

**SUPPLEMENTARY MANAGEMENT REPORT PREPARED BY THE  
BOARD OF DIRECTORS OF “GESTEVISIÓN TELECINCO, S.A.”**

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**Madrid, 25th February 2009**

**SUPPLEMENTARY REPORT**  
**AS PER SECTION 116 bis, SECURITIES MARKET ACT**

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**Item One. Share Capital Structure.**

The Share Capital of the Company is EUR 123,320,928.00 divided into 246,641,856 book-entry shares of the same class and with a nominal value of EUR 0.5.

The shares of the Company are listed on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia. The ISIN Code is ES0152503035.

Since 3rd January 2005, Gestevisión Telecinco, SA has been one of the companies listed on the IBEX 35.

**Item Two. Restrictions on Transferability of Shares.**

There are no limitations to the free transferability of shares, except for the one provided for in Section 21 of Law 10/1988 of Private Television dated May 3rd, pursuant to which:

“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 Development 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 percent 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 Development of such intention, under the terms of paragraph 1 above.

3. The Ministry of Development 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 Spanish Securities Market Act (Ley 24/1988, de 28 de julio, del Mercado de Valores).

6. Once the acquisition has been completed pursuant to the prior notice procedure set forth hereinabove, such acquisition shall be notified by the acquirer to the Ministry of Development, which shall cause its registration with the Special Register of Concessionaires. The transferor shall also notify the Ministry of Development 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 Development 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”.

**Item Three. Significant Shareholdings in the Share Capital.**

Since the shares of Telecinco are held in book-entry form and thus an entity other than the Company is in charge of the register of shareholders, it is not possible to detail the ownership structure, but merely indicate the shareholdings legally deemed as significant, which, on the issue date of this report were as follows:

| <b>Corporate name</b>           | <b>Direct shareholding %</b> | <b>Indirect shareholding %</b> | <b>Total shareholding %</b> | <b>Date of Entry with CNMV Register</b> |
|---------------------------------|------------------------------|--------------------------------|-----------------------------|---|
| 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                              |

**Item Four. Restrictions on Voting Rights.**

There are no restrictions, either statutory or under the Articles of Association, on the exercise of voting rights. Each share shall carry one vote.

**Item Five. Shareholders' Agreements.**

There are no shareholders' agreements currently in effect.

**Item Six. Rules Applicable to the Appointment and Replacement of Members of the Board of Directors and the Amendment of the Articles of Association of the Company.**

A. Rules applicable to the appointment and replacement of Directors.

Article 41 of the Articles of Association:

1. Directors shall be appointed by resolution at the Annual General Meeting, taken in accordance with the requirements set forth in Section 102 of the Companies Act.
2. Notwithstanding the foregoing, the appointment of Directors through the proportional system included in Section 137 of the Companies Act shall also apply.
3. If there are any vacancies during the term for which the Directors were appointed, the Board of Directors may appoint the persons to cover such vacancies from among the Shareholders until the first Annual General Meeting is held.

Article 54 of the Articles of Association:

1. Directors shall be appointed for a term of five years, and may be re-elected one or more times for terms of such duration. Upon the expiration of such term, the appointment shall terminate, once the next Annual General Meeting has been held or the legal term to call the ordinary Annual General Meeting has expired.
2. Co-opted Directors shall be deemed appointed and shall hold office until the date on which the first Annual General Meeting is held, inclusive, irrespective of the powers of ratification of the Annual General Meeting.
3. Independent Directors may hold office for a maximum term of 12 years and may not be re-elected after the expiration thereof, unless by means of a favourable reasoned report by the Appointments and Remuneration Committee.

Section 55.- Termination of Directors' Office

1. A Director shall cease to hold office when this is decided at the Annual General Meeting, when the Director gives notice of his/her resignation to the Company or upon the expiration of the term for which the Director was appointed. In the last case, the termination shall become effective on the date on which the first Annual General Meeting is held.
2. A Director shall submit his/her resignation to the Board of Directors, and formalise it if the Board of Directors considers it convenient, in the following cases: (a) when the Director reaches the age of 70; (b) upon termination of the executive positions to which his/her appointment as Director was associated; (c) when the Director is covered by one of the applicable incompatibility or prohibition events; (d) when the Director is severely reprimanded by the Appointments and Remuneration Committee for the violation of his/her duties as a Director; and (e) when its continuance in the Board of Directors may put the interests of the Company at risk or adversely affect the credit and reputation of the Company or when the reasons for which the Director was appointed have ceased to exist (for example when a Director representing substantial shareholders disposes of its shareholding in the Company).
3. When a Director resigns before the expiration of his/her term of office, he/she shall send all the members of the Board of Directors a letter explaining the reasons for the resignation. Additionally, the Company shall give notice of such resignation to the National Securities Market Commission (Comisión Nacional del Mercado de Valores) as a relevant event and explain the reasons for the resignation in the Annual Corporate Governance Report.

B. Rules applicable to the amendment of the Articles of Association of the Company.

Section 34.- Approving Resolutions.

1. The Annual General Meeting, either ordinary or extraordinary, shall adopt its resolutions by the majorities required by the Companies Act. Each voting share present, either personally or through representation, at the Annual General Meeting shall carry one vote.
2. The majority necessary to adopt a resolution shall consist of one half plus one of the shares present with the right to vote, either personally or through a representative, except for cases for which the Law establishes a greater majority. The foregoing applies unless provisions of the Law, the Articles of Association or this Regulation provide for a greater majority.

**Item Seven. Powers of the Board of Directors and, particularly, Powers relating to the Issue or Buyback of Shares.**

The relevant rules are included, in the first place, in the Articles of Association of the Company and, in the second place, in its Internal Code of Conduct.

A. As regards the Articles of Association, Article 37 governs the powers of administration and supervision as follows:

1. Except for the matters reserved for the Annual General Meeting, the Board of Directors shall be the highest decision-making body of the Company.
2. The Board of Directors shall have all the necessary powers to manage the Company. Nonetheless, as a general rule it shall entrust the management of ordinary business of the Company to the appointed bodies and the management team, and shall focus on the delineation of the Company's overall strategy and general supervisory functions. In any case, the Board of Directors shall reserve, and may not delegate, decisions regarding the following matters:
  - a) Formulation of the annual financial statements, the management report and the profits distribution proposal, as well as the consolidated financial and management reports.
  - b) Appointment of co-opted Directors and submission of proposals to the Annual General Meeting relating to the appointment, ratification, re-election or termination of office of Directors.
  - c) Appointment and renewal of internal positions in the Board of Directors and members of the Committees.
  - d) Determination of the remuneration of the members of the Board of Directors, at the proposal of the Appointments and Remuneration Committee.
  - e) Payment of interim dividends.
  - f) Decision on any takeover bid made for securities issued by the Company.
  - g) Approval and amendment of the Regulations of the Board of Directors governing its internal organization and functioning.
  - h) Preparation of the Annual Corporate Governance Report.
  - i) Exercise of the powers delegated by the Annual General Meeting when powers of delegation have not been provided for, and exercise of any functions entrusted by the Annual General Meeting.

- j) Execution of any contract or establishment of any legal relationship between the Company and one Shareholder (or company belonging to the same group as such Shareholder) having a shareholding exceeding 5 percent, for an amount exceeding EUR 13,000,000.
- k) Execution of any contract or establishment of any legal relationship between the Company and a third party for an amount exceeding EUR 80,000,000.
- l) Approval of annual budgets and the strategic plan, if any.
- m) Approval of the investment and financing policy.
- n) Supervision of the Telecinco Group corporate structure.
- o) Approval of the Corporate Governance policy.
- p) Supervision of the Corporate Social Responsibility policy.
- q) Approval of the remuneration policy for Executive Directors depending on executive functions and their main contractual obligations.
- r) Performance evaluation of the Company's Executive Directors.
- s) Compliance with risk control and management policies as well as internal information and control systems as stipulated by the Audit and Compliance Committee report.
- t) Approval of the Company's treasury stock policy.
- u) Information about the removal and appointment of senior management as well as their contractual terms.
- v) Approval of financial information that the corporation must periodically publish at the request of the Audit and Compliance Committee.
- w) Approval of the creation or purchase of holdings in special-purpose entities or located in countries or territories designated as tax havens, as well as any transaction or operation of a similar nature that, due to its complexity, may undermine the Group's transparency.
- x) Authorization, with approval from the Audit and Compliance Committee, of related-party transactions completed by Telecinco with directors or related individuals or majority shareholders with the exception of those who comply with the following conditions: (i) are wholly dedicated to a group of clients and effected according to standard conditions, (ii) are effected at prices established

by the supplier of the service or at market prices, (iii) where the amount does not exceed 1% of Telecinco's annual revenues. Directors affected by related activities that are subject to a vote by the Board of Directors because of their characteristics, will not attend the meeting and shall have no right to vote thereon nor to delegate their vote.

- y) Any other issue that the Regulations of the Board of Directors reserves for that body as a whole.

The powers of the Board of Directors, except for the ones that, pursuant to law or the Articles of Association may not be delegated, shall be vested in the Executive Committee and the two joint Chief Executive Officers, Paolo Vasile and Giuseppe Tringali.

B. Regarding the transactions of "Gestevisión Telecinco, S.A." and its Group of Companies on the Stock Markets, the Internal Code of Conduct (Section 9) sets forth the rules applicable to the treasury stock transactions as follows:

**9.1. *Definition of Treasury Stock Transactions subject to this Internal Code of Conduct.***

Treasury stock transactions shall mean transactions involving shares issued by entities of Grupo Telecinco and derivative instruments whose underlying instrument are such shares.

The transactions may be carried out:

- (i) Directly by the Company or other entities of Telecinco Group.
- (ii) Indirectly through third parties on an express or implied agency basis.
- (iii) By third parties that are not agents but act for the same purposes.

**9.2. *Treasury Stock Policy***

Within the scope of the authority granted by the Annual General Meeting, the Board of Directors of the Company shall be in charge of formulating specific plans for the acquisition or disposal of treasury stock.

**9.3. *General Principles of Action in Treasury Stock Transactions***

The treasury stock management shall be subject to the following principles of action:

**9.3.1. Regulatory Compliance**

All the persons involved are under the obligation to know and comply with such regulations and internal procedures as may be applicable.

**9.3.2. Objective**

The main purpose of treasury stock transactions is to provide investors with adequate volumes of liquidity and depth of securities and minimize any possible imbalance between supply and demand on the market. Under no circumstances shall the purpose of such transactions be to intervene in the free pricing process.



### **9.3.3. Transparency**

Transparency in the relationships with supervisors and governing bodies of markets regarding treasury stock transactions shall be ensured.

### **9.3.4. Non-Use of Insider Information**

On no account shall the persons with access to insider information on securities and instruments affected carry out treasury stock transactions.

### **9.3.5. Pricing Neutrality**

Transactions shall be neutral; dominant positions on the market are not allowed under any circumstances.

### **9.3.6. Brokers**

The companies that are part of Telecinco Group shall channel all their transactions involving shares of the Company through a limited number of market members. Before any trading transaction is conducted, the Company shall give the CNMV notice, on a confidential information basis, of the member appointed, as well as any replacement thereof. If any contract regulating the treasury stock trading is signed with any market member, a copy of such contract shall be confidentially sent to the CNMV and the relevant Governing Bodies.

### **9.3.7. Counterparty**

The companies that are part of Telecinco Group may not carry out any transactions involving the purchase or sale of shares of the Company in which the counterparty is any of the following individuals or entities: (i) companies of Telecinco Group; (ii) its Directors; (iii) its significant Shareholders or (iv) intermediaries for any of the above. Moreover, Telecinco Group companies may not simultaneously keep purchase and sales orders for shares of the Company.

### **9.3.8. Restrictions**

During processes involving the public offering or takeover bid of shares of the Company, mergers, or other similar corporate dealings, no transactions involving such shares shall be carried out, unless otherwise provided for in the relevant transaction prospectus. Moreover, the Company may not carry out treasury stock transactions during the closed periods mentioned in Section 4.3.4 herein.

### **9.3.9. Amendments**

In urgent cases and in order to protect the interests of Telecinco Group and its Shareholders, the Chief Executive Officer or the Regulatory Compliance Group (RCG) may resolve to amend or suspend on a temporary basis the application of the preceding rules, which shall be informed to the Board of Directors and the CNMV.

#### **9.4. *Stock option plans***

Notwithstanding the foregoing, the rules contained in Sections 9.1 to 9.3 of this Code shall not be applicable to transactions involving the acquisition of the Company's treasury stock for its subsequent transfer to the beneficiaries of option plans involving Company shares (Share Option Plans) approved by the Board of Directors, or any other transactions carried out by the Company involving own shares within the framework of a share buyback programme. Such transactions shall be conducted according to the specific characteristics of this type of transactions, in such a way and with such characteristics as may be established by the Board of Directors upon approving such plans, which shall meet the conditions contained in the provisions implementing Section 81.4 of the Securities Market Act.

#### **9.5. *Appointment and Duties of the Department in charge of Treasury Stock Management***

The Management Department shall be in charge of treasury stock management.

##### **9.5.1. Special Duty of Confidentiality**

The members of the Management Department shall undertake a special duty of confidentiality regarding the treasury stock strategy and transactions.

##### **9.5.2. Duties**

The Department shall be in charge of:

- (i) Managing treasury stock according to the general principles established herein and such principles as may be determined by the governing bodies of the Telecinco Group.
- (ii) Monitoring changes in Grupo Telecinco's securities, notifying the RCG of any significant variance in quotation that may not be reasonably attributable to the market shifts.
- (iii) Keeping a record of all the treasury stock transactions ordered and carried out available to the RCG and the Board of Directors or any such persons as may be appointed by the Board of Directors.
- (iv) Establishing such relationships with supervisory entities as may be necessary for the proper implementation of the provisions of this Code.
- (v) Preparing a report, on a quarterly basis or whenever required, on the Department's activities.
- (vi) Notifying the RCG of any significant incident in treasury stock management.

#### **Item Eight. Significant Resolutions subject to Changes in the Controlling Stake of the Company.**

There is no significant resolution subject to changes in the controlling stake of the Company.

**Item Nine. Corporate Resolutions involving Special Compensation for Governing and Management Officers.**

The only cases in which there is a special compensation system for the Board of Directors or the senior management of the Company are presented next:

| <b>Position</b>   | <b>Clause, Guarantee or Golden Parachute</b>   |
|-------------------|--|
| Managing Director | Termination of Contract at the request of the Company (except in case of fair dismissal): (replacing the legal compensation applicable, unless such compensation is higher)<br>Termination between 24/04/02 and 31/12/07: 24 months of salary.<br>Termination between 2008 and 2011: 18 months of salary.<br>Termination in the following years: 12 months of salary.  |
| Managing Director | Compensation system:<br>a) <u>Voluntary Termination</u> : accrued amount per year: fixed salary per year + bonus per year/13.5; the total compensation is the sum of the years of work.<br>b) <u>Fair or Unfair Dismissal</u> : legal compensation + compensation fixed in item 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, <u>the officer will receive the higher of the following options</u> :<br>A) Compensation starting on EUR 1,020,000, decreasing on a monthly basis in EUR 34,000 Euros, during the 30 months following the signature (30/01/2006) until reaching zero.<br>B) Compensation equivalent to 12 months of salary in effect.   |
| Managing Director | Termination of the Contract at the request of the Company (except in case of dismissal declared fair):<br>· <u>Years of service for the period between 22/01/01 and 31/12/04</u> : 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.<br>· <u>Years of service from 01/12/05</u> : 45 days of salary per year with the limit of 12 monthly payments.<br>The salary base used for the calculation will consist of fixed salary plus variable salary (with a minimum amount of €30,000). |
| Head of Division  | Termination of Contract at the request of the Company (except in case of fair dismissal):<br>Compensation equivalent to the annual gross fixed remuneration plus the legal compensation applicable.  |
| Manager           | Termination of the Contract for reason attributable to the Company (except in case of dismissal declared fair):<br>18 months of fixed remuneration (including the legal compensation applicable).  |

Madrid, 25th February 2009.