

BOARD OF DIRECTORS OF MEDIASET ESPAÑA COMUNICACIÓN, S.A REPORT REGARDING THE PROPOSED CAPITAL REDUCTION THROUGH THE CANCELLATION OF ITS OWN SHARES INCLUDED IN ITEM NINE ON THE AGENDA OF THE GENERAL SHAREHOLDERS 'MEETING CALLED FOR 15th AND 16th OF APRIL 2015 ON FIRST AND SECOND CALL RESPECTIVELY.

1. Purpose of the report

This report was prepared by the Board of Directors of Mediaset España Comunicación, S.A. ("Mediaset" or the "Company") pursuant to the provisions of Articles 286 and 318 of the Corporations Act, to justify the proposed capital reduction by the cancellation of treasury stocks which is subject to approval by the General Meeting of Shareholders under the Ninth item on the agenda.

Under these Articles, the Board must prepare a report justifying the proposal submitted to the General Meeting of Shareholders, to the extent that the capital reduction necessarily entails the amendment of the Articles of Association regulating share capital.

2. Justification for the proposal

The Board of Directors agreed at its meeting on July 3rd, 2014 analyzing different alternatives aimed at the buyback program with the objective in the medium term, to pay to shareholders the amount which at the time was obtained from the market for the acquisition of 22% of DTS Distribuidora de Televisión Digital, SA.

In accordance with the abovementioned, on the 24th July 2014 the Company acquired a total of 34,583,221 shares of the Company from Promotora de Informaciones, SA (PRISA), representing 8.5% of the share capital. In this sense, the Company's Board Meeting of Directors held on January 21st, 2015 agreed to conduct a buyback of its own shares program under the authorization granted by the Annual General Meeting of Shareholders held on April 9th, 2014 under the eighth item on the agenda. Such repurchase program was intended to allow the Company to reach the maximum allowed percentage of shares (10%) in order to reduce the share capital of the Company with prior agreement of the General Meeting of Shareholders and thereby increasing earnings per share, this buyback program also favors the stock liquidity.

Based on the above, the Board of Directors agreed to propose to the General Meeting a capital reduction by the cancellation of treasury stocks. In the case that it is finally approved, it is expected that almost all of the Company's treasury stocks are cancelled, taking into account that the shares necessary for the execution of existing remuneration programs, via the delivery of shares or stock options, are excluded from the reduction.

3. Principal terms and conditions of the capital reduction

It is proposed to reduce the share capital amounting to 20,343,071 euros, through the cancellation of 40,686,142 its own shares currently held as treasury stock of EUR 0.50 par value each, representing 10% of the share capital, therefore leaving the amount of share capital as 183,087,642 euros.

If the capital reduction agreement is approved, it will be necessary to amend the Articles of Association governing the share capital, to reflect the new amount of capital and the new number of shares in circulation.

The capital reduction would not imply a refund of contributions as the Company itself is the owner of the cancelled shares and would be carried out against disposable reserves, through the provision of a capital reserve for an amount equal to the nominal value of the cancelled shares, which would only be used with the same requirements as those established for the reduction of share capital, pursuant to the provisions of Article 335. c) of the Corporations Act.

Therefore, for the sake of simplicity in the execution, and under the scope of Article 335 c) of the Corporations Act, creditors would not have the right to object under Article 334 of the Corporations Act.

In particular, it is proposed to empower the Board of Directors to take the steps and actions necessary to formalize the agreement to reduce capital and apply for the delisting of the cancelled shares on the Spanish Stock Exchanges and the cancellation of its accounting records.

In Madrid, 25th February 2015