of the shares to be used as reference shall be equivalent to the average list price of the shares during the thirty days prior to the date of granting the incentive.
-Duration: Up to five (5) years from the date that they are granted; the incentives may be made effective when determined by the Board of Directors.

Approved by 162,236,640 votes for, (86,557%), 25,089,999 votes against (13.386%), 95,794 abstentions, (0.051%) and 10,468 blank votes (0.006%).

Item seven.- Authorisation so that the company may buy back shares directly or through Group member companies, according to the provisions of Section 75 and related provisions of the Limited Companies Act, cancelling similar authorisations previously granted by the General Meeting, as well as granting authority for using treasury stock in implementing remuneration plans.

The Annual General Meeting resolved to authorize the Board of Directors of Gestevisión Telecinco S.A., in accordance with the provisions ofArticle75 and following of the Limited Companies Act currently in effect, to proceed to buy back shares of the company by any means, directly or through companies owned by it, subject to the following limits and requirements:

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

-The maximum number of shares to be acquired, in addition to those owned by GESTEVISIÓN TELECINCO, S.A. or any of the Companies under its control, shall not exceed five percent (5%) of the Company‘s share capital.

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

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

-Effective period of the authorization: Eighteen (18) months beginning the date of this agreement.

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

Approved by 187,384,527 votes for, (99.974 %), 23,967 votes against (0.013 %), 13,830 abstentions, (0.007 %) and 10,577 blank votes (0.006%).

Item eight.-Designation of auditors, both for "GESTEVISIÓN TELECINCO S.A." as well as its consolidated group of companies.

The appointment of Ernst & Young, S.L., which has its domicile at Plaza Pablo Ruiz Picasso, nº 1 Torre Picasso, NIF nº A-789700506 registered in the Mercantile Register on Tome 1225, Folio 1, Page M-23.123 as auditors of the annual accounts of GestevisiónTelecinco, S.A and its group of companies for the years 2008, 2009 and 2010 was put to the vote.

The proposal was approved by 187,404,702 votes for, (99.984 %), 3,225 votes against (0.002 %), 14,176 abstentions, (0.008 %) and 10,778 blanks votes (0.006%).

Item nine.- Appointment of directors in the event of removal or resignation.

Following the resignation of director José M Bergareche Busquet and a favorable report by the Appointments and Remuneration Committee, approval was given to appoint Massimo Musolino as a new member of the Board of Directors for the bylaw-stipulated term.

Item ten.- In accordance with article 9 of the Regulations of the Board of Directors and in light of the report by the Appointments and Remuneration Committee, Mr. Musolino will be an executive director as he is currently a senior executive of the company.

The resolution was adopted with 166,316,792 votes for (88.734%), 20,787,114 votes against (0.002%), 14,176 abstentions (0.008%) and 10,778 blank votes (0.006%).

Item eleven.- Delegation of powers to sign, interpret, correct and execute previous resolutions, as well as to substitute the powers received by the Board of Directors from the Meeting.

The agreement was approved by 187,397,575 votes for, (99.982%), 18,957 votes against (0.010 %), 4,217 abstentions (0.002 %)and 12,152 blank votes (0.006%).

E.9 Indicate whether there is any restriction in the Articles of Association establishing a minimum number of shares necessary to attend the Annual General Meeting:

NO

Number of shares necessary to attend the annual General Meeting	-

E.10 Describe the company's policy on the granting of proxies for voting at the Annual General Meeting and the reasons for such policy.

In accordance with the Articles of Association and the Annual General Meeting's Regulations, any shareholder may delegate its voting rights upon a third party which shall not necessarily be a shareholder. Several means are made available to the shareholders: send through regular mail the attendance and delegation card including the necessary particulars and duly signed or use the remote communication means. For the avoidance of repetitions, all the proceedings to be followed in both cases are detailed in E.3 above.

In the 2008 General Shareholders' Meeting, 2,1002 shareholders, representing 31,249,397 shares (12.670% of share capital) exercised their voting proxies. Of these, 2,075 used the postal service, and 8 used telematic systems.

E.11 State whether institutional investors have a policy of taking part or not taking part in company decisions, as far as the company is aware:

NO

Describe the policy
-

E.12 Mention the URL and way of accessing the corporate governance pages on your website.

Corporate governance materials are available at http://www.inversiones .telecinco.es/es/home.htm.

F DEGREE OF ADHERENCE TO THE RECOMMENDATIONS ON CORPORATE GOVERNANCE

State the company's degree of adherence to the recommendations on good governance included in the Unified Code.

If the company does not comply with any of the recommendations, explain the recommendations, standards, practices or criteria applied by the company.

1. That the Articles of Association of listed companies not limit the maximum number of votes to be issued by a single share holder or contain other restrictions hindering the take over of the company through the acquisition of its shares in the market.

See: A.9, B.1.22 , B.1.23 and E.1, E.2.

COMPLIES

Telecinco´s Articles of Association contain no limitation whatsoever to the maximum number of votes to be issued by a single shareholder or restrictions hindering the take over.

As set forth in E.1, the only difference under the provisions of the Limited Companies Act and solely as far as the call is concerned is that the first call requires a attending or represented shareholders to hold, at least, fifty per cent of the share capital entitled to vote instead of the twenty-five per cent shareholding required under the Law.

2. That where the main offices and a dependant company are listed, they both accurately define:

a) The relevant areas of activities and business relations between them and between the dependant listed company and the other companies of the group;

b) The mechanisms provided for to solve any conflict of interest which may arise.

See: C.4 and C.7

NOT APPLICABLE

3. That, although not expressly required under the business Laws, the operations involving a structural modification to the company and, particularly, the following modifications be subject to the approval by the Annual General Meeting:

a) The transformation of listed companies into holding companies by way of "affiliation" or incorporation to entities depending on essential activities conducted up to that moment by the company itself, even where they are fully owned by the company;

b) The acquisition or sale of essential operating assets when involving an actual modification to the corporate purpose;

c) Any operations whose effect is equivalent to the liquidation of the company.

COMPLIES

4. That the proposals detailed in the agreements to be adopted at the Annual General Meeting including the information referred to in Recommendation No. 28be made public upon publication of the notice of the call for the Meeting.

COMPLIES

5. That at the Annual General Meeting, any substantially independent matters be voted separately so that shareholders may separately exercise their voting preferences. This regulation shall apply, particularly, to:

a) The appointment or confirmation of directors, which shall be voted individually;

b) In the case of modifications to the Articles of Association, each article or set of articles which are substantially independent.

See: E.8

COMPLIES

6. That the companies allow the fractioning of votes so that the financial intermediaries authorized as shareholders but acting on behalf of different clients may issue their votes pursuant to their instructions.

See: E.4

COMPLIES

7. That the Board of Directors conduct its operations for a single purpose and using independent criterion, provide the same treatment to all shareholders and follow the interest of the company which is understood as a maximization of the company‘s sustained economic value.

Moreover, it shall see that, in its relations with the stake holders, the company abides by the laws and regulations, complies in good faith with its obligations and agreements, adheres to the uses and good practices of the sectors and territories where it does business and observes any additional principles on corporate responsibility voluntarily accepted by it.

COMPLIES

8. That the Board of Directors assume, as the core of its mission, the approval of the company‘s strategy and accurate organization for its implementation and supervise and control compliance by the Board of Directors with the objectives established and observe the corporate purpose and interest of the company. For this purpose, the Board of Directors reserves the right to approve:

a) The company‘s general policies and strategies and, particularly:

The strategic or business plan as well as the management and annual budget objectives;
Investment and financing policy;

i) The definition of the structure of the group of companies;

ii) The corporate governance policy;

iii) The corporate social responsibility policy;

iv) The senior management‘s remuneration and performance evaluation policy;

v) The risk management and control policy as well as the periodic follow up of information and control internal systems;

vi) The dividends policy as well as the treasury stock policy and, particularly, their limits.

See: B.1.10, B.1.13, B.1.14 and D.3

b) The following decisions:

i) Upon request by the Company‘s chief executive officer, the appointment and termination of the senior managers as well as the compensation clauses.

See: B.1.14.

ii) The directors‘ remuneration and, in the case of executives, additional remuneration for their executive functions and other conditions to be met by their agreements.

See: B.1.14.

iii) The financial information that the company must publish on a periodic basis given its condition as listed company.

iv) Any kind of investments or operations which, given their great amount or special features, are strategic in nature, except approval thereof by the Annual General Meeting;

v) The creation or acquisition of shareholdings in entities having a special purpose or domiciled in tax haven countries and territories, as well as any other similar transaction or operation which, given its complexity, may impair the transparency of the group.

c) Any transactions between the company and its directors, significant shareholders or shareholders represented in the Board of Directors or related entities ("related-party transactions").

This authorization by the Board of Directors shall not be construed, however, as accurate in related operations simultaneously complying with the following three conditions:

1st. To be executed under the agreements whose conditions are standardized
and to be applied massively to many clients;

2nd. To be executed at prices or rates established as general by anyone
Acting as supplier of the good or service in question;

3rd. Their amount must not exceed 1% of the company's annual income.

It is advisable that the Board of Directors approves the related operations upon a favourable report by the Audit Committee or, as the case may be, by any other body entrusted with this task, and that the directors affected do not exercise or delegate their voting rights and leave the meeting room during the deliberations and voting thereon by the Board of Directors.

It is advisable that the powers here by granted to the Board of Directors may not be delegated except those mentioned in b)and c),which may be adopted upon emergencies by the Delegate Committee followed by ratification of the Board of Directors.

See: C.1 and C.6

COMPLIES

9. That the Board of Directors have the proper number of members to achieve an effective and participating operation; it is advisable that it be made up of no less than five members and no more than fifteen.

See: B.1.1

COMPLIES

10. That the outside directors, the proprietary directors and the independent directors constitute a vast majority in the Board of Directors and that the number of executive directors be the necessary minimum, considering the complexity of the group of companies and the shareholding percentage of executive directors in the company's share capital.

See: A.2, A.3, B.1.3 and B.1.14.

COMPLIES

11. That should there be any outside director who may not be considered a proprietary director or an independent director, the company explain this circumstance and its relations whether with the company or with its directors or shareholders.

See: B.1.3

NOT APPLICABLE

12. That, within the group of outside directors, the relation between the number of proprietary directors and the number of independent directors reflects the existing proportion between the company's share capital represented by proprietary directors and the remaining share capital.

This strict proportion criterion maybe reduced so that the relevance of proprietary directors is greater than the relevance that would correspond to the total percentage of the company's share capital represented in:

1º Highly capitalized companies in which there are scarce or no shareholdings legally considered significant but there are shareholders holding shares of stock of high absolute value.

2º Companies where there is plurality of shareholders represented in the Board of Directors not related to each other.

See: B.1.3, A.2 and A.3

EXPLAIN

The structure of the Board of Directors is due to the existence of a shareholder (Mediaset Investimenti SpA) with an ownership interest of 50.135%. Despite this fact, there are six outside proprietary directors (46.154%) and four independent (30.739%) on the Board of Directors.

13. The number of independent directors shall account for less than one third of the total directors.

See: B.1.3

EXPLAIN

As mentioned in the paragraph above, Telecinco's shareholdings determine the composition of the Board of Directors; however, it should be pointed out that the number of independent directors accounts for 30.769% of the total members. The Appointments and Remuneration Committee will submit to the Board of Directors the appointment of a new independent director by the shareholders in general meeting in 2009.

14. That the capacity of each director be explained by the Board of Directors before the Annual General Meeting which shall effect or ratify its appointment, and be confirmed, or, as the case may be, annually reviewed in the Annual Corporate Governance Report upon verification by the Appointments and Remuneration Committee. Likewise, the Annual Corporate Governance Report shall explain the

reasons why proprietary directors have been appointed upon request by shareholders whose share holding is lower than 5% of the share capital; the Annual Corporate Governance Report shall also state the reasons why, as the case may be, formal requests to be part of the Board of Directors filed by shareholders whose share holding is equal to or greater than that of others upon whose request proprietary directors were appointed have not been met.

See: B.1.3 and B.1.4

COMPLIES

15. That, should the number of female directors be scarce or null, the Board of Directors explain the reasons and initiatives adopted to correct this situation, particularly, the Appointments Committee shall see that, upon the opening of new vacancies:

a) The selection procedures lack implied slants hindering the selection of female directors;

b) The company deliberately searches for and includes among the potential female candidates meeting the professional profile sought.

See: B.1.2, B.1.27 and B.2.3.

EXPLAIN

PARTIALLY COMPLIES

The measures adopted to ensure that the appointment process has no implicit bias against women are establisehd in the Rules of the Appointments and Remuneration Committee. The text includes the obligation to inform the Board of Directors about questions relating to gender diversity, ensuring that the selection procedures for filling new vacancies do not result an obstacle for the selection of female directors. In addition, the Committee shall encourage Telecinco to search for an include women in the list of candidates meeting the required professional profile.

In this respect, the Board of Directors, together with the Appointments and Remuneration Committee, will submit a proposal at the 2009 General Meeting to increase the number of directors in order to appoint a new female director.

16. That the Chairman responsible for the effective operation of the Board of Directors make sure that directors receive in advance sufficient information, encourage the discussion and active participation of directors during the sessions of the Board of Directors meetings safe guarding their capacity and right to speak and organize and coordinate together with the chairmen of the relevant Committees the periodice valuation of the Board of Directors as well as of the managing director or chief executive.
See: B.1 42

COMPLIES

Even though the Chairman of the Telecinco's Board of Directors is not the company's chief executive, articles 24 and 23 of the Board of Directors' Regulations have been modified so that any of its members, not only the independent directors, may call for a meeting or include new items to be transacted in the Agenda and so that the Appointments and Remuneration Committee may incorporate into the evaluation process any suggestion or comment it deems necessary.

17. That, where the Chairman of the Board of Directors is also the company's chief executive, one of the independent directors be authorized to call for a meeting of the Board of Directors or include new items in the agenda, coordinate and get involved in any concerns by outside directors and direct the evaluation of the Chairman by the Board of Directors.

See: B.1.21

NOT APPLICABLE

18. That the Secretary of the Board of Directors particularly see that the acts by the Board:

Conform to the provisions and spirit of the Laws and their regulations, including those passed by the regulatory entities;
Are consistent with the company's Articles of Association and the Annual General Meeting's Regulations, the Board of Directors' Regulations and other regulations in the company;
Consider the recommendations on good governance included in the Unified Code accepted by the company.

That in order to safeguard the Secretary's independence, impartiality and professionalism, its appointment and removal be informed by the Appointments Committee and approved by the Board of Directors; this appointment and removal procedure shall be recorded in the Board of Directors' Regulations;

See: B.1.34
COMPLIES

19. That the Board of Directors meets frequently enough to effectively perform its functions following the schedule and items established by it at the commencement of the year; each Director may propose other items in the agenda not originally included.

See: B.1.29

COMPLIES

20. That non-attendances by directors be reduced to essential cases and be quantified in the Annual Corporate Governance Report and that if the proxy is essential, it be made under instructions.

See: B.1.28 and B.1.30

COMPLIES

21. That where the directors or the Secretary express their concern about any proposal or, in the case of directors, about the operation of the company and these concerns are not solved in the Board, upon request by the person who expressed them, these concerns must be recorded in the minutes.

NOT APPLICABLE

22. That once a year, the Board of Directors evaluate:

a) The quality and efficiency of the Board of Directors' operation;

b) Based on the report sent by the Appointments Committee, the performance of functions by the Chairman of the Board of Directors and the company's chief executive;

c) The operation of its Committees, based on the report the Committees may send.

See: B.1.19

EXPLAIN

During 2008 no assessment on the operation of the Board of Directors has been carried out.

23. That all directors exercise their right to collect any additional information they deem necessary on the Board of Directors' matters. Unless the Articles of Association or the Board of Directors' Regulations establish other wise, this request shall be sent to the Board of Directors' Chairman or Secretary.

See: B.1.42

COMPLIES

24. That all directors be entitled to obtain from the company the necessary advice to comply with their duties. The company shall arbitrate the suitable means for the exercise of this right which, in special circumstances, may include external advice charged to the company.

See: B.1.41

COMPLIES

25. That the companies establish an orientation program providing new directors with fast and sufficient knowledge of the company as well as of its rules of corporate governance. This program shall also provide directors with knowledge update programs where the circumstances so require.

COMPLIES

26. That the companies require directors to devote to their duties the time and efforts that are necessary to perform it efficiently and therefore:

a) That directors inform the Appointments Committee of the rest of their professional duties in case these may interfere with the dedication required;

b) That the companies establish rules regarding the number of boards of directors in which directors may participate.

See: B.1.8, B.1.9 and B.1.17

PARTIALLY COMPLIES

All the members of the Board of Directors communicate the professional obligations they perform outside Telecinco and this information is detailed inB.1.9 of this Report. However, the rules on the number of Boards of Directors in which directors may participate have not been defined yet.

27. That the directors appointment and re-election proposal filed with the Annual General Meeting by the Board of Directors as well as their temporary appointment upon co-optation be approved by the Board of Directors:

a) Upon proposal filed by the Appointments Committee in the case of independent directors.

b) Upon report by the Appointments Committee in the case of the remaining directors.

See: B.1.2

COMPLIES

28. That the companies make public through their websites and keep updated the following information on their directors:

a) Professional profile and biography;

b) Other Boards of Directors in which they participate, whether in listed companies or not;

c) Category of director, as may be applicable, establishing, in the case of proprietary directors, the shareholding represented by them or whoever they have relations with.

d) Date of their first appointment as director in the company as well as any subsequent appointment, and;

e) Company shares and share options thereon.

COMPLIES

29. That the independent directors not remain as such during a continued period exceeding 12 years.

See: B.1.2

COMPLIES

30. That the proprietary directors file their resignation where the shareholder they represent fully sells its shareholding. They shall also do so, in the proper number, where the shareholder reduces its shareholding to a level requiring a reduction in the number of proprietary directors.

See: A.2, A.3 and B.1.2

COMPLIES

31. That the Board of Directors not propose the termination of any independent director before expiration of the term of office established under the Articles of Association only where there exists reasonable cause at the Board of Directors‘ discretion upon report by the Appointments Committee; reasonable cause shall be deemed to exist where a director fails to comply with the duties inherent to

its position or falls under any of the grounds described in 5 of paragraph III of the definitions in this Code.

Furthermore, the termination of independent directors resulting from takeover bids, mergers or other similar company-related operations implying a change in the company's capital structure may also be proposed where these changes in the structure of the Board of Directors are favoured by the proportion criteria set forth in Recommendation 12.

See: B.1.2, B.1.5 and B.1.26

COMPLIES

32. That the companies establish rules requiring directors to inform and, if applicable, resign upon occurrence of events that may adversely affect the credit and reputation of the company and, particularly, requiring directors to inform the Board of Directors of any criminal cases in which they are the accused party as well as any subsequent procedural events.

If a director is prosecuted or if an order for the opening of oral proceedings is issued against it due to any of the crimes detailed in section 124of the Limited Companies Act, the Board of Directors shall review the case as soon as possible and, in view of the particular circumstances, decide whether it is convenient for the director to continue holding office. The Board shall reasonably record all these proceedings in the Annual Corporate Governance Report.

See: B.1.43, B.1.44

COMPLIES

33. That all directors clearly express their opposition where they consider that any proposal for decision submitted to the Board of Directors maybe contrary to the interest of the company. The same applies to independent directors and directors not affected by the potential conflict of interest where the decisions in question may cause a detriment to the shareholders not represented in the Board of Directors.

Where the Board adopts significant or repeated decisions which have been challenged by the director, the director shall draw any relevant conclusions and, should it choose to resign, it shall explain the reasons thereof in the letter referred to by the following recommendation.

This Recommendation also covers the Board of Directors' Secretary even where it is not a director.

NOT APPLICABLE

34. That where, due to resignation or due to any other reason, a director ceases to hold office before the expiration there of, the reasons for this be explained in a letter to be sent to all the members of the Board of Directors. Even where this termination is communicated as a relevant event, the reason for it shall be accounted for in the Annual Corporate Governance Report.

See: B.1.5

COMPLIES

35. That the remuneration policy approved by the Board of Directors be passed, at least, regarding the following matters:

a) Amount of the fixed components, including a breakdown, if any, of the per diem allowances for participating in the Board of Directors and Committees thereof and an estimate of the fixed annual remuneration they originate;

b) Variable remuneration items, Including, particularly:

i) Types of directors to which they apply as well as an explanation of the relative relevance of the variable remuneration items with respect to fixed remuneration items.

ii) Criteria for the evaluation of results on which any right to remuneration in shares, share options or any variable component is based;

iii)Main parameters and grounds for any annual premium system (bonus) or for any other benefits not paid in cash; and

iv)An estimate of the absolute amount of variable remunerations to which the remuneration plan proposed shall give origin based on the level of compliance with the hypotheses or objectives taken as reference.

c) Main characteristics of the social security systems (such as, supplementary pensions, life insurance and the like)with an estimate of their value or equivalent annual cost.

d) Conditions to be met by the agreements of senior managers such as executive directors, including:

i) Duration;

ii) Pre-notice terms; and

iii) Any other clause relating to hiring premiums as well as compensations or golden parachutes upon early dissolution or termination of the contractual relation between the company and the executive director.

See: B.1.15

COMPLIES

36. That the remunerations be limited to the executive directors through the delivery of company shares or shares of the group of companies, share options or instruments referring to the share value, variable remunerations related to the company's performance or social security systems.

This recommendation does not cover the delivery of shares where directors are required to keep them until they cease to act as directors.

See: A.3, B.1.3
EXPLAIN

The delivery of share option rights is limited to the two executive directors of the Board of Directors. However, and following the provisions of Article 56 of the Articles of Association, based on the special dedication demanded by the office of Chairman of the Board of Directors without any executive powers, the Board of Directors approved the delivery of a certain number of Telecinco share option rights detailed in paragraph G of this Report.

37. That the remuneration of outside directors be that which is necessary to remunerate the dedication, qualification and responsibility required by the office in question without being as high as to compromise its independence.

COMPLIES

38. That the remunerations related to the company's results consider the exceptions included in the external auditor's report and reduce these results.

COMPLIES

39. That in the case of variable remunerations, the remuneration policies include precise technical precautionary measures to ensure that these remunerations are in pace with the professional performance of its beneficiaries and do not simply derive from the general evolution of markets or the company's activity sector or similar circumstances.

COMPLIES

40. That the Board submit to vote by the Annual General Meeting a report on the directors' remuneration policy, as a separate item in the agenda, and for consultation purposes. This report shall be made available to the shareholders whether separately or in any other manner the company deems convenient.

This report shall focus, particularly, on the remuneration policy approved by the
Board of Directors for the current year and, as the case may be, for future years.
The report shall contemplate all matters relating to Recommendation 35, except
For extreme situations which may imply the disclosure of commercially sensitive information. It shall stress the most significant changes in such policies based on the policy applied during the previous year mentioned at the Annual General Meeting. It shall also include a global summary of how the remuneration policy was applied during the previous year.

Likewise, the Board shall report the role played by the Remuneration Committee in the preparation of the remuneration policy and, if external consultancy services were used, the identity of the external consultants providing such services.

See: B.1.16

COMPLIES

41. That the Annual Report detail the individual remunerations of directors during the year, including:

a) The itemized breakdown of the remuneration of each director including, If applicable:

i) The per diem allowances for attendance or other fixed remuneration as director;

ii) Any additional remuneration as chairman or member of any committee of the Board;

iii) Any remuneration for participating in profits or premiums and the reason for their grant;

iv) The contributions made in favour of the director to defined contribution pension plans or the increase of consolidated rights of director in the case of contributions to defined social security plans;

v) Any compensations agreed upon or paid in the case of termination of office;

vi) Remunerations received as director from other companies of the group;

vii) Remunerations received from the performance of high managerial powers by the executive directors;

viii) Any other remuneration item different from those mentioned above irrespectively of the nature or entity of the group paying them, particularly where it is considered a related transaction or where its omission distorts the true image of the total remunerations received by director.

b) An itemized breakdown of deliveries of shares, share option rights or any other instrument referring to the value of shares to directors, including details on:

i) The number of shares or share options granted during the year and conditions for their exercise;

ii) The number of share option rights exercised during the year indicating the number of shares affected and the exercise price;

iii)The number of options whose exercise is still pending at the end of the year indicating price, date and other exercise requirements thereof;

iv)Any modification made throughout the year to the conditions to exercise options already granted.

c) Information on the relation, in such previous year, between the remuneration obtained by the executive directors and the results or other measures of performance of the company.

COMPLIES

42. That where there is a Delegate or Executive Committee (hereinafter,—Delegate Committee"),the shareholding structure of the different categories of directors be similar to that of the Board of Directors itself and the Secretary be that of the Board of Directors.

See: B.2.1 and B.2.6

PARTIALLY COMPLIES

The composition of the Board of Directors and the Executive Committee is as follows:

Board of Directors:

13 members:
Executive directors: 3 (23.0769%),
Proprietary directors: 6 (46.1538%),
Independent directors: 4 (30.7692%)

Executive Committee:
7 members.
Executive directors: 2 (28.5714%),
Proprietary directors: 3 (42.8571%),
Independent: 2 (28.5714%).

The Secretary of the Executive Committee is also the Secretary of the Board of Directors.

43. That the Board of Directors be always aware of the items transacted and decisions adopted in the Managing Committee and that all its members receive a copy of the minutes of the Managing Committee sessions.

COMPLIES

44. That the Board of Directors creates from among its members the Audit Committee required under the Stock Exchange Act and the Appointments and Remuneration Committee (or two separate Committees).

The rules governing the composition and operation of the Audit Committee and the Appointments and Remuneration Committee or Committees shall appear on the Board of Directors‘ Regulations and include the following:

a) The Board of Directors shall appoint the members of these Committees considering the knowledge, skills and experience of directors and the goals of each Committee, decide on their proposals and reports; directors shall report before the entire Board of Directors following their meetings on their activities and the work performed;

b) These Committees shall be exclusively made up of outside directors (at least three). The foregoing applies notwithstanding the attendance by executive directors or senior managers upon express agreement by the members of a Committee.

c)The Chairmen of these Committees shall be independent directors

d) They may call for external counseling where they deem it necessary for the performance of their duties.

e) Their meetings shall be recorded in minutes, a copy of which shall be sent to all members of the Board of Directors.

See: B.2.1 and B.2.3

COMPLIES

45. That the supervision of compliance with the internal codes of conduct and the rules of corporate governance be entrusted to the Audit Committee, the Appointments Committee or, if separate from the latter, the Corporate Governance or Compliance Committee.

COMPLIES

46. That the members of the Audit Committee and, particularly, its chairman, be appointed considering their knowledge and experience in terms of accounting, auditing or risk management.

COMPLIES

47. That the listed companies have an internal auditing body which, under the supervision of the Audit Committee, sees to the proper operation of the internal information and control systems.

COMPLIES

48. That the person in charge of the internal audit file its annual working plan with the Audit Committee and inform directly inform the Committee of any problems found in its preparation and submit are port of activities at the end of each year.

COMPLIES

49. That the risk management and control policy identify, at least, the following:

a) The different types of risks (operating, technological, financial, legal, reputation, etc.)faced by the company, including, among the financial or economic risks, any contingent liabilities and other off-balance risks;

b) The establishment of the risk level considered acceptable by the company;

c) The measures provided for to mitigate the impact of the risks identified in case they materialize;

d) The internal information and control systems to be used to control and manage the risks mentioned, including any contingent liabilities or off-balance risks.

See: D

COMPLIES

50. That the Audit Committee:

1- As to the internal information and control systems:

a) Supervise the preparation process and the integrity of the financial information regarding the company and, if applicable, the group, reviewing compliance with the regulatory requirements, the proper limitation of the consolidation perimeter rand the proper application of the accounting criteria.

b) Periodically review internal risk management and control systems so as to identify, manage and properly inform the main risks.

c) See to the independence and effectiveness of the internal auditing function; propose the selection, appointment, re-election and dismissal of the head of the Internal Audit Department; propose a budget for that service; receive periodic information on its activities; and verify that the senior management considers the conclusions and recommendations of its reports.

d) Establish and supervise a mechanism that allows employees to communicate, on a confidential basis and, if deemed appropriate, anonymously, any potentially significant irregularities, particularly financial and accounting irregularities noted within the company.

2-As to the external auditors:

a) File with the Board of Directors any proposal for the selection, appointment, re-election, and replacement of the external auditor as well as the hire conditions thereof.

b) Receive, on a regular basis, from the external auditor information on the audit plan and the results delivered from its execution, and verify that the senior management considers its recommendations.
c) Ensure the independence of the external auditor and, for such purpose:

i) That, as a relevant event, the company inform the Spanish Stock Exchange Commission of any change of audit or including a declaration on the existence of disagreements with the outgoing auditor and, If any, its content thereof.

ii) That it make sure that the company and the auditor abide by the applicable regulations on the provision of services other than the auditing services, the limits to the concentration of the auditor's business and, In general, any other regulation established to ensure the independence of auditors;

iii) That, should the external auditor resign, it must review all circumstances giving rise to this resignation.

d) In the case of groups, cause the auditor of the group to assume responsibility for the audits to the companies that make up this group.

See: B.1.35, B.2.2, B.2.3 and D.3

COMPLIES

51. That the Audit Committee be authorized to call any employee or director of the company and even order their appearance without the presence of any other manager.

COMPLIES

52. That the Audit Committee inform the Board of Directors, before the adoption by the Board of the relevant decisions, of the following issues mentioned in Recommendation No. 8:

a) The financial information which, given its status as a listed company, the company shall make public periodically. The Committee must make sure that the intermediate accounts are calculated based on the same accounting criteria as the annual accounts and, for this purpose, it shall consider whether it is proper to conduct a limited review by the external auditor.

b) The creation or acquisition of shareholdings in special-purpose entities or in entities whose domicile is established in tax haven countries and territories as well as any other transaction or dealing of similar nature which, given its complexity, may impair the transparency of the group.

c) The related dealings, except where the duty of prior report has been entrusted to a Committee other than the Supervision and Control Committee.

See: B.2.2 and B.2.3

COMPLIES

53. That the Board of Directors file the accounts with the Annual General Meeting without reservations or exceptions in the audit report; should there be any reservation or exception, both the Audit Committee's Chairman and the auditors shall clearly explain to shareholders the contents and scope of these reservations or exceptions.

See: B.1.38

COMPLIES

54. That the majority of the members of the Appointments Committee (or Appointments and Remuneration Committee, if only one) be independent directors.

See: B.2.1

EXPLAIN

The Appointments and Remunerations Committee consists of two independent directors, one of whom is the Chairman and two proprietary directors.

55. That the following duties, apart from those set forth in the preceding Recommendations, be met by the Appointments Committee:

a) Evaluate the necessary powers, knowledge and experience of the Board of Directors and define the necessary functions and skills of candidates to fill in each position and evaluate the time and dedication necessary for them to properly perform these duties.

b) Review or organize, as the case may be, the succession of the Chairman and chief executive and, if applicable, file proposals with the Board of Directors so that this succession is conducted in an orderly and planned manner.

c) Inform the appointments and terminations of senior managers proposed by the chief executive to the Board of Directors.

d) Inform the Board of Directors of gender diversity matters as set forth in Recommendation No. 14 of this Code.

See: B.2.3
COMPLIES

56. That the Appointments Committee consults the Chairman and the company's chief executive, particularly regarding issues affecting the executive directors.

Any director may request the Appointments Committee to consider, if suitable, potential candidates to fill in vacancies of directors.

COMPLIES

57. Apart from the duties set forth in the Recommendations above, the Remuneration Committee shall:

a) Propose to the Board of Directors:
  i) The remuneration policy for directors and senior managers;
  ii) The individual remuneration of executive directors and other conditions of their agreements.
  iii) Basic conditions in the agreements of senior managers.
b) See to the observance of the remuneration policy set forth by the company.

See: B.1.14, B.2.3

COMPLIES

In the case of Telecinco, it is the Appointments and Remuneration Committee the one that performs these duties as well as those set forth in paragraphs 55 and 56 above.

58. That the Remuneration Committee consults the Chairman and the company's chief executive, particularly regarding issues affecting executive directors and senior managers.

COMPLIES

G OTHER INFORMATION OF INTEREST

Since 2006, Telecinco has taken the steps to gradually adapt its structure to the corporate governance recommendations. In the last two years, amendments have been made to the rules governing the organization and operation of the main management bodies: the Bylaws (9 articles), the General Shareholders' Meeting Regulations (4 articles), the Regulations of the Board of Directors (18 articles) and the Internal Code of Conduct of Gestevisión Telecinco, S.A and its Group of Companies regarding their Activities on the Stock Markets.

In 2008, the composition of the board committees was changed in order to increase the presence of independent directors. After the modifications, the composition is as follows:

	2007	2008
Executive Committee		
Independent directors:	1	2
Audit and Compliance Committee		
Independent directors	1 (Chairman)	2 (Chairman and member)
Appointments and Remuneration Committee		
	1 (Chairman)	2 (Chairman and member)

(There are no executives directors on the board committees except the Executive Committee, on which there are two)

Aware that gender diversity is an area in which the Company needs to improve and having adopted the necessary internal measures, the Board of Directors, together with the Appointments and Remuneration Committee, will submit a proposal at the 2009 General Meeting to increase the number of directors in order to appoint a new female director.

This year, in addition to the Corporate Governance Report, detailed information on remuneration paid to directors in 2008 is also provided in the notes to the annual financial statements.

Finally, in an attempt to continue progressing and guaranteeing greater transparency, this year for the first time the content of this report has been verified by an independent entity, PriceWaterhouseCoopers (see http://www.inversores.telecinco.es/es/home.htm).
SECTION A.1.-

Since the Company went public on June 24th, 2004 there has been no modification to share capital. Since January 3rd, 2005 Gestevisión Telecinco, S.A. is a company listed on IBEX 35.

SECTION A.2.-

With regard to shares, Telecinco is represented in book entries; as such the registration of shareholders is the responsibility of an entity which is not part of the company, and the ownership structure cannot be listed. Information contained in this section comes from the information published in the CNMV's website, according to which owners of significant shareholdings as of December 31st, 2008, are the individuals listed in point A.2.

SECTION A.3.-

As approved by the Annual General Meeting of April 11th, 2007, during the financial year covered by this report the Chairman and Chief Executive Officers were granted the following share options:

(i) Alejando Echevarría (Chairman): in 2008 he was granted 77,338 share options. At the end of 2008, this figure was adjusted and reduced to 33,625 after verifying that he had met only one of the three stated targets, free cash flow, and not the consolidated EBIT target for the Telecinco Group or the gross advertising revenue target. The 33,625 options equate to 33,625 shares. The options may be exercised from 30th July 2011 to 29th July 2013. The options will be equity-settled after the payment of a set price of 8.21 euros per share. The share options granted in 2008 plus those granted previously to Mr. Echevarría amount to a total of 222,125 options, equivalent to 222,125 shares of Telecinco.

(ii) Paolo Vasile (CEO): in 2008 he was granted 154,675 share options. As in the case above, the amount was reduced to 67,250 as he failed to meet two of the established targets, consolidated EBIT for the Telecinco Group and gross advertising revenue. The 67,250 options equate to 67,250 shares. The options may be exercised from 30th July 2011 to 29th July 2013. The options will be equity-settled after the payment of a set price of 8.21 euros per share. This gives Mr. Vasile a total of 444,250 share options, equivalent to 444,250 shares of Telecinco.

(iii) Giuseppe Tringali (CEO): In 2008, he was granted 154,675 share options, which after applying the criteria indicated above, were reduced to 67,250. The options may be exercised from 30th July 2011 to 29th July 2013. The options will be equity-settled after the payment of a set price of 8.21 euros per share. To date, Mr. Tringali has been granted a total of 444,250 share options, equivalent to 444,250 shares of Telecinco.

(iv) Massimo Musolino: in 2008 he was granted 70,150 share options, which were reduced to 30,500, equivalent to 30,500 shares. The options may be exercised from 30th July 2011 to 29th July 2013 and will be equity-settled after the payment of a set price of 8.21 euros per share. Mr. Musolino, a director since 9th April 2008 and member of senior management since the IPO of Telecinco, has been granted a total of 210,500 share options.

SECTION A/4/A5

In 2008, Telecinco did not receive any notification of the existence of family, commercial, contractual or corporate links between major shareholders that are material or are not part of their ordinary business or trade. We would note that Pier Silvio Berlusconi, the son of Silvio Berlusconi, has a seat on the Board of Directors as an external proprietary director, but that he has not been granted any powers or authority to act and that there are no commercial, contractual or corporate links between him and Telecinco.

SECTION A.8

As mentioned in our Corporate Governance Report for the previous financial year, the number of treasury shares as of 31st December 2008 was 3,014,813, representing 1.22% of share capital. Pursuant to the authorization granted by the Annual General Meeting to the Board of Directors in the 2008 financial year, a total of 111,253 shares of the company were purchased for the company's remuneration plans.

SECTION B.- BOARD OF DIRECTORS' STRUCTURE

SECTION B.1.4.

The proprietary directors who are members of the present Board of Directors represent the company‘s two main shareholders: Mediaset Investimenti, S.p.a, holder of 50.135% of the share capital and Vocento, S. A holder of 5,080%. Thus, there are no proprietary directors appointed upon the initiative by shareholders holding less than 5% of the share capital. Likewise, the Company has received no formal request to be part of the Board of Directors filed by shareholders whose shareholding is equal to or greater than that of others upon whose request any of the proprietary directors has been appointed.

SECTION B.1.11

To complement the information contained in this section, following is a breakdown of remuneration paid to each of the directors in 2008:

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

	2007	2008
Fixed Remuneration for the Board:	60,000	60,000
Per diems:	60,500	60,000
Complementary remuneration:	1,359,549.92	688,302.56
Total	1,480,049.52	808,302.56
Option rights granted:	67,250	33,620
Option rights exercised:	0	0

Mr. Paolo Vasile - Chief Executive Officer

	2007	2008
Fixed Remuneration for the Board:	60,000	60,000
Per diems:	30,250	30,000
Fixed remuneration:	494,794.32	719,386.86
Variable remuneration:	617,500	333,460
Bonus:	1,100,000	0
Remuneration in kind:	34,937.55	40,314.10
Total:	2,337,661.87	1,183,160.96
Option rights granted:	134,500	67,250
Option rights exercised:	0	0

Mr. Giuseppe Tringali-Chief Executive Officer

	2007	2008
Fixed Remuneration for the Board:	60,000	60,000
Per diems:	30,250	30,000
Fixed remuneration:	479,933.13	680,005.85
Variable remuneration:	617,500	333,460
Bonus:	1,100,000	0
Remuneration in kind:	42,238.54	40,560.64
Total:	2,329,921.67	1,144,026.79

Option rights granted:	134,500	67,250
Option rights exercised:	0	0

Mr. Alfredo Messina

	2007	2008
Fixed Remuneration for the Board:	60,000	60,000
Per diems:	27,500	24,000
Total:	87,500	84,000

Mr. Fedele Confalonieri

	2007	2008
Fixed Remuneration for the Board:	60,000	60,000
Per diems:	35,750	57,000
Total:	95,750	117,000

Mr. Marco Giordani

	2007	2008
Fixed Remuneration for the Board:	60,000	60,000
Per diems:	27,500	30,000
Total:	87,500	90,000

Mr. Pier Silvio Berlusconi

	2007	2008
Fixed Remuneration for the Board:	60,000	60,000
Per diems:	2,750	0

Total:	62,750	60,000

Mr. Giuliano Adreani

	2007	2008
Fixed Remuneration for the Board:	60,000	60,000
Per diems:	49,500	57,000
Total:	109,500	117,000

Mr. José M ª Bergareche Busquet (*)

	2007	2008
Fixed Remuneration for the Board:	60,000	16,500
Per diems:	49,500	15,000
Total:	109,500	31,500

(*) Mr Bergareche resigned as Director effective from 9th April 2009

Mr. Ángel Durández Adeva

	2007	2008
Fixed Remuneration for the Board:	60,000	60,000
Per diems:	38,500	42,000
Total:	98,500	102,000

Mr. Miguel Iraburu Elizondo

	2007	2008
Fixed Remuneration for the Board:	60,000	60,000
Per diems:	46,750	18,000

Total:	106,750	78,000

Mr. Borja de Prado Eulate - Chairman of the Appointments and Remuneration Committee

	2007	2008
Fixed Remuneration for the Board:	60,000	60,000
Per diems:	16,500	42,000
Total:	76,500	102,000

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

	2007	2008
Fixed Remuneration for the Board:	60,000	60,000
Per diems:	19,250	51,000
Total:	79,250	111,000

Mr. Massimo Musolino (*)

	2007	2008
Fixed Remuneration for the Board:	-	40,000
Per diems:	-	12,000
Total:	-	52,000
Option rights granted:	-	30,500
Option rights exercised:	-	0

(*) Mr Mussolino is a member of the Board of Directors since 9th April 2009

None of the directors received any remuneration for their sitting on other Boards of Directors of the Group companies.

As during the previous year, as of the closing date of the 2008 financial year the company had not granted any advance or loan to any of its directors.

With regard to social security systems, the company has hired life insurance, coverage against illness or death, and medical insurance only for the two Chief Executive Officers, with an annual cost of €36,495.44. The items were included as part of the amount corresponding to remuneration in kind.

As during the previous year, no contributions were made for pension funds or plans in favour of any of the members of the Board of Directors.

SECTION B.1.12

During the year, senior management included seven directors who did not appear in the 2007 Annual Report on Corporate Governance. In addition, Massimo Musolino also appears. Until his appointment as an executive director on 9th April 2008 at the General Meeting, he was a senior manager of Telecinco.

SECTION B.1.13

In order to further clarify the information provided, there follows a summary of the main characteristics of the guarantee and golden parachute clauses not included in the former Reports:

Position	Clause, guarantee or parachute
Managing director	Termination of Contract at the request of the Company (except in case off air dismissal): (replacing the legal compensation applicable, unless such compensation is higher) Termination 24-04-02 to 31-12-07: 24 months of salary Termination 2008 to 2011: 18 months of salary Termination afterwards: 12 moths of salary
Managing director	Compensation system: a)Voluntary termination: accrued amount per year: fixed salary per year + bonus per year/13.5;the total compensation is the sum of the years of work. Fair or Unfair Dismissal: legal compensation + compensation fixed in a)
Managing director	Termination of the Contract for reason attributable to the Company or suspension, modification or limitation of duties on the part of the Company, the officer will receive the higher of the following options: a)Compensation starting on €1,020,000, decreasing on a monthly basis by €34,000, during the 30 months following the signature (30-01-2006) until reaching zero. b)Compensation equivalent to 12 months of salary in effect.

Managing director	Termination of the Contract at the request of the Company (except in case of dismissal declared fair): Years of service for the period between 22-01-01 and 31-12-04: 7 days of salary per year with the limit of 6 monthly payments, or 20 days of salary with the limit of 12 monthly payments, depending on the reason for termination. Years of service from 01-12-05: 45 days of salary per year with the limit of 12 monthly payments. The salary base used for the calculation will consist of fixed salary plus variable salary (with a minimum amount of €30,000).
Division director	Termination of the Contract at the request of the Company (except in case of dismissal declared fair): compensation will consist of one year of fixed salary in addition to the corresponding legal compensation.
Director	Termination of the Contract at the request of the Company (except in case of dismissal declared fair): 18 months of fixed salary.

SECTION B.16

No external advice was given in the preparation of the Report on Remuneration Policy.

SECTION B.1.26

As indicated in this section, the term of offices established by the Bylaws for independent directors is twelve (12) years. For Board Committees, the rules and regulations of the Audit and Compliance and Appointments and Remuneration committees limit independent directors’ term of office as Chairman to four (4) years.

SECTION B.2.2

In 2009, a procedure will be put in place so employees can confidentially report any irregularities they observe in the company's conduct.

SECTION B.2.3

To complete this section, we include the following responsibilities of the Audit and Compliance Committee:

On the question of related-party transactions, until this matter is passed on to another committee, the Audit and Compliance Committee shall be responsible for proposing the policy to be pursued in this kind of transaction and for informing the Board of Directors of this policy. The policy on related-party transactions should be made public in the Annual Corporate Governance Report.

Regarding shareholders: The Audit and Compliance Committee should maintain an ongoing channel of communication with the shareholders and in this regard inform the General Shareholders' Meeting of any matters which may be raised by the shareholders during it and which are within the Committee's remit; it should also be aware of and if necessary respond to the initiatives, suggestions or complaints raised by the shareholders with respect to the scope of the Committee's functions when such questions are submitted to it by the Board of Directors.

Regarding transparency and the rules of corporate governance: The Audit and Compliance Committee should ensure compliance with the rules of transparency and proper implementation of the rules of corporate social responsibility. Accordingly, it is responsible for:

a) Following up on the observance of the rules on transparency;
b) monitoring the observance of the Internal Code of Conduct in stock markets and, in general, of the rules of governance and making such proposals as may be necessary to improve them;
c) checking timely compliance with the rules in force relating to communicating Relevant Events;
d) Informing the Board of Directors in advance of the creation or acquisition of shareholdings in special purpose entities or those domiciled in countries or territories which are considered tax havens, as well as any other transactions or operations of a similar nature which could, because of their complex nature, threaten the transparency of the Group;
e) Supervise adherence to the recommendations on corporate governance and corporate social responsibility

SECTION C

All transactions included in this section stem from the Company's ordinary business, were carried out on an arm's length basis and are of minor importance, as their disclosure is not required to give a true and fair view of the equity, financial position or results of operations of Telecinco and its Group. Accordingly, as provided for in article 3, 4) of Ministerial Order EHA/3050/2004, they are not considered related party transactions. Nevertheless, to provide more information in section C.2., all business conducted with significant shareholders in 2008 has been described. The majority of the transactions were carried out with companies in the Mediaset or Vocento groups.

RECOMMENDATION F-25

The Secretary provides new directors with a current copy of the Bylaws and Regulations, informs them of their rights and obligations and makes available to them the required information regarding the operations of the Company and its management bodies.

RECOMMENDATION F-56

The Committee raises issues affecting the Chairman and CEOs to the Board of Directors, to which they belong. No director has proposed any candidates to the Committee.

RECOMMENDATION F-58

The Committee may consult the Chairman or CEO on matters affecting executive directors and senior managers. However, all issues are put to debate at the meetings. No individual consultations outside the meetings were held with the Chairman or CEO.

Indicate any information to further clarify the aforementioned sections, if relevant.

-

In particular, indicate if the company is subject to legislation not applicable in Spain with regards to corporate gobernance and provide, if applicable, with the information requested according to that legislation and not included in this report.

-

Definition of Independent Director:

Indicate whether any of the independent directors has or has had any relationship with the company, its significant shareholders or managers which, if sufficiently meaningful or important, would have prevented the director from being considered as independent director pursuant to the provision of paragraph 5 of the Unified Code on proper governance:

NO

Name of the director	Type of link	Explanation
-	-	-

This annual corporate governance report has been approved by the Company's Board of Directors at a meeting held on 25th February 2009.

Indicate if any of the directors has voted against or has refrained from voting the approval of this Report.

NO

Name or company name of the director who has not voted in favour of the approval of this Report	Grounds (against, abstention, non-attendance)	Explain the grounds
-	-	-

Madrid, February 25, 2009

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