Independent Audit Report

MEDIASET ESPAÑA COMUNICACIÓN, S.A. AND SUBSIDIARIES
Consolidated Financial Statements and Consolidated Management Report
for the year ended
December 31, 2014

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Translation of a report and consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (See Note 27)

INDEPENDENT AUDIT REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of MEDIASET ESPAÑA COMUNICACIÓN, S.A.:

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of MEDIASET ESPAÑA COMUNICACIÓN, S.A. (the parent company) and its subsidiaries (the Group), which comprise consolidated statement of financial position at December 31, 2014, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement, and the notes thereto for the year then ended.

Directors' responsibility for the consolidated financial statements

The directors of the parent company are responsible for the preparation of the accompanying consolidated financial statements so that they give a true and fair view of the consolidated equity and consolidated financial position and the consolidated results of MEDIASET ESPAÑA COMUNICACIÓN, S.A. and its subsidiaries, in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, and other provisions in the regulatory framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying consolidated financial statements based on our audit. We conducted our audit in accordance with prevailing audit regulations in Spain. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of consolidated financial statements by the directors of the parent company in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Domicilio Social: Pl. Pablo Ruiz Picasso, 1. 28020 Madrid - Inscrita en el Registro Mercantil de Madrid al Tomo 12749, Libro 0, Folio 215, Sección 8, Hoja M-23123, Inscripción 116. C.I.F. B-78970506.
A member firm of Ernst & Young Global Limited.

Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of MEDIASET ESPAÑA COMUNICACIÓN, S.A. and its subsidiaries at December 31, 2014, and its consolidated results and consolidated cash flow for the year then ended, in accordance with IFRS, as adopted by the EU, and other provisions in the regulatory framework for financial information applicable in Spain.

Report on other legal and regulatory requirements

The accompanying consolidated 2014 management report contains such explanations as the directors of the parent company consider appropriate concerning the situation of the Group, the evolution of its business and other matters; however, it is not an integral part of the consolidated financial statements. We have checked that the accounting information included in the aforementioned consolidated management report agrees with the 2014 consolidated financial statements. Our work as auditors is limited to verifying the consolidated 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 accounting records of MEDIASET ESPAÑA COMUNICACIÓN, S.A. and its subsidiaries.

ERNST & YOUNG, S.L.

(Signed on the original in Spanish)

Antonio Vázquez Pérez

February 26, 2015

Mediaset España Comunicación, S.A.
and
Subsidiaries

Consolidated Financial Statements for the year ended December 31, 2014, prepared in accordance with International Financial Reporting Standards (IFRS-EU) as adopted by the European Union, and Directors' Report

Mediaset España Comunicación, S.A. and Subsidiaries

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT DECEMBER 31, 2014 AND AT DECEMBER 31, 2013

(Expressed in thousand of euros)

ASSETS	12/31/14	12/31/13
NON-CURRENT ASSETS		
Property, plant, and equipment (Note 6)	**48,629**	**49,679**
Intangible assets (Note 7)	**217,313**	**226,377**
Audiovisual property rights (Note 8)	**228,638**	**235,539**
Goodwill (Note 9)	**287,357**	**287,357**
Equity method investments (Note 10)	**9,901**	**394,863**
Non-current financial assets (Note 11)	**6,349**	**4,580**
Deferred tax assets (Note 19.5)	**164,783**	**186,290**
Total non-current assets	**962,970**	**1,384,685**
CURRENT ASSETS		
Non-current assets held for sale (Note 13)	**7,933**	**-**
Inventories	**1,610**	**4,701**
Accounts receivable	**223,997**	**219,763**
Trade receivables for sales and services (Note 22.2)	201,718	196,352
Trade receivables from related parties (Note 25.1)	2,098	3,041
Sundry receivables (Note 22.2)	11	176
Employee receivables (Note 22.2)	52	62
Other receivable from public authorities (Note 19.3)	7,659	489
Income tax current assets (Note 19.3)	12,459	19,643
Other current assets (Note 12)	**12,818**	**11,931**
Other current financial assets (Note 22.2)	**1,309**	**752**
Cash and cash equivalents (Note 14)	**275,782**	**112,774**
Total current assets	**523,449**	**349,921**
TOTAL ASSETS	**1,486,419**	**1,734,606**

The accompanying Notes 1 to 27 are an integral part of this consolidated financial statement at December 31, 2014.

Mediaset España Comunicación, S.A. and Subsidiaries

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT DECEMBER 31, 2014 AND AT DECEMBER 31, 2013

(Expressed in thousand of euros)

EQUITY AND LIABILITIES	12/31/14	12/31/13
EQUITY (Note 15)		
Share capital	203,431	203,431
Share premium	1,064,247	1,064,247
Share-based payment reserves	11,138	14,573
Other reserves	210,257	206,175
Treasury shares	(371,373)	(73,445)
Valuation adjustments	3,911	-
Profit for the year attributable to the parent	59,492	4,161
Total equity of the parent	**1,181,103**	**1,419,141**
Non-controlling interests	8,303	12,234
Total equity	**1,189,406**	**1,431,375**
NON-CURRENT LIABILITIES		
Non-current provisions (Note 16)	**9,678**	**10,378**
Related party borrowings (Note 17)	**11,144**	**-**
Other non-current liabilities	**405**	**185**
Deferred tax liabilities (Note 19.5)	**10,033**	**9,884**
Total non-current liabilities	**31,260**	**20,447**
CURRENT LIABILITIES		
Payable to related parties (Note 25.1)	**18,243**	**43,068**
Accounts payable for purchases and services (Note 22.2)	**93,883**	**102,052**
Accounts payable for audiovisual rights (Note 22.2)	**67,549**	**59,749**
Other non-trade payables	**46,853**	**37,360**
Bank borrowings (Note 22.2)	239	678
Payables to public authorities (Note 19.3)	29,780	25,047
Payables for non-current asset acquisitions (Note 22.2)	4,027	1,200
Remuneration payable (Note 22.2)	9,281	10,346
Other borrowings (Note 22.2)	3,526	89
Current provisions (Note 18)	**38,426**	**34,574**
Other current liabilities	**799**	**5,981**
Total current liabilities	**256,753**	**282,784**
TOTAL EQUITY AND LIABILITIES	**1,486,419**	**1,734,606**

The accompanying Notes 1 to 27 are an integral part of the consolidated financial statements at December 31, 2014.

Mediaset España Comunicación, S.A. and Subsidiaries

CONSOLIDATED SEPARATE INCOME STATEMENT AT DECEMBER 31, 2014 AND AT DECEMBER 31, 2013

(Expressed in thousand of euros)

	12/31/14	12/31/13
INCOME		
Revenue (Note 23.1)	919,400	818,825
Sales	899,902	813,788
Discount and volume rebates	(33,513)	(35,678)
Revenue from the rendering of services	53,011	40,715
Other operating income	12,687	7,995
Total operating income	**932,087**	**826,820**
EXPENSES		
Decrease in inventories of finished goods and work in progress	3,076	1,304
Procurements	260,855	270,346
Staff costs (Note 23.2)	106,186	104,850
Amortization of audiovisual property rights (Note 8)	199,220	173,927
Depreciation and amortization charge (Note 6 and 7)	17,268	18,076
Change in operating provisions (Note 23.3)	1,850	(1,055)
Other expenses (Note 23.4)	198,878	189,200
Total operating expenses	**787,333**	**756,648**
Profit from operations	**144,754**	**70,172**
Net finance income/(expense) (Note 23.6)	(632)	(3,111)
Exchange differences (Note 23.7)	620	(154)
Result of companies accounted for using the equity method (Note 10)	1,898	(70,745)
Sale/Impairment losses of other financial assets	(61,092)	(94)
Gains (losses) on disposals of non-current assets available for sale	-	1,648
Profit before tax	**85,548**	**(2,284)**
Income tax (Note 19.4)	29,986	(6,181)
Profit for the year	**55,562**	**3,897**
Attributable to:		
Shareholders of the parent	59,492	4,161
Non-controlling interests	(3,930)	(264)
Earnings per share (Note 24.1)	**0.15**	**0.01**
Diluted earnings per share (Note 24.2)	**0.15**	**0.01**

The accompanying Notes 1 to 27 are an integral part of the consolidated financial statements at December 31, 2014.

Mediaset España Comunicación, S.A. and Subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AT DECEMBER 31, 2014 AND DECEMBER 31, 2013

(Expressed in thousand of euros)

	12/31/14	**12/31/13**
PROFIT FOR THE YEAR	55,562	3,897
Income and expense recognized directly in equity to later be recycled to the income statement	**3,911**	**-**
- Net Profit/(Loss) from available-for-sale assets	3,911	-
Income and expense recognized directly in equity which later will not be recycled to the income statement	-	-
TOTAL PROFIT FOR THE YEAR	**59,473**	**3,897**
Attributable to:		
Shareholders of the parent	63,403	4,161
Non-controlling interests	(3,930)	(264)

The accompanying Notes 1 to 27 are an integral part of this consolidated financial statement at December 31, 2014

Mediaset España Comunicación, S.A. and Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT DECEMBER 31, 2014 AND DECEMBER 31, 2013

(Expressed in thousand of euros)

	Share capital (Note 15.1)	**Legal reserve (Note 15.2)**	**Share premium**	**Share-based payment reserve**	**Treasury shares (Note 15.3)**	**Other reserves**	**Valuation adjustments**	**Profit for the year**	**Total equity of the parent**	**Non-controlling Interest (Note 15.4)**	**Total**
Balance at 12/31/13	**203,431**	**40,686**	**1,064,247**	**14,573**	**(73,445)**	**165,489**	**-**	**4,161**	**1,419,141**	**12,234**	**1,431,376**
Components of other comprehensive income	-	-	-	-	-	-	3,911	-	**3,911**	-	**3,911**
Profit (Loss) for the year	-	-	-	-	-	-	-	59,492	**59,492**	(3,930)	**55,562**
Total comprehensive income for the year	-	-	-	-	**-**	**-**	**3,911**	**59,492**	**63,403**	**(3,930)**	**59,473**
Distribution of profit for the year	-	-	-	-	-	4,161	-	(4,161)	**-**	-	**-**
Operations with treasury shares	-	-	-	(3,435)	(297,928)	(557)	-	-	**(301,920)**	-	**(301,920)**
Share based payment	-	-	-	-	-	-	-	-	**-**	-	**-**
Other changes	-	-	-	-	-	478	-	-	**478**	-	**478**
Balance at 12/31/14	**203,431**	**40,686**	**1,064,247**	**11,138**	**(371,373)**	**169,571**	**-**	**59,492**	**1,181,103**	**8,303**	**1,189,406**
Balance at 12/31/12	**203,431**	**40,686**	**1,064,247**	**15,361**	**(84,746)**	**119,279**	**-**	**50,143**	**1,408,401**	**12,498**	**1,420,899**
Components of other comprehensive income	-	-	-	-	-	-	-	-	**-**	-	**-**
Profit (Loss) for the year	-	-	-	-	-	-	-	4,161	**4,161**	(264)	**3,897**
Total comprehensive income for the year	-	-	-	-	**-**	**-**	**-**	**4,161**	**4,161**	**(264)**	**3,897**
Distribution of profit for the year	-	-	-	-	-	50,143	-	(50,143)	**-**	-	**-**
Operations with treasury shares	-	-	-	(927)	11,301	(4,578)	-	-	**5,796**	-	**5,796**
Share-based payment	-	-	-	139	-	-	-	-	**139**	-	**139**
Other changes	-	-	-	-	-	645	-	-	**645**	-	**645**
Balance at 12/31/13	**203,431**	**40,686**	**1,064,247**	**14,573**	**(73,445)**	**165,489**	**-**	**4,161**	**1,419,141**	**12,234**	**1,431,375**

The accompanying Notes 1 to 27 are an integral part of the consolidated financial statements at December 31, 2014.

Mediaset España Comunicación, S.A. and Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOW AT DECEMBER 31, 2014 AND 2013
(Expressed in thousand of euros)

	12/31/14	12/31/13
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before tax	**85,548**	**(2,284)**
Adjustment for:		
Amortization of audiovisual property rights (Note 8)	199,220	173,927
Depreciation and amortization charge (Note 6 and 7)	17,268	18,076
Result of companies accounted for using the equity method (Note 10)	(1,898)	70,745
Change in provisions for contingencies and charges	(451)	(14,994)
Net finance expense (Note 23.6)	632	3,111
Net exchange differences (Note 23.7)	(620)	154
Disposals of other assets	1,244	338
Impairment of other financial assets	61,092	94
Profits from operations before changes in working capital	**362,035**	**249,167**
Change in operating assets and liabilities net of the impact of acquisition of new investments		
Inventories	3,091	1,276
Accounts receivable	(6,200)	(12,931)
Other current assets	(698)	(4,183)
Accounts payable	(32,994)	(20,638)
Other current liabilities	4,750	12,886
Change in provisions	3,852	(15,849)
Cash flows from operating activities	**333,836**	**209,728**
Taxes paid at sources	(6,996)	1,976
Net cash flows from operating activities (A)	**326,840**	**211,704**
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in property, plant, and equipment (Note 6)	(6,534)	(4,355)
Investments in audiovisual property rights	(187,337)	(188,192)
Disposals of audiovisual property rights	2,600	462
Investments in intangible assets (Note 7)	(1,647)	(2,273)
Investments/Disposals of non-current financial assets	(3,834)	(101)
Investments/Disposals in associates	325,000	(492)
Investments in other current and non-current financial assets	(557)	1,313
Dividend received	1,904	2,826
Interest received	1,066	415
Net cash flows from investing activities (B)	**130,661**	**(190,397)**
CASH FLOW USED IN FINANCING ACTIVITIES		
Long term financing	11,513	3,222
Interest paid	(2,690)	(2,998)
Short term financing	(439)	397
Acquisition of own equity instruments	(307,514)	-
Disposal of own equity instruments	5,257	-
Net cash flows used in financing activities (C)	(293,873)	**621**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS [D=A+B+C]	**163,628**	**21,928**
Net foreign exchange difference	**(620)**	**154**
Net change in cash and cash equivalents	**163,008**	**22,082**
Cash and cash equivalents at beginning of the year (Note 14)	**112,774**	**90,692**
Cash and cash equivalents at end of the year (Note 14)	**275,782**	**112,774**

The accompanying Notes 1 to 27 are an integral part of the consolidated financial statements at December 31, 2014.

1. Corporate purpose of the Mediaset España Comunicación, S.A. Group companies

MEDIASET ESPAÑA COMUNICACIÓN, S.A. - PARENT

Mediaset España Comunicación, S.A. ("the Company" or "the parent") domiciled at the Carretera de Fuencarral to Alcobendas, nº 4, 28049 Madrid, was incorporated in Madrid on March 10, 1989.

The Company is devoted to the indirect management of Servicio Público de Televisión, and at December 31, 2014, operates six different TV channels: Telecinco, Factoría de Ficción, Boing, Cuatro, Divinity and Energy. The licenses to operate these channels were granted as follows:

- Based on the terms of the concession granted by the government as per the General Communications Secretary's resolution of August 28, 1989, and a concession contract ratified by public deed on October 3, 1989, as well as the transactions resulting from these arrangements.

- This agreement was renewed for ten years from April 3, 2000 by virtue of a Council of Ministers' resolution dated March 10, 2000.

- A Council of Ministers' resolution of November 25, 2005 extended this concession agreement as well as those of other national concessionaires to include three DTT (digital terrestrial television) channels.

- A Council of Ministers' resolution of March 26, 2010 renewed this concession for an additional ten years. The Company has made all the investments required to start digital transmissions pursuant to Royal Decree 2169/1998, of October 9, which approved the Spanish National Technical Plan for Digital Terrestrial TV. Without prejudice to the above and in conformity with Transitional Provision Two of Audiovisual Law, on May 3, 2010, the Company requested that the concession be changed to a license to offer an audiovisual communication service. Under the Council of Ministers' resolution of June 11, 2010, the concession became a 15-year license to offer an audiovisual communication service. This license is automatically renewable for the same period provided the Company meets the requirements of Article 28 of the Audiovisual Law 7/2010, of March 31.

- Since the analogical blackout on April 3, 2010 (when analogical broadcasts ended), and by virtue of Additional Provision Three of Royal Decree 944/2005 on May 4, 2010, the Company has access to a multiple digital license with national coverage, which increased the channels it managed to four.

- Following the acquisition of Sogecuatro, S.A. in 2010, the Company obtained Cuatro's multiplex licenses (Cuatro and three more channels).

- On May 6, 2014, the digital channels La Siete and Nueve ceased broadcasting in compliance with the sentence handed down by the Third Chamber of the Supreme Court, as decided at a Council of Ministers meeting held March 22, 2013.

- 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 June 24, 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 January 3, 2005.

(Expressed in thousand of euros)

- The Group's main business activity is selling advertising on the TV channels it operates as a concessionaire, as well as similar, complementary, and related activities such as:

  - Audiovisual production
  - News agency
  - Advertising promotion
  - Online gaming

- The Company is head of a Group of subsidiaries making up the Mediaset España Comunicación Group. Consequently, Mediaset España Comunicación, S.A. is required to prepare, in addition to its individual financial statements, consolidated financial statements for the Group. The consolidated Group companies are as follows:

Fully consolidated companies

	Country	12/31/14	12/31/13
Grupo Editorial Tele 5, S.A.U.	Spain	100%	100%
Telecinco Cinema, S.A.U.	Spain	100%	100%
Publiespaña, S.A.U.	Spain	100%	100%
Conecta 5 Telecinco, S.A.U.	Spain	100%	100%
Mediacinco Cartera, S.L.	Spain	75%	75%
Publimedia Gestión, S.A.U. (1)	Spain	100%	100%
Sogecable Media, S.L.U.	Spain	100%	100%
Sogecable Editorial, S.A.U.	Spain	100%	100%
Premiere Megaplex, S.A.U.	Spain	100%	100%
Integración Transmedia, S.A.U (1)	Spain	100%	100%

Companies accounted for using the equity method

	Country	12/31/14	12/31/13
Pegaso Televisión, Inc	USA	44%	44%
Bigbang Media, S.L.	Spain	30%	30%
Producciones Mandarina, S.L.	Spain	30%	30%
La Fábrica de la Tele, S.L.	Spain	30%	30%
DTS, Distribuidora de Televisión Digital, S.A. (4)	Spain	-	22%
Furia de Titanes II, A.I.E. (3)	Spain	34%	34%
Editora Digital de Medios, S.L.	Spain	50%	50%
60 DB Entertainment, S.L.	Spain	30%	30%
Megamedia Televisión, S.L. (2)	Spain	30%	30%
Supersport Televisión, S.L.	Spain	30%	30%
Netsonic, S.L. (1)	Spain	38.04%	38.04%

(1) The ownership interest in these companies is held through Publiespaña, S.A.U.
(2) The ownership interest in this company is held through Conecta 5 Telecinco, S.A.U.
(3) The ownership interest in this A.I.E. is held through Telecinco Cinema, S.A.U.
(4) Sold to Telefónica de Contenidos S.A.U. on July 4, 2014

Changes in the consolidation scope during the year ended December 31, 2014

- On July 4, 2014, Mediaset España Comunicación S.A. formalized an agreement for the sale of 22% of the share capital in "Distribuidora de Televisión Digital, S.A." (DTS) to Telefónica de Contenidos S.A.U., and collected the entire amount corresponding to the agreed-upon acquisition price.

  "Distribuidora de Televisión Digital, S.A." (DTS) was consolidated using the equity method.

Changes in the consolidation scope during the year ended December 31, 2013

- On September 26, 2013, Integración Transmedia, S.A.U., was acquired (wholly owned by Publiespaña, S.A.U.). This Company is consolidated using the full consolidation method.

- Conecta 5 Telecinco, S.A.U. has a 30% investment in Megamedia Televisión, S.L., which was acquired on July 31, 2013.

- Also, on July 18, 2013, Mediaset España Comunicación, S.A. acquired 30% of Supersport Televisión, S.L.

- On December 5, 2013, 38.04% of Netsonic, S.L. was acquired by Publiespaña, S.A.U.

SUBSIDIARIES

Subsidiaries are defined as companies over which the parent has the capacity to exercise effective control. See Note 4.1.

1. Fully consolidated companies (wholly-owned by Mediaset España Comunicación S.A.)

Grupo Editorial Tele 5, S.A.U.

Grupo Editorial Tele 5, S.A.U. was incorporated in Madrid on July 10, 1991, and its registered office is at Carretera de Fuencarral a Alcobendas, nº 4, Madrid.

Its company objective is to carry on, inter alia, the following activities which are complementary to operating a television channel: the acquisition and exploitation of phonogram and audiovisual recording rights, artistic representation, the promotion of events and the publishing, production, distribution, and marketing of publications and graphic materials.

Telecinco Cinema S.A.U.

Digitel 5, S.A.U. was incorporated in Madrid on September 23, 1996. Its registered office is in Madrid, at Carretera de Fuencarral a Alcobendas, nº 4.

In November 1999, the change of its corporate name from Digitel 5, S.A.U. to Estudios Picasso Fábrica de Ficción, S.A.U. was registered at the Mercantile Registry.

In May 2007, the change of its corporate name to Producciones Cinematográficas Telecinco, S.A.U. was registered at the Mercantile Registry.

In November 2007, the change of its corporate name to Telecinco Cinema, S.A.U. was registered at the Mercantile Registry.

The company object includes mainly, although not exclusively, the provision of television broadcasting services through digital technology, research, development and commercialization of new technologies related to telecommunications; any activity that might be required for television broadcasting, intermediation in the markets for audiovisual rights; organization, production, and broadcasting of shows or events of any kind.

Publiespaña, S.A.U.

Publiespaña, S.A.U. was incorporated on November 3, 1988. Its registered office is at Carretera de Fuencarral a Alcobendas, nº 4, Madrid.

The company's objects are as follows:

a) The performance and execution of advertising projects, and all manner of work relating to the commissioning, intermediation, and dissemination of advertising messages in all possible forms, by means of any manner of broadcasting or communications media.

b) The performance of activities relating directly or indirectly to marketing, merchandising, telesales, and any other commercial activity.

c) The organization and production of cultural, sports, musical or any other event, and the acquisition and exploitation, by any means, of all manner of rights relating thereto.

d) The provision of advisory analysis and management services, using any procedure relating to the aforementioned activities.

e) These activities may be performed fully or partially indirectly by the company, through equity investments in other companies with a similar object.

Conecta 5 Telecinco, S.A.U.

Europortal, S.A. was incorporated on September 6, 1999. On October 14, 1999, the company changed its name to Europortal Jumpy, S.A. Its registered office is at Carretera de Fuencarral a Alcobendas, nº 4, Madrid.

On November 5, 2007, its name was changed to Conecta 5 Telecinco, S.A.U.

Its company objective is the exploitation of audiovisual content on the Internet.

Mediacinco Cartera, S.L. (75% owned)

Mediacinco Cartera, S.L.U. was incorporated on April 13, 2007. Its registered office is in Madrid, at Carretera de Fuencarral a Alcobendas, nº 4.

Its company objectives are:

a) The investment through acquisition, subscription, assumption, disbursement, ownership, transfer, disposal, contribution, and charging of Marketable Securities, including shares and other equity investments in companies and joint property entities, company subscription rights, exchangeable and non-exchangeable debentures, commercial bonds, "rights" bonds, fixed-income, and equity securities, irrespective of whether or not they are on the official stock exchanges and government debt securities, including treasury bills and promissory notes, bills of exchange, and certificates of deposit, all in accordance with the applicable legislation.

b) The provision of accounting, financial, tax, civil law, corporate law, labor law, and administrative law administration, management and advisory services to other companies in which it has direct or indirect ownership interests.

This company currently has no activity.

Sogecable Media, S.L.U.

Sogecable Media, S.L.U was incorporated on October 10, 2005 to manage the sale of advertising through CUATRO's audiovisual media, Prisa TV's theme channels on DIGITAL+ and the *DIGITAL+* magazine. Its registered office is at Carretera de Fuencarral a Alcobendas, nº 4. This company is currently dormant.

Sogecable Editorial, S.A.U.

Sogecable Editorial, S.A.U.'s registered office is at Carretera de Fuencarral a Alcobendas, nº 4.

The company's objective includes the following activities, which are complementary to operating a television channel:

a) the acquisition and exploitation of sound and audiovisual recording rights,

b) the representation of artists,

c) the promotion of shows and the edition, production, distribution, and marketing of publications and graphic material.

Premiere Megaplex, S.A.U.

Premiere Megaplex, S.A.U.'s registered office is at Carretera de Fuencarral a Alcobendas, nº 4.

The Company is engaged in:

Activities related to gambling and betting, e.g. the organization, sale and operation of games, bets, raffles, contests, et al in which amounts of money or other financial consideration is at stake and whose outcome is uncertain, irrespective of players' skills, as well as activities that are exclusive to or sponsored by such activities. These activities are governed by Law 13/2011, of May 27, on the regulation of gambling.

2. Fully consolidated companies (wholly-owned by Publiespaña S.A.U.)

Publimedia Gestión, S.A.U.

Publimedia Gestión, S.A.U. was incorporated in Madrid on November 23, 1999. The Company's registered office is Carretera de Fuencarral a Alcobendas, nº 4. It does business all across Spain through its Madrid office.

The Company is devoted to the following:

a) Creation, acquisition, production, co-production, edition, filming, recording, reproduction, broadcasting, distribution, commercialization, and any other business activities related to audiovisual, written, and IT productions or recordings, as well as related rights.

b) Creation and execution of advertising projects as well as tasks related to contracting, intermediation, and distribution of advertising messages in any and all possible formats, through any and all dissemination methods or social networks.

c) Direct and indirect creation, acquisition, commercialization, or exploitation of brands, patents, and other types of industrial property or image rights, as well as any supporting objects, models, or methods involved in their use.

d) Activities directly or indirectly related to marketing, merchandising, or any other commercial activities.

e) Organization and production of cultural, sporting, musical, or any other type of event, as well as the acquisition and any type of exploitation of all types of related rights.

f) Providing advisory, analysis, and management services related to procedures or related to any of the abovementioned activities.

Integración Transmedia, S.A.U.

Transmedia, S.A.U.'s registered office is Carretera de Fuencarral a Alcobendas, nº 4.

The Company is engaged in:

Creation and execution of advertising projects as well as tasks related to contracting, intermediation, and distribution of advertising messages in any and all possible formats, through any and all dissemination methods or networks.

Activities directly or indirectly related to marketing, merchandising, tele-sales, or any other commercial activities.

Organization and production of cultural, sporting, musical, or any other type of event, as well as acquisition and operation of all types of related rights.

Providing advisory, analysis, and management services related to procedures or related to any of the abovementioned activities.

(Expressed in thousand of euros)

ASSOCIATES OF MEDIASET ESPAÑA COMUNICACIÓN, S.A.

Associates are companies over which the Company is in a position to exercise significant influence, which is presumed to exist when an investment of at least 20% is held, but not control or joint control.

1. Direct ownership through Mediaset España Comunicación, S.A.

Company	2014	2013	Line of business
Pegaso Televisión Inc. 1401 Brickell Avenue – Ste 500 Miami, Florida	43.7%	43.7%	Channeling of the investment in Caribevisión Network, a TV broadcaster on the east coast of the US and in Puerto Rico
Bigbang Media, S.L. C/ Almagro,3 28010 Madrid	30%	30%	Production and distribution of all classes of audiovisual programs and products in any support format
DTS, Distribuidora de Televisión Digital, S.A. Avda de los Artesanos, 6 28760 Tres Cantos, Madrid	-	22% (*)	Indirect management of pay TV service
Producciones Mandarina, S.L. C/ María Tubau, 3 28050 Madrid	30%	30%	Creation, development, production, and commercial exploitation of audiovisual content
La Fabrica de la Tele, S.L. C/ Angel Gavinet, 18 28007 Madrid	30%	30%	Creation, development, production, and commercial exploitation of audiovisual content
Editora Digital de Medios, S.L. C/ Condesa de Venadito, 1 28027 Madrid	50%	50%	Creation, development, and operation of a digital diary specialized in communication media, particularly audiovisual.
60 DB Entertainment. S.L. Avenida Diagonal, 558 08021 Barcelona	30%	30%	Creation and development of audiovisual content in all formats, including: entertainment, fiction advertising, or similar, as well as the production and commercial exploitation of events in all forms and media formats.
Supersport Televisión, S.L C/ María Tubau, 5-4ªPlanta 28050 Madrid	30%	30%	Production of news programs, especially those which are sports-related.

(*) Sold to Telefónica de Contenidos S.A.U. on July 4, 2014

(Expressed in thousand of euros)

2. Indirect ownership through Telecinco Cinema, S.A.U.

Company	2014	2013	Line of business
Agrupación de Interés Económico Furia de Titanes II, A.I.E. C/ Teobaldo Power, 2-3ºD Santa Cruz de Tenerife	34%	34%	Proprietary and third-party presentation of telecommunication services in all forms and formats, known or unknown, in accordance with legal regulations, and all types of participation in the creation, production, distribution, and all other operation of audiovisual productions, be they fiction, animated, documentary in nature.

3. Indirect ownership through Conecta 5 Telecinco, S.A.U.

Company	2014	2013	Line of business
Megamedia Televisión, S.L C/ María Tubau, 5-4ªPlanta 28050 Madrid	30%	30%	Creation, development, production, and operation of audiovisual multimedia content.

4. Indirect ownership through Publiespaña, S.A.U.

Company	2014	2013	Line of business
Netsonic, S.L Gran Vía de las Corts Catalanes, 630, 4ªPlanta 08007 Barcelona	38.04%	38.04%	Creation of an online video advertising platform grouping Latin American channels, including international media groups with Latam audiences as well as those specifically aimed at Latam viewers.

These companies are accounted for using the equity method, since the Group is not a majority shareholder and does not exercise control.

None of these companies is publicly listed.

In accordance with what is established in the Spanish Corporation Law, the parent has duly notified the investees of its acquisition of their share capital. It has no commitments which could lead to contingent liabilities with respect to these companies.

2. Basis of presentation and comparability of the consolidated financial statements

2.1. Fair presentation and conformity with International Financial Reporting Standards

The Group's consolidated financial statements for 2014 were formally prepared:

- By the directors, at the Board of Directors Meeting held on February 25, 2015.
- In accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, in conformity with Regulation (EC) No 1606/2002 of the European Parliament and of the Council.

The consolidated financial statements were also prepared considering the following:

- All the accounting principles and standards, as well as the measurement bases which are of mandatory application which have a significant impact on the consolidated financial statements, as well as permitted alternatives and which are specified in the accompany notes thereto.
- The consolidated financial statements were prepared on a cost basis, except for derivatives and available-for-sale financial assets, which have been measured at fair value.
- Therefore, these financial statements give a true and fair view of the Group's consolidated equity and consolidated financial position at December 31, 2014, as well as the results of its operations, changes in consolidated equity and consolidated cash flows in the year then ended.
- On the basis of the accounting records kept by the Company and by the other Group companies.

The company is the parent company of a Group and in accordance with International Financial Reporting Standards adopted by the European Union it is required to prepare a set of consolidated financial statements under IFRS-EU as it is a listed group.

Since the accounting policies and measurement bases used in preparing the Group's consolidated financial statements for 2014 and 2013 (IFRS-EU) are not exactly the same as those used by the Group companies (local standards), the required adjustments and reclassifications were made on consolidation to unify the policies and methods used and to make them compliant with the International Financial Reporting Standards adopted by the European Union (IFRS-EU).

The 2014 consolidated financial statements of the Group and the 2014 financial statements of the Group companies have not yet been approved by their shareholders at the respective annual general meetings; they are expected to be approved without modification.

The statement of comprehensive income is presented in two statements; one which presents the components of income (Separate Income Statement) and a second statement which presents the components of comprehensive income (Statement of Comprehensive Income).

The consolidated separate income statement is presented on the basis of the nature of expenses.

The consolidated cash flow statement is presented using the indirect method.

At the date of authorization for issue of these consolidated financial statements, the Group had applied all the mandatory IFRSs and interpretations adopted by the European Union (IFRS-EU) and in force for annual periods beginning on or after January 1, 2014.

In accordance with mercantile legislation, for comparative purposes, figures for both 2014 and 2013 are presented for each of the captions included in the consolidated statement of financial position, consolidated separate income statement, consolidated statement of changes in equity and consolidated cash flow statement. In the explanatory notes quantitative information for 2013 is also included, unless an accounting standard specifically states that this is not required.

2.2. Changes in accounting policies

a) EU-approved standards and interpretations applicable for the first time in 2014

The accounting policies used to prepare the accompanying consolidated financial statements are the same as those used to prepare the consolidated financial statements for the year ended December 31, 2013, as no new accounting principles, interpretation, or amendments applicable for the first time this year has had an effect on the Group.

b) Standards and interpretations published by the IASB, but not yet applicable in this period

The Group intends to adopt these standards, interpretations, and amendments thereof published by the IASB but not considered mandatory in the European Union at the date these consolidated financial statements were prepared. However, they will be applied when they come into force. Based on the information available to date, the Group believes that their first-time application will not have a material impact on the consolidated financial statements, except for the following:

IFRS 9 - "Financial instruments"

In July of 2014, the IASB published the final version of IFRS 9, "Financial Instruments;" it discusses all the phases of financial instrument projects, and replaced IAS 39 "Financial Instruments: recognition and measurement," as well as all the prior versions of IFRS 9. This standard introduces new requirements for the classification and valuation of financial assets and liabilities, the determination of impairments, and hedge accounting criteria. IFRS 9 indicates what is applicable for the years commencing January 1, 2018, and permits early application. It requires retroactive application, but no modification to comparative information. Adoption of IFRS 9 will affect the classification and measurement of the Group's financial assets, but will have no potential impact on its financial liabilities. The new impairment method will not have any effect, either. With respect to hedge accounting criteria, there will be substantial changes, since the economic hedges in existence until the transition to IFRS 9, which currently may not be recognized as hedge accounting in accordance with IAS 39 may now be recognized in accordance with these new accounting legislations.

IFRS 15 - "Revenue from Contracts with Customers"

It was published in May of 2014, and establishes a new five-step model which are applied to the income from contracts with customers. In accordance with IFRS 15, income is recognized at an amount which reflects the consideration which an entity expects to have the right to receive in exchange for the transfer of goods or services to a customer. The IFRS 15 principles represent a much more structured approach for measuring and recognizing income.

This new standard is applicable to all entities, and will amend all the previous standards for recognizing income. In accordance with IFRS 15, total or partial retroactive application is necessary for the periods commencing January 1, 2017; advance application is permitted. The Group is currently evaluating the impact of IFRS 15, and plans to adopt it on the indicated date.

Amendments to IAS 16 and IAS 38 - "Clarification of acceptable methods of depreciation and amortization"

These amendments clarify that income is reflected as a pattern of profit arising from operating a business (comprising part of its assets), rather than economic profit consumed by using the asset. Therefore, it is not possible to depreciate PP&E items using the depreciation method based on income, and may only be used in certain limited situations to depreciate the intangible assets. The IASB has established that these amendments are prospectively applicable for the periods commencing January 1, 2016, although they may be applied in advance. The Group did not expect there to be any significant impact as a result.

2.3. Responsibility for the information and use of estimates

The information in these consolidated financial statements is the responsibility of the Company's directors.

In preparing the Group's consolidated financial statements for 2014, certain estimates and assumptions were made on the basis of the best information available at December 31, 2014 on the events analyzed. However, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively, in accordance with the requirements of IAS 8, recognizing the effects of the change in estimates in the related consolidated income statements.

Estimates and assumptions are reviewed on an ongoing basis. The impact of changes in accounting estimates is recognized in the period in which the estimates are changed if they affect only that period or in the period of the changes and future periods if they affect both current and future periods. The main hypothesis 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.

- Impairment of non-current assets

The Group assesses whether there are any indications of impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life intangible assets are tested for impairment annually and at any time when such indications exists. Other non-financial assets are tested for impairment when there are indications that the carrying amounts may not be recoverable.

If there is objective evidence that an impairment loss occur, the amount of the impairment loss is measured as the difference between the carrying amount of the assets and the present value of estimated future cash-flow discounting using a proper discount rate.

- Impairment of financial assets

The Group assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired including companies accounted for using the equity method (Notes 9 and 10).

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in the separate income statement.

(Expressed in thousand of euros)

- Useful life of property, plant, and equipment, and intangible assets

The Group 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.

- Recoverability of deferred tax assets

If the Group or any of the Group companies present tax credits relating to deferred tax assets, the corresponding estimates of tax loss carryforwards expected in future years are reviewed at year end to assess their recoverability depending on their maturity and, if applicable, recognize the related impairment loss where recoverability is not assured.

- Provisions

The Company recognizes provisions for risks in accordance with the accounting policy set forth in Note 4.20. The Group has made judgments 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.

- Share based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payments requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield, the risk.free interest rate for the life of the option and making assumptions about them.

3. Proposed distribution of the profit of the parent

The distribution of the parent's net profit for 2014 that its Board of Directors will propose for approval by the shareholders at the annual general meeting on April 8, 2015 is as follows:

Base for distribution	**2014**
Profit for the year	59,963
Total	**59,963**
Distribution	
Goodwill reserve	14,399
Prior year losses	8,594
Dividend	36,970
Total	**59,963**

Companies are required to set aside a restricted reserve equal to the amount of goodwill shown in assets. An amount of profit representing at least 5% of goodwill must be earmarked for this purpose. If no profit or insufficient profit is earned, unrestricted reserves must be used for this purpose.

4. Accounting policies

The principal accounting policies used in preparing the Group's consolidated financial statements were as follows:

4.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries at December 31, 2014. Control is obtained when the Group is exposed, or has the rights attached to variable returns arising from its involvement in a subsidiary, and is able to influence them as a result of the exercise of power over the subsidiary. Specifically, the Group has control of a subsidiary if, and only if it has:

- Power over the subsidiary (existing rights allowing it to manage relevant subsidiary activities).
- Exposure, or rights, to variable returns from its involvement with the other company.
- The ability to use its power over the other company to affect the amount of the company's return.

Generally, it is presumed that the majority of voting rights grants control. To support the presumption, when the Group does not have the majority of the voting or other similar rights over the subsidiary, the Group considers all relevant facts and circumstances to evaluate whether it has control, which includes:

- Contractual agreements with other owners with regard to the subsidiary's voting rights.
- Rights arising from other contractual agreements.
- The Group's potential voting rights.

The Group reevaluates wheter or not it has control over a subsidiary if facts and circumstances indicate that there are changes in one or more of the items determining control. Consolidation of a subsidiary commences the moment a Group obtains control over it, and ends when the Group loses control. The assets, liabilities, income, and expenses of a subsidiary which has been acquired or sold during the year are recognized on the consolidated financial statements commencing the date the Group acquires control, or until it loses it.

Profits or losses and each of the items included in the components of comprehensive income are attributed to the owners of the Group's parent's shares, and external partners, even when this implies that the non-controlling shareholders have amounts receivable as a result. When considered necessary, adjustments are made to the subsidiaries' financial statements so that their accounting criteria coincide with those which are applicable to the Group. All of the assets, liabilities, equity, income, expenses, and cash flow arising from transactions between Group companies are totally eliminated during the consolidation process.

A change in the percentage of ownership held in a subsidiary, without loss of control, is recognized as an equity transaction.

When the Group loses control of a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-dominant equity interests, and other equity components, recognizing any profit or loss as results for the year. Any investments in the prior subsidiary are recognized as fair value.

All items of property, plant, and equipment, and intangible assets are linked to production and the generation of revenue from business activities.

4.2 Translation of financial statements of foreign subsidiaries

The consolidated annual financial statements are presented in euros, which is the Group's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The statement of financial position and separate income statement headings of consolidated foreign companies are translated to euros at the year-end exchange rate, which means:

- All assets, rights and liabilities are translated to euros at the exchange rate ruling at the close of the foreign subsidiaries' accounts.

- Separate Income statement headings are translated at the average exchange rate.

The difference between the equity of foreign companies, including the balance of the separate income statement, translated at year–end exchange rates and the equity obtained translating the assets, rights and liabilities by applying the criteria set forth above are shown are shown with the corresponding plus or minus sign under equity in the consolidated statement of financial position.

4.3 Related parties

The corresponding heading in the consolidated statement of financial position includes the balances with significant shareholders and associates. The other balances arising from related-party transactions with directors and key management personnel are classified under the appropriate consolidated statement of financial position headings.

4.4 Current/Non-current classification

In the accompanying consolidated statement of financial position, assets and liabilities maturing within no more than 12 months are classified as current items and those maturing within more than 12 months are classified as non-current items.

Audiovisual rights are classified in full as non-current assets. Note 8 details the rights that the Group expects to amortize within a period of less than 12 months.

4.5 Property, plant, and equipment

Property, plant, and equipment are recognized using the cost model, which includes the cost of acquisition of the assets and the additional expenses incurred until they have become operational. Property, plant, and equipment are measured at the lower of cost and recoverable amount.

Repairs that do not lead to a lengthening of the useful life of the assets and maintenance expenses are charged directly to the separate income statement.

The depreciation of property, plant, and equipment is calculated systematically, using the straight-line method, on the basis of the useful life of the assets, based on the actual decline in value caused by their use and by wear and tear.

(Expressed in thousand of euros)

The depreciation rates used to calculate the decline in value of the various items of property, plant, and equipment are as follows:

	Rate
Buildings	4 %
TV equipment	20 %
Fixtures	10 %
Tools	20 %
Furniture	10 %
Computer hardware	25 %
Transportation equipment	14-15 %
Other items of property, plant, and equipment	20 %

4.6 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets in a business combination is fair value at the date of the acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Intangible assets are recognized as such only when the Group can demonstrate how the asset will generate future economic benefits and the ability to measure reliably the expenditure during development.

- Development expenditure

Expenditure on development activities is recognized as an expense as incurred, except in the case of computer software projects that have reached the development stage. These expenses are measured at cost and are allocated to specific projects until the projects have been completed, provided there is a reasonable assurance that they can be financed through completion and there are sound reasons to foresee their technical success.

- Concessions, trademarks and trade names

These relate mainly to licenses to use industrial property rights and television channel concessions.

The “Cuatro” trademark and the “Cuatro” multiplex operators’ license were identified in the Sogecuatro Group purchase price allocation. The “Cuatro” trademark has an estimated useful life of 20 years.

The license is considered to be an intangible asset with an indefinite useful life. Intangible assets with indefinite useful lives are not amortized, but are assessed for impairment at least annually or when there are indications of impairment.

- Computer software

This includes the amounts paid for title to or the right to use computer programs. Computer software maintenance costs are recognized with a charge to the income statement for the year in which they are incurred.

Computer software is amortized over three years from the date on which it starts to be used.

4.7 Audiovisual property rights

4.7.1 Outside production rights

These consist primarily of rights acquired for a period that exceeds one business year. These rights are measured at cost and relate to the individual value of each right. If they are acquired in closed packages, with no breakdown of the individual value of each product, individual values are calculated based on a weighting factor equivalent to the acquisition cost of products of a similar type and category that would have been incurred had the acquisition been made on an individual basis.

The cost of audiovisual rights acquired in a business combination is fair value at the date of acquisition.

The right is recognized at the earlier of the time the material becomes available for broadcasting pursuant to the contract or, if earlier, the date on which the right commences. In the case of several rights associated with a single contract that are accepted during the same year but on different dates, the Group recognizes the inclusion of the rights under the contract on the earlier of the date on which the first right is accepted for broadcasting and the date the rights commence.

These rights are recognized in the separate income statement under "Amortization of audiovisual property rights," based on the number of screenings, as follows:

1. Films and TV movies (non-series)

    1.1. Contractual rights for two screenings:

    First screening: 50% of acquisition cost.

    Second screening: 50% of acquisition cost.

    1.2. 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 aforementioned percentages, is amortized on the basis of the territorial television signal distribution capacity of the television station buying the screenings, and a cost of sales is recognized based on the revenue generated in the region where the screening has been sold, with adjustments made to the unsold value of the screening in question.

These rights are subject to valuation adjustments, where necessary, as detailed in Note 4.11.

4.7.2 Series in-house production rights

This includes productions owed by the Group in which it may proceed with broadcasting or subsequent sale.

Their value includes both the costs incurred directly by the Group and the amounts billed by third parties.

The cost of audiovisual rights acquired in a business combination is fair value at the date of acquisition.

The residual value, estimated at 2% of the total cost, is amortized on a straight-line basis over three years from the time the productions become available; unless these rights are sold to third parties during the amortization period, in which case the residual value is allocated to the revenue generated by the sale.

These rights are recognized in the separate income statement under "Amortization of audiovisual property rights" based on the number of shows broadcast in accordance with the following:

- Series of less than 60 minutes and/or broadcast daily.

  First screening: 100% of the amortizable value.

- Series of more than 60 minutes and/or broadcasted weekly.

  First screening: 90% of the amortizable value.

  Second screening: 10 % of the amortizable value, excepting promotional coupons.

These rights are subject to valuation adjustments, where necessary, as detailed in Note 4.11.

4.7.3 Distribution rights

These include the rights acquired by the Group for their exploitation in all windows in Spain.

The cost of the right is that stipulated in the contract. Amortization of distribution rights is recognized on the basis of the expected pattern of consumption in each window in which the right is exploited and of an estimate of future revenue from each window.

When the free-to-air broadcasting or right commences, it is reclassified to "Outside production rights."

In the free-to-air window, the amortization of the rights is recognized in the separate income statement under "Amortization of audiovisual property rights" in the same way as in the case of audiovisual property rights, as detailed in the related note to these consolidated financial statements.

4.7.4 Co-production rights

These include the co-production rights acquired by the Group for exploitation in all windows.

The cost of the right is that stipulated in the contract. Amortization of co-production rights is recognized on the basis of the expected pattern of consumption in each window in which the right is exploited and of an estimate of future revenue from each window.

When the free-to-air broadcasting or right commences, it is reclassified to "In-house production rights."

In the free-to-air window, the amortization of the rights is recognized in the separate income statement under "Amortization of audiovisual property rights" in the same way as in the case of audiovisual property rights, as detailed in the related note to these consolidated financial statements.

4.7.5 Master copies and dubbing

These items relate to the material supporting the audiovisual property rights and the cost of dubbing original versions, respectively.

They are measured at cost and the related amortization is recognized at the same rate as the amortization of the audiovisual property rights with which they are associated.

4.7.6 Retransmission rights

The costs for the rights to broadcast sport are recognized under "Procurements" in the separate income statement at the cost stipulated in the agreement. The costs are recognized when each event is broadcast. Advance payments are recognized in the statement of financial position under "Other current assets".

4.8. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of the business combination is determined by measuring the identifiable assets acquired and liabilities assumed at their acquisition-date fair values as well as the amount of non-controlling interest in the acquired party, where applicable. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. The acquirer shall account for acquisition-related costs as expenses in the income statement, as incurred.

When the Group acquires a business, it assesses the identifiable assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, its operating or accounting policies, and other pertinent conditions at the acquisition date.

If the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition-date fair value and recognizes the resulting gain or loss, if any, in the income statement.

Any contingent consideration the Group transfers is recognized at fair value at the acquisition date. Subsequent changes in the fair value of contingent consideration classified as an asset or liability will be recognized in accordance with IAS 39, with any resulting gain or loss recognized either in the income statement or in other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured and its subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests over the fair value of the identifiable assets and liabilities measured as such in the acquiree. If this consideration is lower, the difference is recognized in the separate income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units or groups of cash-generating units expected to benefit from the combination's synergies, irrespective of whether other Group assets or liabilities are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit or groups of cash-generating units to which the goodwill relates. If the recoverable amount of the cash-generating unit or group of cash-generating units is less than the carrying amount, the Group recognizes an impairment loss.

Goodwill impairment losses cannot be reversed in future periods.

When an entity sells or otherwise disposes of an operation within a cash-generating unit to which goodwill has been allocated, the goodwill associated with the operation should be included in the carrying amount of the operation when determining the gain or loss on disposal and measured on the basis of the relative values of the operation disposed of or sold and the portion of the cash-generating unit retained.

4.9 Non-current investments in companies accounted for using the equity method

The companies over which the Group exercises significant influence, directly or indirectly, through an ownership interest of 20% or more in the voting power of the investee are accounted for using the equity method.

Investments in an investee are initially recognized at cost, which will be increased or reduced on the basis of the Group's share of the investee's equity, subsequent to the date of acquisition.

The value of these investments in the consolidated statement of financial position includes, where applicable, the goodwill arising on the acquisition thereof.

The results of the investee are recognized in profit or loss in proportion to the Group's percentage of ownership. Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any change and discloses this, when applicable, in the consolidated statements of comprehensive income.

The dividends received from investees reduce the carrying amount of the investment.

Following the application of the equity method and recognition of the value of the associate, if there is any indication that the investment might have become impaired, pursuant to IAS 39 the relevant analysis and impairment tests are carried out in order to recognize the impact of the impairment loss on the investment in the year in which it is detected.

If the Group's share of losses of the associate equals or exceeds its investment, it discontinues recognizing its share of further losses. The interest in an associate is the carrying amount of the investment in the associate under the equity method together with any item that, in substance, form part of the investor's net investment in the associate. Losses recognized under the equity method in excess of the Group's investment in ordinary shares are applied to the other components of the interest in the associate in the reverse order of their seniority (i.e. priority in liquidation).

Upon loss of significant influence in the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment is recognized in the separate income statement.

In addition, amounts recognized in “Recyclable reserves in associates” are reclassified to the separate income statement, with the investment in that company recognized under “Non-current financial assets” in the consolidated statement of financial position.

4.10 Financial assets

Financial assets are initially recognized at fair value, including, in case investments are not recognized at fair value with changes in results, general transactions costs.

The Group determines the classification of its financial assets on initial recognition and re-evaluates this designation at each financial year end.

The financial assets held by the Group companies are classified as:

- Held-to-maturity investments: non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold from the date of purchase to the date of maturity. They do not include loans and accounts receivable originated by the company. After initial measurement held-to-maturity investments are measured at amortized cost using the effective interest method.

- Originated loans and receivables: financial assets originated by the companies in exchange for supplying cash, goods or services directly to a debtor. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement such financial assets are carried at amortized cost using the effective interest rate method. Loans and receivables in the consolidated statement of financial position maturing in 12 months or less from the consolidated statement of financial position date are classified as current and those maturing in over 12 months as non-current.

- Available-for-sale financial assets: are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. Such financial assets are measured at fair value with unrealized gains or losses recognized directly in equity unless fair value cannot be reliably measured, which shall be measured at cost.

- Financial assets at fair value through profit and loss: financial assets classified as held for trading are included in the category financial assets at fair value through profit and loss. Financial assets are classified as held for trading when they are acquired for the purpose of selling in the near future. Derivatives are also classified as held for trading unless they are effective hedging instruments and identified as such. Gains or losses on financial assets held for trading are recognized in profit or loss. The Group has no held-for-trading financial assets.

The fair value of a financial instrument on a given date is taken to be the amount for which it could be bought or sold on that date by two knowledgeable, willing parties in an arm's length transaction acting prudently. The most objective and common reference for the fair value of a financial instrument is the price that would be paid for it on an organized, transparent and deep market (“quoted price” or “market price”). If this market price cannot be determined objectively and reliably for a given financial instrument, its fair value is estimated on the basis of the price established in recent transactions involving similar instruments or of the discounted present value of all the future cash flows (collections or payments), applying a market interest rate for similar financial instruments (same term, currency, interest rate, and same equivalent risk rating).

4.11 Impairment of non-current assets

4.11.1 Non-financial assets

The Group assesses periodically and at least at each reporting date whether there is any indication that an asset or the cash-generating units may be impaired. If any such indication exists, or when annual impairment testing is required, the Group estimates the asset's or cash-generating units's recoverable amount. An asset's or cash-generating unit's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit. In determining fair value less costs to sell, an appropriate valuation model is used.

For assets that do not generate cash inflows that are largely independent of those from other assets or groups of assets, the recoverable amount is determined for the cash-generating units to which the asset belongs.

Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in the separate income statement.

At each reporting date the group assesses if there are indications that a previously recognized impairment loss is reversed or reduced. If this is the case, the Group estimates the asset's recoverable amount. Except for goodwill, an impairment loss previously recognized can be reverted if there has been a change in the circumstances that caused it. Such reversal is recognized in the consolidated separate income statement. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset.

Goodwill and intangible assets

Goodwill and intangibles with indefinite lives are tested for impairment by determining the recoverable amount of the cash-generating unit (or groups of cash-generating units) to which the goodwill relates. If the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized. At December 31, 2014, the recoverable amount of the cash-generating units exceeded the carrying amount**.**

4.11.2 Financial assets

The Group assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired. The following criteria are applied when calculating the impairment of specific assets:

- Assets carried at amortized cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss shall be recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. Any subsequent reversal of an impairment loss is recognized in profit or loss.

In relation to trade receivables, a provision for impairment is made when there is objective evidence that the Group will not be able to collect all of the amounts due under the original terms of the invoice. Impaired debts are derecognized when they are assessed as uncollectible.

- Available-for-sale financial investments

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in the income statement, is transferred from equity to the separate income statement. Reversals related to equity instruments classified as available for sale, are not recognized on the separate income statement. Reversals of impairment losses on debt instruments are reversed through profit or loss; if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in the separate income statement.

4.12 Non-current assets held for sale

This includes assets whose carrying amount is expected to be realized through a sale transaction, rather than through continuing use, and meeting the following requirements:

- When they are immediately available for sale in their present condition, subject to the normal terms of sale; and

- When it is highly probable that they will be sold.

Non-current assets held-for-sale are measured at the lower of carrying amount and fair value less costs to sell.

Immediately prior to its classification as held for sale, the asset's carrying amount is valued in accordance with applicable IFRS standards.

4.13 Inventories

The cost of producing in-house productions is determined taking into account all the costs allocable to the product incurred by the Group. The cost of inventories acquired in a business combination is measured at fair value at the date of the acquisition. Advances paid for programs are also included.

The production costs are expensed when the related programs are broadcast.

4.14 Cash and cash equivalents

Cash and cash equivalents comprise cash, current accounts and short-term deposits maturing at three months or less.

4.15 Grants

The amounts received from official bodies are recognized when they are received, accepting the inherent conditions therein.

The difference between the nominal value and the fair value of the loan is deducted from the carrying amount of the related asset and is allocated to the separate income statement according to financial criteria.

4.16 Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the separate income statement on the purchase, sale, issue or cancellation of the parent's own equity instruments. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them.

4.17 Financial liabilities

Financial liabilities are initially measured at fair value less attributable transaction costs. Following initial recognition, financial liabilities are measured at amortized cost, with any differences between cost and redemption value recognized in the consolidated separate income statement over the period of the borrowings, using the effective interest rate method.

Liabilities maturing in less than 12 months from the consolidated statement of financial position date are classified as current, while those with longer maturity periods are classified as non-current.

4.18 Derivative financial instruments

The Group uses financial derivatives to manage some its exchange rate risk exposure.

Cash flow hedges are a hedge of the exposure to variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction, and could affect the separate income statement. The effective portion of the gain or loss on the hedging instrument is recognized directly in equity, while the ineffective portion is recognized in the separate income statement.

Amounts taken to equity are transferred to the separate income statement when the hedged transaction affects profit or loss such as when hedged financial income or expense is recognized or when a forecast sale or purchase occurs.

Where the hedged item is the cost of a financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the financial asset or liability.

If the forecast transaction is no longer expected to occur, the amounts previously recognized in equity are transferred to the separate income statement. If a hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognized in equity remain in equity until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is taken to the separate income statement.

The Group's financial derivatives at December 31, 2014 and 2013 were classified as held for trading, with gains or losses recognized in the consolidated separate income statement.

4.19 Derecognition of financial assets and liabilities

4.19.1 Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the assets have expired.
- The Group retains the right to receive the cash flows from the asset but has assumed the obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement.
- The Group has transferred its rights to receive cash flows from the asset and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the asset to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

4.19.2 Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, canceled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the separate income statement.

4.20 Provisions

Provisions are recognized in the consolidated statement of financial position where the Group has a present obligation (either legal or tacit) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Amounts recognized as provisions are the best estimate of the amounts required to offset the current value of those obligations at the consolidated statement of financial position date.

Provisions are reviewed at each year end and adjusted to reflect the current best estimate of the liability.

If the effect of the time value of money is material, provisions are determined by discounting expected future cash outflows based on market interest rates. When discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

4.21 Income tax

The parent, Mediaset España Comunicación, S.A., files consolidated income tax returns with the following subsidiaries:

- Grupo Editorial Tele 5, S.A.U.
- Telecinco Cinema, S.A.U.
- Publiespaña, S.A.U.
- Publimedia, S.A.U.
- Mediacinco Cartera, S.L.
- Conecta 5 Telecinco, S.A.U.
- Sogecable Editorial, S.A.U.
- Sogecable Media, S.A.U.
- Premiere Megaplex, S.A.U.
- Integración Transmedia, S.A.U.

The income tax expense for the year is recognized in the separate income statement, except in cases in which it relates to items that are recognized directly in the statement of other comprehensive income or statement of changes in equity, in which case the related tax is also recognized in equity.

Deferred tax assets and liabilities are recognized on the basis of the temporary differences between the carrying amounts of the assets or liabilities and their tax bases and are measured on the basis of the tax rates that are expected to apply in the period when the asset is realized or the liability is settled. Deferred tax assets and liabilities arising from changes in the statement of comprehensive income are charged or credited directly to the statement of comprehensive income. Deferred tax assets and tax loss and tax credit carryforwards are only recognized when the probability of their future realization is reasonably assured and are adjusted subsequently if it is not considered probable that taxable profits will be obtained in the future.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities taking the tax rates prevailing at the consolidated statement of financial position date and including any tax adjustments from previous years.

The Group recognizes deferred tax liabilities for all taxable temporary differences, except:

- When the deferred 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, affects 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 it is probable that the temporary difference will not reverse in the foreseeable future.

The Group recognizes deferred tax assets for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary difference, and the carryforward of unused tax credits or losses can be utilized, except:

- Where the deferred tax asset relating 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, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred 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 difference can be utilized.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. The Group also reviews unrecognized deferred tax assets at each statement of financial position date and recognizes them to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

4.22 Revenue and expense recognition

Revenue and expenses are recognized net of the related taxes, except in the case of non-deductible expenses.

Income and expenses are recognized when the goods or services represented by them take place, regardless of when actual payment or collection occurs.

Revenue associated with the rendering of services is recognized by reference to the stage of completion of the services, provided that the revenue can be measured reliably.

The Group's main source of revenue is from advertising. This revenue is recognized in the period in which it is earned; i.e. when the related advertisement is broadcast.

Expenses, including discounts and volume rebates, are recognized in the separate income statement in the period in which they are incurred.

4.23 Equity-settled transactions

The Company maintains share option plans related to the compensation system for executive directors and board members that are settled when they are exercised 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. The option valuation models and the assumptions used are described in Note 21.

4.24 Transactions in foreign currency

Transactions in foreign currency are initially recognized at the exchange rate prevailing at the date of the transaction. All exchange gains or losses arising from translation as well as those arising when statement of financial position items settled are recognized in the separate income statement.

4.25 Earnings per share

The Group calculates basic earnings per share on the basis of the weighted average number of shares outstanding at year end. The calculation of diluted earnings per share also includes the dilutive effect, if any, of stock options granted during the year.

4.26 Environmental issues

In view of the business activities carried out by the Group, 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. Segment information

In accordance with IFRS 8, free-to-air TV is the Group's only identified operating segment.

(Expressed in thousand of euros)

6. Property, plant, and equipment

The breakdown of the balances of “Property, plant, and equipment” and of the changes therein in the years ended December 31, 2014 and 2013 is as follows:

	Balance at 12/31/12	Additions	Disposals	Transfers	Balance at 12/31/13	Additions	Disposals	Transfers	Balance at 12/31/14
COST									
Land and natural resources	14,970	-	-	-	14,970	-	-	-	14,970
Buildings and other structures	37,551	88	-	147	37,786	76	-	125	37,987
Machinery, plants, and tools	96,537	1,835	(1,236)	913	98,049	2,404	(3,771)	1,114	97,796
Furniture and fixture	5,064	301	(182)	-	5,183	137	(208)	-	5,112
Computer hardware	15,622	744	(1,153)	224	15,437	902	(570)	274	16,043
Other items of property, plant, and equipment	603	27	(80)	-	550	19	(33)	-	536
Property, plant, and equipment in the course of construction	903	1,360	-	(1,284)	979	2,996	-	(1,513)	2,462
Total cost	**171,250**	**4,355**	**(2,651)**	**-**	**172,954**	**6,534**	**(4,582)**	**-**	**174,906**
ACCUMULATED AMORTIZATION									
Buildings and other structures	(21,543)	(1,516)	-	-	(23,059)	(1,524)	-	-	(24,583)
Machinery, plants, and tools	(80,419)	(4,354)	1,226	-	(83,547)	(4,121)	3,758	-	(83,910)
Furniture and fixtures	(3,494)	(309)	178	-	(3,625)	(303)	205	-	(3,723)
Computer hardware	(12,070)	(1,596)	1,109	-	(12,557)	(1,590)	567	-	(13,580)
Other items of property, plant, and equipment	(531)	(34)	78	-	(487)	31	31	-	(487)
				-				-	
Total accumulated amortization	**(118,057)**	**(7,809)**	**2,591**	**-**	**(123,275)**	**(7,563)**	**4,561**	**-**	**(126,277)**
CARRYING AMOUNT	**53,193**	**(3,454)**	**(60)**	**-**	**49,679**	**(1,029)**	**(21)**	**-**	**48,629**

(Expressed in thousand of euros)

Additions in 2014 and 2013 relate to the acquisition of items of property, plant, and equipment required to continue with and increase the Group's activities. Additionally in 2011, the Group began the enlargements of the buildings where it conducts its operations, which finished in 2013.

Disposals in 2014 and 2013 relate mainly to the retirement and/or sale of fully depreciated items or that are no longer in use. Should they not be fully-depreciated, losses are recognized under “Procurements”.

The breakdown of the fully depreciated property, plant, and equipment in use at December 31, 2014 and 2013 is as follows:

	2014	2013
Computer hardware	9,333	8,924
Technical machinery, fixtures, and tools	70,043	71,833
Furniture	2,154	2,130
Other items of property, plant, and equipment	430	422
	81,960	83,309

The Group has taken out insurance policies to cover the possible risks to which its property, plant, and equipment are subject and the claims that might be filed against it for carrying on its business activities. These policies are considered to adequately cover the related risks.

The Group had no items under finance leases at December 31, 2014 or at December 31, 2013.

The impact of depreciating property, plant and equipment recognized as in-house production rights was 1,006 thousand euros in 2014 and 250 thousand euros in 2013.

(Expressed in thousand of euros)

7. Intangible assets

The breakdown of the balances of "Intangible assets" and of the changes therein in the years ended December 31, 2014 and 2013 is as follows:

	Balance at 12/31/12	Additions	Disposals and others	Transfers	Balance at 12/31/13	Additions	Disposals and others	Transfers	Balance at 12/31/14
COST									
Development expenditure	902	647	-	(990)	559	61	-	(620)	-
Concessions, patents, and trademarks	259,215	58	(30)	-	259,243	10	-	-	259,253
Computer software	26,713	705	(2,423)	2,303	27,298	1,323	(253)	891	29,259
Computer software in progress	641	863	-	(1,313)	191	253	-	(271)	173
Total cost	**287,471**	**2,273**	**(2,453)**	**-**	**287,291**	**1,647**	**(253)**	**-**	**288,685**
ACCUMULATED AMORTIZATION									
Concessions, patents, and trademarks	(29,658)	(8,068)	-	-	(37,726)	(8,071)	-	-	(45,797)
Computer software	(23,164)	(2,447)	2,453	-	(23,188)	(2,640)	253	-	(25,575)
Total accumulated amortization	**(52,822)**	**(10,515)**	**2,453**	**-**	**(60,914)**	**(10,711)**	**253**	**-**	**(71,372)**
CARRYING AMOUNT	**234,650**	**(8,242)**	**(30)**	**-**	**226,377**	**(9,064)**	**-**	**-**	**217,313**

(Expressed in thousand of euros)

The breakdown of fully amortized intangible assets in use at December 31, 2014 and 2013 is as follows:

	2014	2013
Computer software	21,881	19,033
Concessions, patents, and trademarks	13,843	13,843
Total	**35,724**	**32,876**

(Expressed in thousand of euros)

8. Audiovisual property rights

The breakdown of the balances of "Audiovisual property rights" and of the changes therein in the years ended December 31, 2014 and 2013 is as follows:

	Balance at 12/31/12	Additions	Disposals	Transfers and others	Balance at 12/31/13	Additions	Disposals	Transfers and others	Balance at 12/31/14
COST									
Outside production rights	452,169	120,821	(155,324)	2,415	420,081	117,141	(119,304)	3,113	421,031
Master copies	7	-	-	-	7	-	-	-	7
Dubbing	10,930	3,114	(712)	-	13,332	2,675	(2,279)	-	13,728
Co-production rights	168,623	157	(232)	298	168,846	(566)	-	719	168,999
In-house production rights	1,225,431	35,431	-	5,121	1,265,983	51,975	(2,600)	10,111	1,325,469
Distribution rights	12,269	(777)	-	4,131	15,623	1,816	-	3,055	20,494
Other ancillary work	751	(2)	-	-	749	-	-	-	749
Rights, options, script development	1,403	84	(221)	(185)	1,081	673	(217)	(993)	544
Start-up costs	158	-	-	-	158	-	-	-	158
Advances	2,954	20,248	(9)	(11,780)	11,413	21,423	-	(16,005)	16,831
Total cost	**1,874,695**	**179,076**	**(156,498)**	**-**	**1,897,273**	**195,137**	**(124,400)**	**-**	**1,968,010**
ACCUMULATED AMORTIZATION									
Outside production rights	(262,987)	(127,595)	155,324	-	(235,258)	(123,210)	119,304	-	(239,164)
Master copies	(7)	-	-	-	(7)	-	-	-	(7)
Dubbing	(9,425)	(2,778)	712	-	(11,491)	(2,232)	2,279	-	(11,444)
Co-production rights	(151,623)	(9,346)	-	-	(160,969)	(3,934)	-	-	(164,903)
In-house production rights	(1,195,189)	(40,675)	-	-	(1,235,864)	(64,496)	-	-	(1,300,360)
Distribution rights	(11,621)	-	-	-	(11,621)	(7,315)	-	-	(18,936)
Other ancillary work	(748)	-	-	-	(748)	-	-	-	(748)
Start-up costs	(153)	-	-	-	(153)	-	-	-	(153)
Total accumulated amortization	**(1,631,753)**	**(180,394)**	**156,036**	**-**	**(1,656,111)**	**(201,187)**	**121,583**	**-**	**(1,735,715)**
Provisions	(12,089)	(5,260)	11,726	-	(5,623)	(3,137)	5,103	-	(3,657)
CARRYING AMOUNT	**230,853**	**(6,578)**	**11,264**	**-**	**235,539**	**(9,187)**	**2,286**	**-**	**228,638**

Of the total amount recognized under "Non-current assets - Audiovisual property rights" in the consolidated statement of financial position at December 31, 2014, the Group estimates that their consumption over the upcoming year will be approximately 70%, a similar figure recognized during the same period the year before.

Provisions at the end of 2014 relate to the net carrying amount of rights which, although they expire after December 31, 2014, are not included in the Group's future broadcasting plans at the date of authorization for issue of these consolidated financial statements. Should one of the Group's channels exercise these broadcasting rights, the provision would be reversed and the right would be amortized for the amount of the reversal. This would not have an impact on the consolidated separate income statement.

Therefore, the balance of this provision relates basically to the adjustment required to determine the carrying amount of the library. The provision recognized in the consolidated separate income statement at December 31, 2014 and 2013 amounted to 3,137 thousand euros and 5,260 thousand euros, respectively.

At December 31, 2014, there were firm commitments to acquire audiovisual property rights commencing on or after January 1, 2015 for a total amount of $24,276 thousand and 150,850 thousand euros. The commitments at year end 2013 amounted to $21,607 thousand and 182,713 thousand euros, respectively.

Advances were paid in respect of these firm audiovisual purchase commitments, which at December 31, 2014, totaled 1,996 thousand euros. Advances paid in 2013 amounted to 2,106 thousand euros and $352 thousand, respectively.

At the statement of financial position date there were commitments to purchase co-production rights, available from January 1, 2015, for a total amount of 39,850 thousand euros. The commitments at year end 2013 amounted to 28,340 thousand euros.

At December 31, 2014, advances of 10,420 thousand euros had been paid in connection with these firm commitments to purchase co-production rights. Advances paid in 2013 amounted to 1,176 thousand euros.

The Group had firm commitments to purchase distribution rights commencing on or after January 1, 2015 for a total amount of 13,265 thousand euros. At December 31, 2013, firm commitments to purchase distribution rights amounted to 3,500 thousand euros.

Advances of 3,786 thousand euros had been paid in connection with firm distribution right purchase commitments at December 31, 2014. Advances paid in 2013 amounted to 2,925 thousand euros.

Advances were also paid for fiction-based series amounting to 629 thousand euros at December 31, 2014 (5,025 thousand euros at December 31, 2013).

9. Goodwill and business combinations

Goodwill amounting to 287,357 thousand euros arose from the purchase of the Cuatro Group, which became effective on December 31, 2010, as well as an asset with an indefinite useful life amounting to 85,000 euros.

Impairment testing of goodwill

The impairment test was carried out by comparing the recoverable value of the cash-generating unit to which the goodwill and intangibles with indefinite lives are assigned with the carrying value of the cash-generating unit.

The cash-generating unit is the free-to-air TV business.

To test its goodwill for impairment, the Company took the free-to-air TV business' strategic plan and discounted the estimated future cash flows. The assumptions used in the cash flow estimates include the best estimate of future trends of advertising markets, audiences and costs.

The Group's estimates on the future trend of the advertising market are based on market forecasts considering historical performance, as well as its correlation with economic conditions, using reasonable projections in accordance with external information sources.

Projected income estimated for upcoming years is calculated based on the abovementioned advertising market trend, while taking into account reasonable hypotheses regarding audience numbers.

Programming cost assumptions took into account forecasted internal and external audiovisual production costs, as well as the amount of investment necessary to maintain audience levels.

The estimates cover a period of four years and for cash flows not considered, income to perpetuity is estimated using a growth rate of around 2% (the same rate used the year before). Estimated cash flows are discounted at a rate that represents the current market assessment of the risk-free rate and the specific situation of the industry. In this regard, the discount rate is between 8-9%, representing a drop of approximately one point with respect to the rate used the prior year (9.57%), and is explained by an improvement in the financing conditions generated during the year.

Based on the assumptions used and the estimated cash flows calculated, no impairment was identified for either goodwill or intangibles with indefinite lives.

Sensitivity to changes in assumptions

Management believes that, based on information currently available, no reasonably likely change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

(Expressed in thousand of euros)

10. Equity method investments

The amounts and changes in 2014 and 2013 in the items composing “Equity method investments” are as follows:

	Equity method investment
Balance at December 31, 2012	**467,943**
Increases / decreases	491
Share in profit (loss) of associates	(70,745)
Dividends received	(2,826)
Balance at December 31, 2013	**394,863**
Increases / decreases	(385,000)
Share in profit (loss) of associates	1,898
Dividends received	(1,904)
Other movements	44
Balance at December 31, 2014	**9,901**

2014 dividends corresponds to La Fábrica de la Tele, Producciones Mandarina, Megamedia Televisión and Supersport Televisión subsidiaries.

2013 dividends corresponded to La Fábrica de la Tele subsidiary, and share in profit (loss) of associates included the results of the DTS Distribuidora de Televisión Digital, S.A. impairment test

The breakdown by company of investments accounted for by the equity method is as follows:

Company	Investments accounted for using the equity method		Results of companies accounted for using the equity method	
	2014	2013	2014	2013
Pegaso Television, Inc.	2,500	3,046	(547)	(493)
Producciones Mandarina, S.L.	2,460	2,153	833	751
La Fábrica de la Tele, S.L.	2,568	2,451	1,318	1,715
BigBang Media, S.L.	720	836	(127)	105
DTS Distribuidora de Tv Digital, S.A. (*) (**)	-	385,000	-	(72,829)
60 DB Entertainment	447	439	4	(6)
Editora Digital de Medios	67	293	(226)	(140)
Megamedia Televisión, S.L.	191	67	156	46
Supersport Televisión, S.L.	830	230	746	209
Netsonic, S.L.	118	348	(259)	(103)
Total	**9,901**	**394,863**	**1,898**	**(70,745)**

(*) Audited by Deloitte, S.L.

(**) Sold to Telefónica de Contenidos, S.A.U. on July 4, 2014

a) Key financial highlights of companies accounted for using the equity method in 2014 and 2013:

2014	Assets	Equity	Liabilities	Income	Outcome
	(Thousands of euros)				
Pegaso Televisión, Inc. (1)	22,913	5,722	17,191	8,218	(1,249)
BigBang Media, S.L.	2,492	2,401	91	7,754	(423)
Producciones Mandarina, S.L.	10,817	8,201	2,616	18,720	2,777
La Fábrica de la Tele, S.L.	16,533	8,559	7,974	27,225	4,392
60 DB Entertainment, S.L (1)	380	329	51	1,276	13
Editora Digital de Medios, S.L. (1)	616	410	206	207	(176)
Megamedia Televisión, S.L.	1,494	636	858	4,283	520
Supersport Televisión, S.L.	6,509	2,766	3,743	22,125	2,487
Netsonic, S.L. (1)	989	(422)	1,411	533	(681)

(1) Unaudited

2013	Assets	Equity	Liabilities	Income	Outcome
	(Thousands of euros)				
Pegaso Televisión, Inc. (1)	Data not available	Data not available	Data not available	Data not available	(1,128)
BigBang Media S.L.	3,683	2,824	859	4,664	349
Producciones Mandarina, S.L.	9,366	7,176	2,190	19,152	2,503
La Fábrica de la Tele, S.L.	16,667	8,170	8,497	32,055	5,716
DTS Distribuidora de TV Digital, S.A. (*)	1,381,454	853,094	528,360	1,166	(73,935)
60 DB Entertainment S.L. (1)	449	302	147	1,489	(21)
Editora Digital de Medios, S.L. (1)	694	586	108	199	(280)
Megamedia Televisión, S.L. (1)	925	223	702	1,561	153
Supersport Televisión, S.L. (1)	3,071	767	2,304	4,701	697
Netsonic S.L. (1)	223	181	42	2	(270)

(*) Audited by Deloitte, S.L.
(1) Unaudited

Changes in the investments accounted for using the equity method are described in Note 1 under "Changes in the consolidation scope."

b) Sale of DTS, Distribuidora de TV Digital, S.A.

On July 4, 2014, Mediaset España Comunicación, S.A., signed an agreement with Telefónica de Contenidos, S.A.U. (Telefónica) for the sale of 22% of the share capital in DTS Distribuidora de TV Digital, S.A., for 295 million euros, plus a compensation for renouncing its pre-emptive subscription right totaling 30 million euros. This percentage corresponds to the entirety of the Group's investment in the payment platform.

In addition, and although this amount was not included in the value of the asset due to its character as a contingent consideration, in the abovementioned purchase-sale agreement Telefónica de Contenidos S.A.U. committed to pay Mediaset España Comunicación, S.A. the additional price of 10 million euros, when the acquisition of the PRISA'S package of shares in DTS takes place, as well as an additional amount resulting from a potential increase in the number of subscriber to the combined platform controlled by Telefónica during a period of four years when effective control over DTS takes place. The total amount of this consideration may not surpass 30 million euros.

(Expressed in thousand of euros)

c) Acquisition of Megamedia Televisión, S.L.

On July 31, 2013, Conecta 5 Telecinco, S.A.U, acquired 21,000 shares of Megamedia Televisión, S.L., each with a par value of 1 euro, representing 30% of the total investment.

d) Acquisition of Supersport Televisión, S.L.

Mediaset España Comunicación, S.A. acquired 30% of Supersport Televisión, S.L. on July 18, 2013, represented by 21,000 shares with a par value of 1 euro each.

e) Acquisition of Netsonic, S.L.

On December 5, 2013, Publiespaña, S.A.U. spent 450 thousand euros to acquire shares equivalent to 38.04% of Netsonic, S.L.'s share capital.

11. Other non-current financial assets

The following are included under “Other non-current financial assets:”

	12/31/2014	12/31/2013
Long term deposits	236	217
Loans to related companies (Note 25.1)	4,585	3,200
Other financial assets	365	-
Other	1,163	1,163
Total (Note 22.2)	**6,349**	**4,580**

<u>Loans to related companies</u>

"Loans to related companies" includes loans granted to Pegaso Televisión, Inc and Netsonic, S.L.

12. Other current assets

The breakdown of “Other current assets” is as follows:

	12/31/2014	12/31/2013
Prepaid expenses	12,787	11,906
Advance commissions	31	25
Total	**12,818**	**11,931**

Prepaid expenses relate mainly to retransmission rights for programs which have yet to be broadcast.

13. Non-current assets held for sale

This includes a minority financial investment for which there was a plan to sell at year end 2014, which has subsequently been sold.

(Expressed in thousand of euros)

14. Cash and cash equivalents

The breakdown of "Cash and cash equivalents" is as follows:

	12/31/2014	12/31/2013
Cash	145,779	112,774
Short-term deposits	130,003	-
Total	**275,782**	**112,774**

No restrictions to the availability of balances exist.

"Short-term deposits" includes a simple repo transaction (Treasury bills) totaling 130,000 thousand euros contracted on December 31, 2014, at an interest rate of 0.40% which matures on January 2, 2015. At year end, interest amounting to 3 thousand euros was accrued.

15. Equity

15.1 Share capital

At December 31, 2014 and 2013, the parent Company's share capital comprised 406,861,426 shares with a nominal value of 0.5 euros each, all represented by book entries. All share capital has been fully subscribed and paid up and is held as follows:

	2014	2013
Owner	% Interest	% Interest
Mediaset, S.p.A.	41.55	41.55
Prisa Group	3.66	17.34
Market	45.13	39.74
Treasury shares	9.66	1.37
Total	100.0	100.0

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

Share transfers are governed by the General Audiovisual Communication Law 7/2010, of March 31.

15.2 Legal reserve and Goodwill reserve

Under the Spanish Companies Law, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital.

The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

The parent has set aside the full legal reserve required, i.e., 40,686 thousand euros. This amount is included under "Other reserves" on the accompanying consolidated statement of financial position.

The parent has set aside a non-distribute reserve of 43,197 thousand euros equal to the amount of goodwill (2013: 28,798 thousand euros).

15.3 Treasury shares

Treasury shares were acquired mainly to cover the company's commitments in relation to share option plans. These plans are described in Note 21.

On July 29, 2014, a total of 34,583,221 treasury shares were acquired (8.5% share capital) as part of a repurchasing plan aimed at remunerating shareholders once the investment in DTS Distribuidora de Televisión Digital, S.A. was sold.

At December 31, 2014 the Company held 39,284,862 treasury shares valued at cost at 371,373 thousand euros (2013: 5,563,223 shares at 73,445 thousand euros, respectively).

The changes in "Treasury shares" in 2014 and 2013 were as follows:

	2014		2013	
	Number of shares	**Amount (*)**	**Number of shares**	**Amount (*)**
At beginning of year	**5,563,223**	**73,445**	**6,419,259**	**84,746**
Increase	34,583,221	307,514	-	-
Decrease	(861,582)	(9,586)	(856,036)	(11,301)
At year end	**39,284,862**	**371.373**	**5,563,223**	**73,445**

(*) Amounts in thousands of euros

The decrease in treasury shares took place as certain beneficiaries exercised their share option plans.

At December 31, 2014, the Company shares held by it and by its subsidiaries represented 9.66% of the share capital (2013: 1.37%).

15.4 Non-controlling interests

The breakdown, by company, of the balance of "Non-controlling interests" in the consolidated statement of financial position at December 31, 2014 and 2013 is as follows:

	2014			2013		
	Non-controlling interest	**Separated profit(loss) attributable to non-controlling interests**	**Consolidated profit(loss) attributable to non-controlling interests**	**Non-controlling interest**	**Separated profit(loss) attributable to non-controlling interests**	**Consolidated profit(loss) attributable to non-controlling interests**
Mediacinco Cartera, S.L.	8,303	(3,930)	(3,930)	12,234	(264)	(264)
Total	**8,303**	**(3,930)**	**(3,930)**	**12,234**	**(264)**	**(264)**

(*) Mediaset Investment, S.R.L.A. owns 25%.

(Expressed in thousand of euros)

16. Non-current provisions and contingencies

Non-current provisions

These include provisions made in 2014 and prior years to cover, among other items, contingent risks arising from litigation in progress and unresolved tax assessments.

The changes in non-current provisions in the years ended December 31, 2014 and 2013 were as follows:

2014	Balance at 12/31/13	Charge for the year	Amount used	Amounts reversed	Transfer	Balance at 12/31/14
Provision for contingencies and charges	10,378	1,714	(595)	(1,819)	-	9,678

2013	Balance at 12/31/12	Charge for the year	Amount used	Amounts reversed	Transfer	Balance at 12/31/13
Provision for contingencies and charges	24,317	2,934	(10,964)	(5,909)	-	10,378

At December 31, 2014 and 2013, provisions for liabilities and charges relate to pending lawsuits and appeals between the Group and third parties. Provisions recognized in the year relate to new lawsuits facing the Group, while reversals relate to litigation that has been resolved.

The Company's directors and legal advisors have evaluated related risks, and where such risks are considered probable and their economic effects quantifiable, they have made the appropriate provisions. When risks are only considered to be possible, no provisions are recognized, and are described below.

Contingencies

LICENSES FOR PROVIDING AUDIOVISUAL COMMUNICATION SERVICES

There are currently three appeals filed before the Third Chamber of the Supreme Court against agreements signed in 2010 for renewing the concessions for providing national public television service concessions, and against the Council of Ministers resolutions dated May 28 and June 11 for the transformation of the concessions into licenses for providing audiovisual communication services. Success for these appeals would mean that another eight digital terrestrial channels would cease broadcasting, including four belonging to Mediaset.

The Company's directors consider that the appeals will not be successful, and that its current channels will continue on the air; therefore, it consider it unnecessary to make any adjustments or modify these financial statements.

The government may call a public tender for the assignment of radio electric space available when the other channels were shut down by the Supreme Court ruling handed down on December 18, 2013.

PROCEDURES RELATIVE TO THE LATE PRESENTATION OF THE ACTION PLAN

On August 2, 2011, the Comisión Nacional de la Competencia current Comisión Nacional de los Mercados y la Competencia (CNMC) handed down a resolution on dossier SNC/0012/11 (Concentración Telecinco-Cuatro) in which it declared Mediaset España responsible for a very serious violation of Anti-Trust Law, as it did not present an Action Plan (including commitments with the CNC) within the established deadline, setting a fine of 3,600 thousand euros.

This resolution was appealed before the National Court of Justice as part of ordinary civil lawsuit 474/2011. A sentence handed down on January 8, 2013 overruled it, upholding the imposition of the fine.

Another appeal was filed before the Supreme Court; the Company has solid expectations that it will receive a favorable ruling: either an annulment, or a significant reduction in the amount of the fine.

The main arguments against the Supreme Court ruling as well as the CNMC's resolution are as follows:

- The alleged Action Plan infraction did not take place: it was presented within the CNMC's established deadline.
- In the event that it was indeed presented late, the period did not exceed a month and thus, the Group complied with the commitment with the CNMC (that the Action Plan was a mere development outline); thus, no general or underlying interests were harmed.
- Therefore, rather than a material lack of compliance, the Group was guilty of a simple procedural error, and therefore did not breach anti-trust laws; consequently, Law 30/1992 of the Legal Regime of Public Administrations and Common Administrative Procedure laws are applicable.
- It is thus not considered necessary to apply the terms of the Anti-Trust Law: a procedural error cannot be considered a very serious violation, and is thus unworthy of a 3,660 thousand euros fine, as this sum is totally disproportionate to the infringement in question.
- Finally, the fine is a frontal violation and breach of the principles which prohibit reformatio in peius (Articles 89.2 and 113.3 of Law 30/1992), since the CNMC only chose to initiate disciplinary proceedings against MEDIASET ESPAÑA once it had decided to appeal the CNMC-approved Action Plan, and not when the alleged violation took place.

Thus, the accompanying consolidated statement of financial position does not include a provision for this contingency, as the directors and legal advisors do not consider it likely that this risk will materialize.

PROCEEDINGS RELATED TO MEDIASET ESPAÑA'S SUPPOSED FAILURE TO COMPLY WITH THE TELECINCO-CUATRO MERGER COMMITMENTS

On February 6, 2013, the Comisión Nacional de la Competencia current Comisión Nacional de los Mercados y la Competencia (CNMC) handed down a ruling on Dossier SNC/0024/12 Mediaset (the "resolution"), in which Mediaset España Comunicación, S.A. ("Mediaset España") failed to comply with certain commitments and obligations established in the C-0230/09 Telecinco/Cuatro merger dossier; a fine of 15,600 thousand euros was set.

The resolution states that Mediaset España failed to comply with four of the twelve commitments upon which the Telecinco/Cuatro merger was authorized (commitments (ii), (iii), (vi) and (xii)), as well as different requirements for providing information to the CNMC regarding these commitments.

The commitments set Mediaset España restrictions in order to neutralize or compensate for potential anti-trust issues arising from the transaction. These include:

- Regarding the sale of TV ad space: Mediaset España agreed that it would not jointly place advertisements with Cuatro and Telecinco or groups of channels whose overall audience topped 22%. Specifically, commitment (ii) prohibited formal or de-facto joint sales of advertising space with Telecinco and Cuatro. Among other stipulations, commitment (iii) established a functional split between Publimedia and Publiespaña, in order to handle free-to-air and pay TV separately.

- Limits were imposed for the acquisition of audiovisual contents from third parties. Commitment (vi) limited exclusive contracts to three year durations (in general terms), also excluding automatic renewal and other similar terms, while commitment (xii) prevented exclusive rights or first options on the entirety of national contents production/products.

The commitments were subsequently met unilaterally by the CNMC by an Action Plan imposed on the Company, with an interpretation of the commitments which was strict to the point that it substantially modified its content, affecting both advertising as well as content acquisition. For example, the "interpretation" considered that the duration of contracts for acquiring content should be calculated commencing on their signing date, rather than when the rights commenced.

Mediaset España did not fail to comply with any of its commitments with the CNMC.

- Regarding the commitment (ii) facts prove that Mediaset España did not commit the alleged infraction: in 2011 it lowered its share of the advertising market as well as the average per-ad price, while managing to keep its audience numbers constant. Reports prepared by external advisors conclude that Publiespaña has not failed to meet its commitments, and that it has not violated anti-trust laws.

- As regards commitment (iii), Mediaset España was careful to ensure that positions in Publimedia and Publiespaña were not duplicated. Likewise, there has been no indication whatsoever of a failure to meet the obligation to guarantee the functional or commercial independence of both companies.

- With respect to commitment (vi), Mediaset España has been charged with delay in granting suppliers the right to reduced contracts, and renouncing extension or preferential acquisition rights, which is untrue.

- With respect to commitment (xii), Mediaset España waived all the pertinent option rights included in contracts with producers.

Therefore, Mediaset España filed an appeal and prepared a resolution before the National Court of Justice, to request the suspension of the fine, which was agreed.

As in the previous dossier, the accompanying consolidated statement of financial position does not include a provision for this contingency, as the directors and legal advisors do not consider it likely that this risk will arise.

MADRID COURT OF FIRST INSTANCE 6: REGULAR PROCESS # 1181/10

The Company filed a lawsuit of ordinary proceedings on November 19, 2010 against a contents supplier requesting that a contract granting a licensing format, as well as other related contracts, be deemed null and void. The suit requested that the defendant be ordered to return amounts paid within the scope of the agreements, as well as be fined for damages and losses.

(Expressed in thousand of euros)

The defendant requested that the claim be dismissed and also filed a counterclaim requesting that the Company be ordered to pay the contract transaction costs as well as an indemnity for damages and losses (estimated at 15 million euros).

On February 3, 2014, the Court handed down a sentence overturning the order while partially upholding the counterclaim, declaring that the Company did not comply with the agreements reached with the supplier, and that it was in violation of certain rights; the Company was ordered to pay the amounts claimed in the appeal.

The Company filed an appeal against the sentence, arguing the following:

- From a factual point of view, the Court did not consider any of the numerous items of proof submitted indicating that the defendant is not solely entitled to legal protection, which is the most substantive aspect of the case.

- Legally speaking, it is contradictory as it grants protection to elements lacking originality to the detriment of those which would make the program easily distinguishable from others similar in nature.

- Finally, the fine should have been limited to the industrial margin or profit which the supplier would have earned had the terms in the contracts been met, rather than the total amount of the estimated invoicing, as the supplier did not provide any services at all.

Based on the above, at year end 2013 we considered it probable that the Appellate Court would overturn the sentence in question. However, considering how events have transpired until now, the Company has decided to make a provision for a portion of the fine imposed under the first sentence, in accordance with standards for the recognition of provisions and contingencies described under Note 4.20 of these financial statements.

As explained in Note 19.2, the Group is open to inspection of certain tax returns, but its directors and tax advisors consider that no significant tax contingencies will materialize, and if they do, they will not have a significant effect on the accompanying consolidated statement of financial position.

17. Non-current related party borrowings

This includes a loan granted by Mediaset Investment, S.R.L.A. to Mediacinco Cartera, S.L., which matures on December 31, 2016, at a three-month Euribor rate plus 2.40% (Note 25.1).

18. Current provisions

The breakdown of “Current provisions” is as follows:

	Balance at 12/31/13	Additions	Applications	Reversions	Balance at 12/31/14
Provisions for sales volume rebates	**34,574**	31,093	(34,196)	-	**31,471**
Provision for outstanding litigation	**-**	6,955	-	-	**6,955**
	34,574	**38,048**	**(34,196)**	**-**	**38,426**

(Expressed in thousand of euros)

	Balance at 12/31/12	Additions	Applications	Reversions	Balance at 12/31/13
Provisions for sales volume rebates	**50,423**	33,898	(49,747)	-	**34,574**
	50,423	**33,898**	**(49,747)**	**-**	**34,574**

Provisions for outstanding litigation - read in conjunction with Note 16.

19. Tax matters

19.1 Consolidated Tax Group

Pursuant to current legislation, the Consolidated Tax Group includes Mediaset España Comunicación, S.A., as the parent, and the Spanish subsidiaries that meet the requirements provided for in Spanish legislation regulating the taxation of the consolidated profits of corporate groups (Note 4.21).

The Group's other subsidiaries file individual tax returns in accordance with the tax legislation in force.

19.2 Years open to tax inspection

Under prevailing tax regulations, tax returns may not be considered final until they have either been inspected by the tax authorities or until the four-year inspection period has prescribed.

Once the Spanish Tax Authorities' Tax and Customs Control Department of the Central Office of Major Taxpayers had performed its verifications and investigations in 2010, the Group has the following items and years open to inspection:

Item(s)	Years
Income Tax	2010 a 2014
Value added tax	2011 a 2014
Withholdings, non-resident income tax	2011 a 2014
Gaming tax	2012 a 2014
Annual transaction statement	2010 a 2014
Consolidated statement of intra-regional delivery and acquisition of assets	2011 a 2014

In 2013 the verification procedures carried out by the Spanish Tax Authorities' Tax and Customs Control Department of the Central Office of Major Taxpayers on the following items finalized: “Taxes on games of luck, bets, or chance: raffles and tombolas" as well as "Gaming tax: bets and promotional draws" for June, 2008 to December 2011. Assessments raised totaling 9,029 thousand euros (Note 20) and the proposed settlement refer to Company transactions carried out in close observance of the criteria established by the tax authorities (more specifically the inspectors) arising from previous inspections and related to the same items and transactions identical in nature, and therefore, the parent's directors and tax advisors consider, there are solid arguments in the Company's defense for applying the above criteria in both lawsuits and appeals, and consequently obtaining a favorable result.

The Group has the last four years open to inspection of all other applicable taxes. Based on the best interpretation of current legislation, the parent’s directors and tax advisors consider 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 Group’s transactions.

(Expressed in thousand of euros)

Therefore, the accompanying statement of financial position does not include a provision for tax contingencies.

19.3 Balances relating to Public Authorities

The breakdown of balances relating to Public Authorities is as follows:

	Balance at 12/31/14	Balance at 12/31/13
Deferred tax liabilities	10,033	9,884
Value added tax liability	16,729	9,522
Personal income tax withholdings	3,315	3,192
Payable to Social Security	1,559	1,517
Other public entities	8,177	10,816
Payable to tax authorities	**29,780**	**25,047**

	Balance at 12/31/14	Balance at 12/31/13
Deferred tax assets	**164,783**	**186,290**
Income tax receivable	**12,459**	**19,643**
Value added tax receivable	7,652	487
Other tax receivables	7	2
Receivable from tax authorities	**7,659**	**489**

As a result of Law 8/2009 on the Financing of Radio Televisión Española and the definitive procedure for calculating, declaring, and paying the amount developed in Royal Decree 1004/2010 of August 5, which implemented Law 8/2009 and ITC order/2373/2010 of September 9, approving the statements and prepayments set out in Law 8/2009, the amount corresponding to 3% of the Company's gross operating income billed is recognized under "Other public entities." At December 31, 2014, the outstanding balance is 7,592 thousand euros (2013: 3,732 thousand euros).

19.4 Income tax

The detail of the calculation of the income tax expense/(income) is as follows:

	2014	2013
Consolidated separate income statement		
Current income tax		
- Current income tax expense	50,121	101,182
Deferred tax liabilities		
- Relating to increases and decreases in temporary differences	(20,135)	(107,363)
	29,986	**(6,181)**

(Expressed in thousand of euros)

	2014	2013
Consolidated statement of comprehensive income		
Deferred taxes related to items recognized directly as other comprehensive income		
- Net gain (loss) on disposal of assets arising from non-current assets held for sale	(1,630)	-
- Tax rate adjustment	109	-
Deferred taxes charged directly as other comprehensive income	**(1,521)**	**-**

	2014	2013
Consolidated profit before tax	85,548	(2,284)
Tax rate	25,664	(685)
Permanent differences	(338)	876
Tax credits and rebates	(4,949)	(6,372)
Tax rate adjustment	14,372	-
Utilization of unused tax losses	(4,907)	-
Other	144	-
	29,986	**(6,181)**

The reconciliation of net income and expenses for the year with tax results is as follows:

	2014		2013	
	P&L	**Equity**	**P&L**	**Equity**
Consolidated profit before tax:	85,548	5,432	(2,284)	-
Permanent differences	(905)	-	2,920	-
Temporary differences	(19,210)	(5,432)	(358,936)	-
Taxable income	**65,433**	**-**	**(358,300)**	**-**

Income tax payable was calculated as follows:

	2014
Taxable income	65,433
Tax payable (30%)	19,630
Utilization of unused tax losses	(4,907)
Deductions and rebates	(4,949)
Withholdings	(12,328)
Total income tax refund	**(2,554)**

	2013
Taxable income	(358,300)
Tax payable (30%)	(107,490)
Activation of tax losses	93,840
Deductions and rebates	-
Withholdings	(9,905)
Total income tax refund	**(9,905)**

(Expressed in thousand of euros)

Refundable Income tax is as follows:

	2014	2013
Corporate income tax refundable, 2012	-	9,738
Corporate income tax refundable, 2013	9,905	9,905
Corporate income tax refundable, 2014	2,554	-
Total	**12,459**	**19,643**

19.5 Deferred taxes

Corporation tax Law 27/2014, of November 27, modified the general tax rate from the current 30% to 28% in 2015, and 25% for subsequent years. As a result, the Company adjusted the deferred tax assets and liabilities from prior years based on the prevailing rate at the estimated reversal date. The effect of this adjustment represented a net charge in corporation tax expense of 14,372 thousand euros.

		Income statement		Income and expenses directly recognized in equity	
2014	**Balance at 12/31/13**	**Increases**	**Decreases**		**Balance at 12/31/14**
Deferred tax assets					
Provision for litigation	571	63	-	-	634
Depreciation deductibility limit	15,121	11,865	-	-	26,986
Loss - investees	25,112	-	(19,929)	-	5,183
Other concepts	3,354	20	(1,089)	-	2,285
Unused tax deductions	46,490	7,444	-	-	53,934
Loss carryforwards	95,641	-	(19,881)	-	75,760
Total deferred tax assets	**186,290**	**19,392**	**(40,899)**	**-**	**164,783**

		Income statement		Income and expenses directly recognized in equity	
2013	**Balance at 12/31/12**	**Increases**	**Decreases**		**Balance at 12/31/13**
Deferred tax assets:					
Provision for litigation	481	90	-	-	571
Depreciation deductibility limit	-	15,121	-	-	15,121
Loss - investees	133,697	-	(108,585)	-	25,112
Other concepts	3,087	606	(339)	-	3,354
Unused tax deductions	39,168	7,322	-	-	46,490
Loss carryforwards	-	95,641	-	-	95,641
Total deferred tax assets	**176,434**	**118,780**	**(108,924)**	**-**	**186,290**

2014	Balance at 12/31/12	Income statement		Income and expenses directly recognized in equity	Balance at 12/31/13
		Increases	Decreases		
Deferred tax liabilities					
Other items	7,092	111	-	-	7,203
Available-for-sale financial assets	-	-	-	1,521	1,521
Intangible assets	2,792	-	(1,483)	-	1,309
Total deferred tax liabilities	**9,884**	**111**	**(1,483)**	**1,521**	**10,033**

2013	Balance at 12/31/11	Income statement		Income and expenses directly recognized in equity	Balance at 12/31/13
		Increases	Decreases		
Deferred tax liabilities					
Other items	4,187	2,905	-	-	7,092
Intangible assets	2,420	372	-	-	2,792
Total deferred tax liabilities	**6,607**	**3,277**	**-**	**-**	**9,884**

Deferred tax liabilities on intangible assets arise from the deductibility of goodwill and the license acquired.

The unused tax credits mainly relate to tax credits for investments in film productions. These tax credits may be used over the next 15 years.

	Thousands of euros	
	2014	**2013**
Deductions pending 2010	-	2,024
Deductions pending 2011	14,355	15,626
Deductions pending 2012	21,518	21,518
Deductions pending 2013	7,322	7,322
Deductions pending 2014	10,739	-
	53,934	**46,490**

The Group estimated the taxable profits which it expects to obtain over the next fiscal years. It has likewise analyzed the reversal period of taxable temporary differences. Based on this analysis, the Group has recognized deferred tax assets for tax credits and deductible temporary differences which it considers probable will be recoverable in the future.

20. Guarantee commitments to third parties

The breakdown, by nature, of the guarantees provided and received at December 31, 2014 and December 31, 2013, is as follows:

	(Thousands of euros)	
Nature of guarantee	**12/31/14**	**12/31/13**
Guarantees provided		
Surety bonds for contracts, concessions, and tenders	8,339	32,483
Guarantees deposited with the tax authorities	9,029	9,029
Payments into court	39,015	19,723
	56,383	**61,235**
Guarantees received	**19,648**	**25,121**

20.1 Guarantees provided

- The Group pledged a guarantee of 9,029 thousand euros (Note 19.2) with the Tax and Customs Control Department arising from its appeal against the tax settlement agreement of which the Department notified the Group on May 20, 2013, which confirmed the proposal given in the assessment from the tax inspection dated April 16, 2013. The assessment covered verifications and investigations for “Taxes on games of luck, bets, or chance" during the period from June 2008 to December 2011 (Note 16).

- The Group submitted a 15.6 million euro guarantee with Section 6 of the National Appellate Court for the appeal against the administrative decision taken by the CNMC on February 6, 2013 (Dossier SNC/0024/12), by virtue of which Mediaset España was declared noncompliant with different commitments, thereby authorizing the Telecinco/Cuatro transaction; a fine was levied equal to the amount of the above guarantee.

- The Company submitted two guarantees amounting to 14,904 and 4,471 thousand euros, respectively to Madrid Mercantile Court #6, in compliance with the clarification and amendment ruling handed down by Provisional Enforcement Procedure # 360/2014 on September 2, 2014 (Note 16).

The Group has deposited 8,339 thousand euros in guarantees required for its commercial activity in 2014 (2013: 32,483 thousand euros).

20.2 Guarantees received

Under the Group's advertising contracting procedures, deferred sales must be accompanied by performance bonds. The amount of the guarantees received in this connection at December 31, 2014 and December 31, 2013 is shown in the preceding table.

(Expressed in thousand of euros)

21. Share-based payment plan

At December 31, 2014, as described below, the Group has two valid share option plans which it has granted to certain employees. The last share option plan was approved in 2011.

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:

	2009 Plan	**2010 Plan**	**2011 Plan**
Strike	5.21	7.00	5.83
Yield on the share (dividend yield)	5.0%	5.5%	5.5%
Volatility	30%	50%	37%

There were no new share option plans in 2014 and 2013.

The services received from employees in exchange for the share options granted are charged to the separate income statement at fair value calculated on the date granted. No expense was recognized for share options in 2014 (2013: 139 thousand euros) (Note 23.2).

These share-based payment schemes in 2014 are shown in the following table:

	Number of options	**Strike price**	**Assignment date**	**From**	**To**
Options granted	319,163	5.21	2009	07/29/2012	07/28/2014
Options canceled	(9,000)	5.21	2009		
Options exercised	(310,163)	5.21	2009		
2009 Plan	-				
Options granted	1,297,650	7.00	2010	07/28/2013	07/27/2015
Options canceled	(93,000)	7.00	2010		
Options exercised	(646,150)	7.00	2010		
2010 Plan	**558,500**				
Options granted	673,225	5.83	2011	07/27/2014	07/26/2016
Options canceled	(57,000)	5.83	2011		
Options exercised	(171,775)				
2011 Plan	**444,450**				
Total outstanding plans	**1,002,950**				

(Expressed in thousand of euros)

The schemes for 2013 were as follows:

	Number of options	Strike price	Assignment date	From	To
Options granted	572,325	7.13	2008	07/30/2011	07/29/2013
Options canceled	(27,000)	7.13	2008		
Options exercised	(545,325)	7.13	2008		
2008 Plan	**-**				
Options granted	319,163	5.21	2009	07/29/2012	07/28/2014
Options canceled	(9,000)	5.21	2009		
Options exercised	(146,213)	5.21	2009		
2009 Plan	**163,950**				
Options granted	1,297,650	7.00	2010	07/28/2013	07/27/2015
Options canceled	(93,000)	7.00	2010		
Options exercised	(160,250)	7.00	2010		
2010 Plan	**1,044,400**				
Options granted	673,225	5.83	2011	07/27/2014	07/26/2016
Options canceled	(57,000)	5.83	2011		
2011 Plan	**(616,225)**				
Total outstanding plans	**1,824,575**				

The Group has treasury shares to comply with these commitments.

22. Financial Instruments

22.1 Derivatives

The Group uses financial instruments to hedge the foreign currency risks relating to purchases of audiovisual property rights in the year and, when necessary, to hedge those related to commercial transactions with customers, which are recognized in the consolidated statement of financial position. As required by the corresponding measurement and recognition policy, these derivatives are classified as "held for trading."

The breakdown, by maturity, of the notional amounts of derivatives outstanding at the Group at December 31, 2014 and 2013 is as follows:

Derivative financial assets

2014	Notional amount/ Maturity up to one year	Amount in $ Dollars	Amount in $ Year - end (€/$) exc. rate	Fair value
Purchase of unmatured currency				
Purchase of dollars in euros	16,096	21,026	1.2141	1,193
Sales of dollars in euros	-	-	-	-
Net	16,096	21,026		1,193

At year-end 2013, derivative financial instruments were recognized under "Financial liabilities."

(Expressed in thousand of euros)

Derivative financial liabilities

2014	Notional amount/ Maturity up to one year	Amount in $ Dollars	Year - end (€/$) exc. rate	Fair value
Purchase of unmatured currency				
Purchase of dollars in euros	-	-	-	-
Sales of dollars in euros	307	393	1.2141	(16)
Net	307	393		(16)

2013	Notional amount/ Maturity up to one year	Amount in $ Dollars	Year - end (€/$) exc. rate	Fair value
Purchase of unmatured currency				
Purchase of dollars in euros	23,481	31,312	1.3791	(777)
Sales of dollars in euros	-	-		-
Net	23,481	31,312		(777)

The foreign currency derivatives associated with the property rights are measured at the difference between the present value of the quoted foreign currency hedge at the forward exchange rate in the contract and the value of the quoted foreign currency hedge at year end.

22.2 The classification of financial assets and liabilities per the categories established in IAS would be as follows:

	Equity instruments		Loans, derivatives and other financial assets		Total	
(Thousands of euros)	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Non-current financial assets						
Assets at fair value through profit or loss						
Held for trading	-	-	-	-	-	-
Other	-	-	-	-	-	-
Held-to-maturity investments	-	-	-	-	-	-
Loans and receivables	-	-	5,984	4,580	5,984	4,580
Available-for-sale financial assets						
Measured at fair value	365	-	-	-	365	-
Measured at cost	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-
TOTAL	**365**	**-**	**5,984**	**4,580**	**6,349**	**4,580**
Current financial assets						
Assets at fair value through profit or loss						
Held for trading	-	-	-	-	-	-
Other	-	-	-	-	-	-
Held-to-maturity investments	-	-	-	-	-	-
Loans and receivables	-	-	203,995	200,383	203,995	200,383
Available-for-sale financial assets						
Measured at fair value	-	-	-	-	-	-
Measured at cost	-	-	-	-	-	-
Assets held for sale	7,933	-	-	-	7,933	-
Derivatives	-	-	1,193	-	1,193	-
TOTAL	**7,933**	**-**	**205,188**	**200,383**	**213,121**	**200,383**
TOTAL	**8,298**	**-**	**211,172**	**204,963**	**219,470**	**204,963**

These financial assets are classified in the consolidated statement of financial position as follows:

	2014	**2013**
Non-current financial assets (Note 11)	6,349	4,580
Non-current assets held for sale (Note 13)	7,933	-
Accounts receivable	203,879	199,631
Other current financial assets	1,309	752
	219,470	**204,963**

“Accounts receivable” includes trade receivables less provisions for uncollectible receivables, which amounted to a gross 219,684 thousand euros in 2014 (2013: 212,542 thousand euros).

The maturity of the principal financial assets is as shown in the following table (in thousands of euros):

2014		**Maturity**			
	Balance	**Under 3 months or past due**	**6 months**	**12 months**	**18 month**
Trade receivables	201,718	198,254	3,346	94	24
Other debtors	11	11	-	-	-
Other financial current assets	1,309	1,309			-
TOTAL	**203,038**	**199,574**	**3,346**	**94**	**24**

2013		**Maturity**			
	Balance	**Less than 3 months or due dated**	**6 months**	**12 months**	**18 month**
Trade receivables	196,352	194,441	1,379	532	-
Other debtors	176	176	-	-	-
Other financial current assets	752	694	58	-	-
TOTAL	**197,280**	**195,311**	**1,437**	**532**	**-**

The maturities of the trade receivables from related parties are shown in detail in Note 25.1.

	Bank borrowings		**Payables, derivatives and other financial assets**		**Total**	
(Thousands of euros)	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Non-current financial liabilities						
Trade and other payables	-	-	11,549	185	11,549	185
Liabilities at fair value through profit or loss						
Held for trading	-	-	-	-	-	-
Others					-	-
Derivatives	-	-	-	-	-	-
TOTAL	**-**	**-**	**11,549**	**185**	**11,549**	**185**
Current financial liabilities						
Trade and other payables	239	678	196,492	215,727	196,731	216,405
Liabilities at fair value through profit or loss						
Held for trading	-	-	-	-	-	-
Others	-	-	-	-	-	-
Derivatives	-	-	16	777	16	777
TOTAL	**239**	**678**	**196,508**	**216,504**	**196,747**	**217,182**
	239	**678**	**208,057**	**216,689**	**208,296**	**217,367**

In 2014, existing credit facilities were renewed and extended up to a total of 360,000 thousand euros. These bear interest at EURIBOR plus a market spread in line with Company solvency. At the end of 2014, no amounts had been drawn down on the existing credit lines, which is a great boost to the availability of cash at that date.

360,000 thousand euros of these lines of credit fall due between 2015 and 2016.

At year-end 2013, the Company had credit facilities amounting to 360,000 thousand euros; no amounts had been drawn down.

These financial liabilities are classified in the statement of financial position as follows:

	2013	2013
Non-current related party borrowings (Note 17)	11,144	-
Other non-current liabilities	405	185
Payable to related parties (Note 25.1)	18,243	43,068
Accounts payable for purchases and services	93,883	102,052
Accounts payable for audiovisual rights	67,549	59,749
Bank borrowings	239	678
Payables for non-current asset acquisitions	4,027	1,200
Remuneration payable	9,281	10,346
Other borrowings	3,526	89
	208,296	**217,367**

There are no significant differences between the fair value and the net carrying amounts of financial assets and liabilities at December 31, 2014 and 2013.

The maturity of the principal financial instruments is as shown in the following table (in thousands of euros):

2014		**Maturities**		
	Balance	3 months	6 months	12 months
Payable for purchases or rendering of goods or services	93,883	89,258	4,625	-
Payables for purchases of audiovisual rights	67,549	65,027	2,522	-
Bank borrowings	239	237	-	2
Payables for acquisition of assets	4,027	3,880	147	-
Total	**165,698**	**158,402**	**7,294**	**2**

2013		**Maturities**		
	Balance	3 months	6 months	12 months
Payable for purchases or rendering of goods or services	102,052	98,287	3,765	-
Payables for purchases of audiovisual rights	59,749	58,979	588	182
Bank borrowings	678	678	-	-
Payables for acquisition of assets	1,200	1,122	78	-
Total	**163,679**	**159,066**	**4,431**	**182**

The maturities of the borrowings from related parties are shown in detail in Note 25.1.

Information on the average payment period to suppliers

The average payment period was 77 days (2013: 81 days).

The excess average payment period was due to incidences arising during the management of invoices.

22.3 Capital management policy

The Group's capital management policy is focused on securing a return on investment for shareholders that maximizes the profitability of their contribution to the company with the least amount of risk possible, contributing with an attractive risk investment in line with the current economic and business environment. The capital structure of the company places it in an excellent position as a result of its significant capacity to generate positive cash flows, even in the current markets condition.

22.4 Risk management policy

To efficiently manage the risks to which the Mediaset España Group is exposed, certain control and prevention mechanisms have been designed and implemented, led by the senior executives of the Group in the Audit Committees. These mechanisms have been put into place in the corporate governance rules and have been applied throughout the Group.

The measures adopted by the Group to manage risks can be classified into three main categories and were designed to cover exposure to credit risk, liquidity risk, and market risk.

22.4.1 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 Group maximum exposure to credit risk at December 31, 2014 and December 31, 2013 is as follows:

	Thousands of euros	
	2014	2013
Non-current receivables	6,349	4,580
Trade and other receivables	221,899	216,722
Trade receivables from related parties	2,098	3,041
Current financial assets	1,309	752
Cash and cash equivalents	275,782	112,774
	507,437	**337,869**

For the purposes of credit risk Group management differentiates between financial assets arising from operations and those arising from investments.

22.4.2 Operating activities

Most of the operating activities of the Group consist of advertising revenues.

Group management has developed a policy whereby credit limit by customer type and authorization levels in order to approve transactions are established.

The financial assets considered as part of the operating activities are mainly trade receivables for sales and services.

From a business standpoint, the Group considers the advertisers to be the end customer; none of these represents significant business revenue in terms of the Group's total turnover. It is standard sector practice to use media agencies as intermediaries between advertisers and the television channel offering the advertising space.

The Group constantly monitors the age of its debt, and there were no risk situations at year end.

22.4.3 Investing activities

The financial assets considered as investment activity are non-current loans (Note 11), non-current financial investments (Note 11) and current financial investments. Those notes provide information on the concentration of this risk and the related maturities.

A Financial Risk Management Procedures Manual sets forth the general criteria governing investments of the Group's treasury surpluses, which, in broad terms, are as follows:

- The investments are made with institutions (whether domestic or foreign) of recognized financial solvency measured based on their current ratings.
- 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 group's senior executives and, in any event, are highly restricted (according to the amount, the Board Members, General Management and Operations Director, and Financial Director).
- Under ordinary circumstances, the longest term is three months and the investments usually offer automatically available funds.

22.4.4 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 Group having insufficient funds or access to sufficient funds at an acceptable cost to meet its payment obligations at all times. The Group's objective is to maintain sufficient available funds to conduct its business.

The Group'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 Group's revolving credit lines ensures that the Group is able to meet its operating needs as well as finance new short-term investment projects. At year-end 2014, the opening credit lines total 360 million euros (2013: total 360 million euros). Given the difficult market situation, these credit lines have been contracted under very competitive financial conditions, which strengthen the financial sector's perception that the Group is creditworthy and sound.

22.4.5 Market risk (exchange rate, interest rate, and price risk)

Given the nearly complete absence of financial debt, there are no financial risks associated with interest-rate movements. Nevertheless, and for illustrative purposes, the Group has conducted a test to determine the sensitivity of the Group'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 December 31, 2014, as the benchmark, we applied a variation of +100 basis points - 50 basis points (+100 basis points – 10 basis points in 2013).

(Expressed in thousand of euros)

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

	Reference rate (%)	Cash surpluses	Annual interest	100 b.p.	Annual interest	-10 b.p.	Annual interest
12/31/14	0.018%	265,709	48	0.518%	1,316	-0.082%	(218)
12/31/13	0.221%	93,477	207	1.221%	1,141	0.121%	113

22.4.6 Sensitivity analysis and estimates of the impact of changes in exchange rates on the separate income statement.

The financial instruments exposed to euros/$ exchange-rate risk, mainly consisting of future currency-purchase agreements, have undergone a sensitivity test at the statement of financial position date.

The exposed statement of financial position 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 (2014: 8.910% and 2013: 8.365%), 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 Separate income statement account that, in any event, is not significant.

Analysis of derivative assets in foreign currencies:

31/12/2014			**31/12/2013**		
USD	Exchange rate	Differences	USD	Exchange rate	Differences
21,026	1.2141	1,193	-	-	-
		Sensibility analysis			
21,026	1.1059	2,880	-	-	-
21,026	1.3223	10	-	-	-

Analysis of derivative liabilities in foreign currencies:

31/12/2014			**31/12/2013**		
USD	Exchange rate	Differences	USD	Exchange rate	Differences
393	1.2141	(16)	31,312	1.3791	(777)
		Sensibility analysis			
393	1.1059	(48)	31,312	1.2637	1,293
393	1.3223	10	31,312	1.4945	(2,528)

Analysis of accounts payables to suppliers in foreign currency:

31/12/2014			**31/12/2013**		
USD	Exchange rate	Differences	USD	Exchange rate	Differences
25,136	1.2141	(1,391)	36,168	1.3791	889
		Sensibility analysis			
25,136	1.1059	(3,417)	36,168	1.2637	(1,505)
25,136	1.3223	303	36,168	1.4945	2,914

(Expressed in thousand of euros)

Analysis of accounts receivables in foreign currency:

31/12/2014			31/12/2013		
USD	Exchange rate	Differences	USD	Exchange rate	Differences
393	1.2141	15	-	-	-
		Sensibility analysis			
393	1.1059	47	-	-	-
393	1.3223	(11)	-	-	-

23. Income and expenses

23.1 The breakdown of the Group's ordinary revenue is as follows:

Activity	2014	2013
Advertising revenue	858,106	768,297
Revenue from the rendering of services	53,011	40,715
Other	8,283	9,813
Total	**919,400**	**818,825**

23.2 The breakdown of "Staff costs" in 2014 and 2013 is as follows:

	2014	2013
Wages and salaries	89,756	86,689
Accrued share-based payment costs (Note 21)	-	139
Social security costs	15,806	15,513
Employee benefit costs	624	2,509
Total	**106,186**	**104,850**

The average number of employees at the Group, by professional category, was as follows:

	2014			2013		
	Men	Women	**Total**	Men	Women	**Total**
Managers	76	37	**113**	79	38	**117**
Supervisors	37	42	**79**	36	43	**79**
Journalists	53	89	**142**	61	92	**153**
Other line personnel	443	460	**903**	455	465	**920**
Other	20	3	**23**	21	2	**23**
Employees under contracts for project work or services	8	6	**14**	9	7	**16**
Total employees	**637**	**637**	**1,274**	**661**	**647**	**1,308**

(Expressed in thousand of euros)

The breakdown of personnel by professional category at December 31, is as follows:

	2014			2013		
	Men	Women	**Total**	Men	Women	**Total**
Managers	74	37	**111**	77	37	**114**
Supervisors	37	44	**81**	36	42	**78**
Journalists	52	88	**140**	54	86	**140**
Other line personnel	440	447	**887**	452	467	**919**
Other	20	3	**23**	20	3	**23**
Employees under contracts for project work or services	13	5	**18**	12	6	**18**
Total employees	**636**	**624**	**1,260**	**651**	**641**	**1,292**

23.3 The breakdown of “Change in operating provisions” at the statement of financial position date, which relates to the allowance for doubtful debts, is as follows:

	2014	**2013**
Charge for the year	3,309	754
Amounts used	(1,459)	(1,809)
Total	**1,850**	**(1,055)**

23.4 The breakdown of “Other expenses” in 2014 and 2013 is as follows:

	2014	**2013**
External services	178,018	171,069
Taxes	25,447	23,332
Other expenses	52	738
Overprovisions	(4,639)	(5,939)
Total	**198,878**	**189,200**

Overprovisions mainly include the reversal of the provisions explained in Notes 16 and 18.

23.5 Services provided by the auditors

“Other operating expenses” in the accompany consolidated income statement includes the fees for the audit of the Group’s financial statements in 2014, conducted by Ernst & Young, S.L., amounting to 181 thousand euros (2013: 207 thousand euros).

The fees for other professional services provided principally to the parent by the principal auditor amounted to 163 thousand euros at December 31, 2014 (2013: 91 thousand euros).

23.6 The breakdown of the Group's net finance income in 2014 and 2013 is as follows:

	2014	**2013**
Interest income	2,291	953
Less interest expenses	(2,923)	(4,064)
Total	**(632)**	**(3,111)**

Finance income arises mainly from the interest on loans to related parties and interest arising from the investment of surplus cash.

Finance expenses arise from the interest on associates' loans and commissions associated to credit facilities.

23.7 Exchange differences

The breakdown of the exchange differences in 2014 and 2013 is as follows:

	2014	2013
Exchange gains	1,186	365
Exchange losses	(566)	(519)
Total	**620**	**(154)**

The foreign currency transactions, which related to the acquisition of audiovisual property rights and distribution rights, amounted to $35 million in 2014 (2013: $66 million).

In addition, the balance of the trade payables for purchases of audiovisual property rights includes 20,711 thousand euros denominated in US currency in 2014 (2013: 26,229 thousand euros).

Trade receivables for sales and services includes 408 thousand euros denominated in US currency in 2014 (2013: 28 thousand euros).

23.8 Operating leases

The breakdown of "Operating leases" in 2014 and 2013 is as follows:

	2014	2013
	Thousands of euros	
Minimum lease payments under operating leases recognized in profit or loss	1,370	1,452
	1,370	**1,452**

The future operating lease obligations assumed by the Group fall due at one year and are for amounts similar to those for 2014.

24. Earnings per share

The calculation of the weighted average number of shares outstanding and diluted at December 31, 2014 and 2013 is as follows:

	12/31/14	12/31/13
Total shares issued	**406,861,426**	**406,861,426**
Less: treasury shares	(19,859,706)	(6,065,107)
Total shares outstanding	387,001,720	400,796,319
Dilutive effect of share options and free delivery of shares	392,078	172,628
Total number of shares for calculating diluted earnings per share	387,393,798	400,968,947

24.1 Basic earnings per share:

Basic earnings per share are calculated by dividing the net profit or loss attributable to the Group by the weighted average number of shares outstanding during the year, excluding the average number of treasury shares held in the year.

Accordingly:

	12/31/14	**12/31/13**	**Change**
Net profit for the year (thousands of euros)	59,492	4,161	55,331
Number of shares outstanding	387,001,720	400,796,319	(13,794,599)
Basic earnings per share (euros)	**0.15**	**0.01**	**0.14**

24.2 Diluted earnings per share:

Diluted earnings per share are calculated by dividing the net profit or loss for the year attributable to ordinary shareholders adjusted for the effect attributable to the dilutive potential ordinary shares by the weighted average number of ordinary shares outstanding in the year, adjusted by the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares of the Company. For these purposes, the conversion is deemed to take place at the beginning of the year or on the date of issue of the potential ordinary shares if such shares had been issued during the reporting period.

Accordingly:

	12/31/14	**12/31/13**	**Change**
Net profit for the year (thousands of euros)	59,492	4,161	55,331
Number of shares for calculating diluted earnings per share	387,393,798	400,968,947	(13,575,149)
Diluted earnings per share (euros)	**0.15**	**0.01**	**0.14**

25. Related party transactions

25.1 Transactions with associates and shareholders

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associates are disclosed below. Transactions between the Company and its subsidiaries and associates are disclosed in the Company's individual financial statements.

Note 11 includes a non-current loan granted to Pegaso Televisión Inc. and Netsonic, S.L.

Note 17 includes a non-current loan granted by Mediaset Investment, S.R.L.A.

(Expressed in thousand of euros)

	12/31/14		12/31/2013	
	Receivable	Payables	Receivable	Payables
Big Bang	-	17	-	1,480
Producciones Mandarina, S.L.	(2)	5,482	-	2,022
La Fábrica de la Tele, S.L.	-	6,488	1,647	4,896
Digital +	-	-	(38)	8,167
Editora Digital de Medios	79	55	26	95
60 Db Entertainment	-	-	-	17
Megamedia Televisión	43	922	92	459
Supersport Televisión	244	520	206	1,559
Mediaset Group	471	2,469	80	21,722
Prisa Group	1,263	2,290	1,028	2,651
Total	**2,098**	**18,243**	**3,041**	**43,068**

The breakdown, by maturity, of the receivables from all the related parties is as follows:

2014		**Maturities**		
	Balance	3 months	6 months	12 months
Investee	364	364	-	-
Mediaset Group	471	417	27	27
Other companies	1,263	1,263	-	-
Total	**2,098**	**2,044**	**27**	**27**

2013		**Maturities**		
	Balance	3 months	6 months	12 months
Investee	1,933	1,933	-	-
Mediaset Group	80	80	-	-
Other companies	1,028	1,028	-	-
Total	**3,041**	**3,041**	-	-

Current payables to related parties by maturity are as follows:

2014		**Maturities**		
	Balance	3 months	6 months	12 months
Investee	13,485	10,183	3,302	-
Mediaset Group	2,468	916	1,552	-
Other companies	2,290	2,260	30	-
Total	**18,243**	**13,359**	**4,884**	**-**

2013		**Maturities**		
	Balance	3 months	6 months	12 months
Investee	18,695	18,118	577	-
Mediaset Group	21,722	2,037	19,685	-
Other companies	2,651	2,570	81	-
Total	**43,068**	**22,725**	**20,343**	**-**

(Expressed in thousand of euros)

During the year, the Group companies performed the following transactions with related parties:

	Sales of goods		Other earnings		Purchase of goods		Other expenses		Purchase of rights	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
60 Db Entertainment	-	-	-	-	11	795	-	-	-	-
Editora Digital de Medios	65	88	-	-	201	194	-	-	-	-
Big Bang Media, S.L.	3	-	-	-	1,924	4,521	-	-	5,389	-
Digital +	45	1,285	-	-	11,393	20,219	-	-	-	231
La Fábrica de la Tele, S.L.	-	1,361	-	-	27,243	31,863	-	-	-	-
Producciones Mandarina, S.L.	18	-	-	-	16,680	18,186	-	-	-	-
Netsonic, S.L.	-	-	-	-	145	-	-	-	-	-
Megamedia Televisión	187	76	-	-	4,194	1,554	-	-	-	-
Supersport Televisión	1,523	180	2	-	13,208	4,557	-	-	-	-
Mediaset Group	1,789	1,239	-	-	1,502	1,157	3,165	3,957	-	-
Prisa Group	1,191	513	-	-	3,479	8,576	-	-	-	-
Pegaso Group	-	99	1,026	32	-	-	-	88	-	-
Total	**4,821**	**4,841**	**1,028**	**32**	**79,980**	**91,622**	**3,165**	**4,045**	**5,389**	**231**

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No material provisions have been made for doubtful debts in relation to the amounts owed by related parties.

The breakdown of the financing terms between the Group and associates and shareholders as regards the established limits, balances drawn down, and maturities is as follows:

Credit facilities

	Current limit	Drawn down (Dr) Cr	Non-current limit	Drawn down (Dr) Cr	Maturity
Exercise 2014					
Associates or shareholders	-	-	75,000	11,144	2016
Exercise 2013					
Associates or shareholders	75,000	19,370	-	-	2014

The interest rates applicable to these credit facilities, excluding those arranged as participating loans, were EURIBOR plus a market spread for 2014 and 2013.

Financing provided to associates consists primarily of credit facilities or commercial loans.

25.2 Remuneration of directors

The Company's Board members earned total remuneration of 5,585 thousand euros and 5,959 thousand euros in 2014 and 2013, respectively, in the form of salaries and other compensation in kind.

The Company has not granted the directors any advances or loans and it does not have any pension or other obligations to them.

At December 31, 2014, the most significant information on the share options granted by the Company to its directors is summarized as follows:

	Number of share options	Number of share options exercised
Total Board of Directors	**704,187**	**411,237**
Options granted in 2009	108,312	108,312
Options granted in 2010	397,250	201,750
Options granted in 2011	198,625	100,875

Other disclosures on the Board of Directors

Insofar as article 229 of the Capital Companies Law, management has communicated that they do not have any conflicts of interest with the Company.

25.3 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)**	
2014	**2013**	**2014**	**2013**
21	23	7,459	9,176

During 2014, one of the directors was appointed to the Board, and therefore the breakdown does not include remuneration as a director.

A list of the key management personnel is included in the accompanying Corporate Governace report.

The remuneration consists of a fixed amount and a variable amount. The variable remuneration is determined by applying a percentage to the fixed remuneration in each case, based on the extent to which certain annual targets are met.

In 2014 and 2013, management was not assigned share options.

26. Significant events after the reporting date

Nothing significant to report.

27. Additional note for English translation

These consolidated financial statements are a translation of the consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails.

THE SPANISH ECONOMY IN 2014

2014 data for the performance of the Spanish economy indicates that the country is finally emerging from the recession in which it has been immersed since 2008, and that it is now on the road to growth.

As indicated in the Management Report corresponding to last year's notes to the consolidated financial statements, this new direction became gradually evident during the second half of 2013, to become clearer in 2014 as reflected in data supporting the consolidation of a process which we expect will become increasingly solid in upcoming years.

This optimism must not give way to overly triumphant or confident expectations, considering the seriousness of the damages caused by the Great Recession during 2008-2013, as well as other uncertainties (political, economic, energy, etc.) which still hover over the global economic outlook; the trend of events occurring during 2014 might represent the prelude to the sustainable recovery of key economic indicators.

Although available data is still not yet definitive, forecasts indicate that the worldwide growth of the GDP will be around 3.3% in 2014, which is only slightly higher than in 2013, which confirms that there is a high degree of regional volatility and that emerging economies continue without recovering the dynamic aspects which characterized them in prior years.

With respect to the US, 2014 growth is estimated to surpass that of 2013 (2.4% for the year 2014), which is a solid figure, which was also affected negatively by the cold snap hitting the country during the first quarter of the past year; the GDP is expected to rise to over 3% in 2015, which would consolidate the US economy in its role as the developed world's driver of growth.

The GDP growth in the Eurozone during 2014 was under 1% (around 0.8%); although this figure reverses the negative performance of 2012 and 2013, it is clear that the recovery of the continental economy is sporadic, with very uneven performances in the main countries comprising it. While Germany and Spain lead with growth rates of over 1%, France's economy is stalled, while Italy's growth is negative; for the latter countries, this circumstance is indicative that the necessary structural reforms were not implemented with the sufficient determination required by their productive demand models.

With regard to Spain, as mentioned previously, data available during the preparation of these consolidated financial statements reflect that the GDP grew 1.4% during the year, which is a figure which is close to twice that of the European Union average, and quite similar to that of Germany, which continues as the most dynamic of the large economies in the zone, with activity data during the final quarter of the year which is well over the average.

As the year progressed, the growth of Spain's economy was largely based on internal demand rather than external sectors; this was the catalyst for its economic recovery during its initial stages. A key element within internal demand is private consumption - which is a chief parameter for the TV advertising business - which experimented growths which increased as the year progressed, to reach 2.2% overall for the year, which mirrored the positive performance of other variables which are closely linked to the trend of private consumption, such as automobile sales (rising continually since the first months of 2013), or retail trade business, which rose during the first part of the year for the first time since the crisis began.

The rate of unemployment merits special attention: considering figures currently at our disposal, which indicate a 2 point drop (from 25.8% at the end of 2013 to 23.7% a year later), which is a fairly healthy increase. However, we must not lose sight of the fact that the recovery of more reasonable employment levels which are comparable to other countries in our environment still represents the greatest challenge to our economy.

Considering the above, the pertinent question worth asking is: What is the macroeconomic scenario facing Spain in 2015, and what is the general backdrop against which our TV business will move forward?. Based on events taking place in 2014, and macroeconomic trends observed during the first months of the new year, there seems to be a widespread consensus that the Spanish economy will be one of the fastest growing in the Eurozone during the year, with GDP growth rates of approximately 2%; therefore, should predictions come true, Spain will continue growing well over the average of the European Union, and should move forwards to be the fastest growing in the large continental economies.

Against this macroeconomic backdrop, the rise in GDP will mainly be based on internal demand, and not quite as dependent on the external sector as was the case during the initial phases of the economic recovery; forecasts indicate that the contribution of private consumption will be particularly relevant thanks to the increase in families' disposable income thanks to improved general economic conditions, lowering Personal Income Tax rates, and the normalization of financing conditions for families and individuals. Another key factor in the improvement of the Spanish economy will be the new, more expansive economic policies recently set in motion by the ECB, as well as the significant drop in oil prices.

Evidently, our analysis and projections cannot obviate the potential risks surrounding an economic situation whose recovery is still consolidation, and includes both internal factors (degree of recovery of employment, meeting budgetary stability objective, the 2015 election results, etc.), and those which are external in nature (geopolitical tensions, the impact of the reduction of the price of crude oil in exporting countries, the debt of peripheral countries, the impact of monetary policies on both sides of the Atlantic, insufficient growth of emerging economies, etc.).

THE TELEVISION INDUSTRY IN 2014: THE YEAR WHICH FOLLOWED A CRISIS OF UNPRECEDENTED DIMENSIONS

As indicated in the Management Report corresponding to last year's notes to the consolidated financial statements, TV advertising investment shrank 6.2% during the year, although the trend observed during the period indicated that things were looking much better, culminating in a reversal of an interminable sequence of negative increments commencing in 2008 which (with the exception of a brief respite in 2010 with a modest yet ephemeral recovery), caused the TV advertising market to shrink to nearly half its size in five years. In this manner, commencing September, 2013, signs of inter-annual growth were registered, which led to a 5.6% advance in TV advertisement investment in the last quarter with regards to the prior year.

With respect to 2014, according to Infoadex, television advertising increase about 10.9%, meaning that the majority of the increase in overall advertising was thanks to television, which is a clear indicator of the strength of the medium as a communication tool in the eyes of advertisers.

This upward shift is thanks to TV consumption, which is measured in minutes by spectator and day: although it dropped to historic lows during mid-2013, and had clearly been inflated by the economic turndown, it still posted some of the highest figures in the business, pushing the overall global percentage upward in 2014. This was a year in which investment showed a remarkable recovery, and is without a doubt an indication of the strength and notoriety of the medium as a commercial communications tool.

The above increases are mainly the result of the partial recovery of prices which had shot downward, and with little or no hope of continuity with regard to the highs reached in 2007, although it is indeed true that, to a certain degree, during 2014 the degree to which advertising space is used was also increased.

With respect to the Mediaset Group, in 2014 we were able to grow slightly over the market thanks to the substance of our contents and audience, to eventually reach a 44.2% of the investment in the medium at the year end.

With regard to the audience, data for the year unequivocally indicate that the Group continues as the indisputable global leader (30.7%), with a 1.7 increase with respect to 2013, and even despite having to return two channels as a result of the execution of the Supreme Court Sentence annulling this concession. This represents the historic record for a commercial TV group in Spain.

These data are also very positive for our main channel (Telecinco), which has increased its share of audience 1 point, from 13.5% to 14.5%. This is the highest percentage since 2010.

The abovementioned audience data encompasses Cuatro (6.7%) as well as all the second-generation channels (8.8%), which also indicate the strength of our show lineup, which places us at the respectable distance (three points higher) above our main competitor.

Comparing the Company's results in 2014 with those of 2013, we see:

- Total operating income increased from 826,820 thousand euros in 2013 to 932,087 thousand euros in 2014, mainly thanks to the increase in advertising income, although non-advertising income (especially those relating to the cinematographic activity) also performed quite positively.
- Operating income rose from 756,648 thousand euros in 2013 to 787,333 thousand euros in 2014, which is a slight increase basically explained by the broadcast of non-recurring sporting events, which have also contributed to the increase in the audience as well as advertising income.
- Finally, the net result attributable to the year during 2014 was 59,492 thousand euros with regard to the 4,161 thousand euros recognized in 2013, which is a very significant improvement, mainly thanks to the recovery of operational margins during the year based on the increase in operating income.

DIVIDENDS

In 2014, no dividends were distributed, mainly due to the advertising market at the beginning of the year, and the existence of potential investment opportunities which would have made it necessary to have the financial wherewithal in the case, though they did not eventually take place.

INVESTMENT IN RIGHTS AND FILM PRODUCTION

The Mediaset España Group maintained its policy of investing in audiovisual broadcasting rights, carefully selecting the type of rights and content in order to maintain audience figures in the future and provide the most fertile ground for the advertising business. The Group placed special emphasis once again on investment in Spanish series.

Worth highlighting were the activities undertaken by Telecinco Cinema, a wholly owned subsidiary of the Group charged with film production under the legal requirement of TV concessionaires to earmark 3% of operating revenue for Spanish and European film production.

As investment in film production arises from a legal obligation and not a decision made freely by the network, the Group has opted for quality and ambitious projects based on global strategic criteria guiding its activity in this field. Where possible, it opts for productions of a certain size and scope that are apt for international showing bearing in mind market conditions and the Group's financing capacity, as this obligation outweighs the revenues generated, regardless of the trend and without any consideration to costs incurred or margins commanded.

In short, the aim is to combine financial wherewithal, talent, profitability, and opportunities efficiently for our brightest and most promising professionals in order to maximize the return on investment -in light of global conditions, maximum importance is attached to this- considering that the activity is not voluntary, and to produce films that bring together quality and commercial appeal under the Group's logo.

For Telecinco Cinema, 2014 was a year which can only be described as exceptional, with films in five different genres (comedy, romantic comedy, black humor, action, and documentary) premiered during the year: “Ocho Apellidos Vascos,” “Perdona si te llamo amor,” “Carmina y Amén,” “El Niño,” and “Paco de Lucía: la búsqueda,” which all reaped huge successes on both a critical and popular success.

“Ocho Apellidos Vascos” is well-known as the film which reached historically-high box office and audience levels as far as national productions are concerned, surpassing 56 million euros in box office sales and 9 million spectators, also obtaining five Goya nominations, and finally winning three.

“Carmina y Amén” multiplied by ten the box office sales it earned with the first film (“Carmina o Revienta”), while also earning a Goya nomination in the “Best new actress”category.

“El Niño” is the second highest-grossing film during 2014, with nominations in 16 Goya Award categories, eventually winning four.

Finally, “Paco de Lucía: la búsqueda” was the highest-grossing documentary during the year, and won this Goya category as well as two other nominations.

In summary, this has been a spectacular year, with another one right on its heels in which Telecinco Cinema aspires to do its best to provide the best we have to offer, renewing our commitment to ensure that the industry and its public are in tune, and to solidify the base of our film production segment abroad. Filmmakers such as Enrique Gato, Alejandro Amenábar, Emilio Martínez Lázaro, Daniel Calparsoro, and J.A. Bayona, among others, are collaborating on new projects: “Atrapa la bandera”, “Tadeo Jones y el secreto del Rey Midas”, “Regresión”, “Ocho Apellidos Vascos 2ª parte”, “Cien años de perdón”, or “Un monstruo viene a verme”, all which will be premiered in 2015 and 2016.

For the overall film sector, 2014 was an excellent year both in attendance as well as in sales, reaching 127 million euros in box office sales, and 21.2 million spectators, with a 25.7% share of the market, which is a percentage surpassing any the past 37 years. Telecinco Cinema was a key player in attaining this success, which is a source of pride and satisfaction, while also reaffirming our commitment to working with the same energy and enthusiasm to produce quality work which is accessible to all publics.

INTERNET

The Group considers Internet a strategically important current and future activity.

Based on this premise, it is important to highlight the fact that the Mediaset websites performed magnificently in 2014, growing 57.3% in sole browsers with respect to 2013; Telecinco.es was once again the TV website with most views, rising 49.1% with respect to the monthly average in 2013. Divinity.es is the fashion portal which features society celebrities, reaching record numbers of visits during the year, close to three million sole visitors during the last month of the year.

With regard to the video on demand sector, data for Mediaset products increased 67.8% with respect to 2013, while Mitele.es, the Group's video platform, continues the upward trajectory of this app which already has registered three million downloads.

Based on OJD data, as well as figures provided by Comscore, the Group is still the undisputed leader among audiovisual communication groups.

TREASURY SHARES

At December 31, 2014, the Group held 39,284,862 of its own shares, representing 9,66% of share capital.

PAYMENTS TO SUPPLIERS

During 2014, the average payment to the Group's national suppliers was 77 days. This difference is notable when compared to the maximum stipulated by payment arrears regulations, and is exclusively due to the rigorous control exercised by the Group with regard to mercantile and tax requirements to be met by invoices received, meaning that they are not paid until the incidents detected have not been resolved. The Group scrupulously meets its commitments with regard to legislation aimed at battling late payments.

MEDIASET ESPAÑA SHARE PRICE PERFORMANCE

After two consecutive years of progress, the European stock exchanges underwent a transition in 2014 in which volatility increased notably. In this scenario, the IBEX 35 was the best-performing index, with a rise of 3.7% based on the effect on Spanish equity funds of the positive opinions of analysts on the macroeconomic outlook for 2015.

As far as European Stock Markets are concerned, the German DAX rose 2.7%, reaching new historic highs nearly every month, to attain 10,087.12 points on December 5. The other leading European stock exchanges performed less brilliantly: the Italian FTSEMIB only grew 0.2% while the French CAC4O and the UKFT100 fell 0.5% and 2.7%, respectively.

Indices in North American markets registered record monthly highs, closing the year with sharp rises: the Dow Jones rose 7.5% thereby ending its sixth year high, unparalleled since 1999, while the S6P500 rose 11.4%, also culminating a six-year positive stretch.

With regard to the stock market trend of Mediaset España, the appreciation of the quoted price in 2014 was 24.5%, which is the best performance within the European communication sector, and eighth in the IBEX35.

Its degree of capitalization increased during the year 837 million euros, reaching 4,250 million euros, unsurpassed since 2008.

The maximum price per share during the year was reached on December 24 (10.60 euros), and the minimum (7.41 euros) was registered on May 15. Total business volume amounted to 4,822.4 million euros, with an increase of over 2,000 million euros as compared to 2,747.2 in 2013, which is 76% more. The volume of securities during the year was 542.3 million, vs. 397.5 in 2013 (an increase of 37%).

Mediaset España's market capitalization is ranked number one nationally among companies in the sector, with an 18% difference with respect to its main competitor, surpassing the overall valuation of all the media companies in Spain, while on a European level it ranks third, moving up a notch as compared to the year before.

CORPORATE GOVERNANCE AND SOCIAL RESPONSIBILITY

Good practice in corporate governance means establishing rules, principles, and incentives at companies that help safeguard the interests of the company and its shareholders, and guarantee greater transparency in management.

Mediaset España's commitment to the regulations and principles of good government has been evident since it first was listed on the market in 2004. Since then, our focus has been on adapting our different regulating bodies to the Code of Good Governance as well as others inexistent until now: our Code of Ethics is obligatory for any natural or legal person collaborating in any and all capacities with us, as well as the Rules of Internal Conduct of Mediaset España Comunicación, S.A. and subsidiaries with regards to the securities market.

This also contemplates a review of the quantitative and qualitative composition of the Board of Directors and the Commissions in order to comply with recommendations in this regard.

Mediaset España Comunicación, S.A. and subsidiaries' Corporate Governance Report, Report on Corporate Responsibility, and Remuneration Policy are approved at its General Shareholders' Meeting, and were verified by independent auditors (PricewaterhouseCoopers) which rated it top among IBEX-35 companies in a study of Corporate Governance compliance, as do other specialized institutions.

HEDGING

The Group uses financial instruments to hedge the impact of foreign exchange differences in connection with transactions (primarily the acquisition of external production rights) denominated in foreign currency. These hedges are designed to offset the impact on the income statement of exchange-rate fluctuations in outstanding amounts payable on these transactions. Specifically, the Group buys foreign currency forward for the amounts payable so as to match the forecast payment dates.

RISK CONTROL

The Group's risk management policies are described in Note 22.4 of the accompanying consolidated financial statements.

RESEARCH AND DEVELOPMENT COSTS

The Group’s biggest investments go to the current and future content broadcast by the Group. It does not have a specific R&D department, although innovation is one of our crucial areas of development.

EVENTS AFTER THE REPORTING PERIOD

At the date of preparation of these consolidated financial statements, no significant events have occurred.

CAPITAL STRUCTURE

The Company’s share capital before the capital increases carried out in 2010 to acquire Cuatro and 22% of Digital+ amounted to 123,320,928.00 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. As a result of the capital increases, the number of shares increased to 406,861,426 of 0.50 euros par value each, taking the total to 203,430,713 euros. All the shares are of the same class and represented by book entries.

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

Mediaset España Comunicación, S.A. is a member of the IBEX 35 since January 3, 2005.

BUSINESS OUTLOOK

Our business is mainly dependent on advertising, which in turn is closely and directly linked to private consumption trends, as well as employment. For this reason, in 2015 the Group will not be able to separate itself from the general macroeconomic context in which it carries out its business and its indices; as discussed in this Management Report, figures for 2014 indicate that the Spanish economy is no longer immersed in a recession, but rather, is on the road to growth; in 2015, despite prevailing global economic risks, the GDP should continued growing; according to analysts, this could surpass 2%, while in terms of private consumption, this rise might even be more notable in line with the increase in the disposable income of families and individuals.

The free-to-air TV business is in a sector which is consolidating, and in which the Group was a pioneer: it will positively affect its trend in this phase of the consolidation of the advertising cycle, especially with respect to the capacity to recover prices which suffered the brutal impact of the economic crisis during the five-year period from 2008-2013.

Available data on TV consumption and its share of the total advertising income pie indicate that the sector has undergone a crisis brought on by the economic recession; however, now that we are well on the road to recovery, structural factors also remain solid.

Within this context of the concentration and consolidation of operators, the Group's business strategy will be focused on how to maintain its strong lead, in both terms of audience as well as advertising market, while being fully-adapted to the environment which affects income generation as well as its cost structure, in order to facilitate the growth of our margins and cash flows taking advantage of the financial leverage which is consubstantial in our sector.

As far as its programming lineup is concerned, the Company will continue to support genres which have traditionally been popular, thereby making it the indisputable leader of the market; it will also continue with its strategy of diversification, focusing on the different audience to which the family of channels is tailored. Also, it will endeavor to better position each channel in advertising terms, while remaining cognizant of sporting events which, in an increasingly-fragmented market, are very popular and attract large audiences. All this will take place with close supervision of acquisition costs and attention to advertising opportunities, which are key to obtaining economic benefits, as well as a relevant goal within our programming strategy and commercial operations.

A final first-line goal is to maintain a solid financial and equity position (while remaining virtually debt-free and with positive cash-flow), thereby making it possible to objectively and independently consider operational and business opportunities as they arise within the context of the current ever-changing environment, while bolstering the Group's competitive edge in the face of the high financial leverage which affects the majority of the companies competing in its sector.

Also, once our sector's economic situation seems more normalized, we will maintain our shareholder remuneration policies based on distribution (using the different measures at our disposal, dividends, and others) of surplus cash. It is also important to recall that we are currently in the abovementioned process of complying with the share buyback plan as an effective way to remunerate our shareholders.

SHAREHOLDER AGREEMENTS

Throughout 2014, side agreements in force declined. These side agreements were included in the "Significant Event" notice filed by the Company with the National Securities Exchange Commission (CNMV) on February, 8, 2011. Prisa Television was entitled to appoint two members to the Mediaset Board of Directors (vs. 8 Mediaset members); it would also be allowed to keep one director on the Board as long as it holds minimum of 5% of Mediaset's share capital. Prisa Television also had the right for some of its representatives on the Mediaset Board of Directors to hold certain positions within this organ or other commissions while Prisa Television would maintain its investment in Mediaset higher than 10% (a non-executive vice president; a member of the executive committee; a member of the audit and compliance commission, and a member of the naming and the Appointments and Remuneration Committee).

Throughout 2014, Prisa Television reduced its shareholding in Mediaset to below 5% of its share capital, which meant that such side agreements were rendered totally without effect.

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 Mediaset España 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 fulfil.

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 Mediaset España Comunicación, S.A. may perform with directors or persons related to the directors or to significant shareholders, except for those which fulfil 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 Mediaset España Comunicación'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 Mediaset España Comunicación, 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 Mediaset España 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 Mediaset España 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 Mediaset España 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 Mediaset España 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 Mediaset España 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 Mediaset España 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.

(Expressed in thousand of euros)

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 04/24/02 and 12/31/07: 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
Division Manager	**Termination of contract by the Company (except in case of just cause):** An indemnity of one year of gross fixed salary plus legally prescribed severance.
Manager	**Termination of contract for reason attributable to the Company (except in case of just cause):** 18 months of fixed salary (including legally prescribed severance).

ANNEX I

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

COMPANY IDENTIFICATION

YEAR ENDED: 12/31/2014

C.I.F. A-79075438

Company name:
MEDIASET ESPAÑA COMUNICACIÓN, S.A.

Registered address:

CARRETERA DE FUENCARRAL A ALCOBENDAS 4 – MADRID 28049

A SHAREHOLDER STRUCTURE

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

Date of last modification	Share capital (euros)	Number of shares	Number of voting rights
12/29/2010	203,430,713.00	406,861,426	406,861,426

Indicate if there are different classes of shares with different rights attaching to them:

Yes No *

A.2 Give the breakdown of those – other tan 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	169,058,846	41.55%
PROMOTORA DE INFORMACIONES, SA	14,891,677	0	3.66%
MEDIASET SPA	169,058,846	0	41.55%
LAZARD ASSET MANAGEMENT LLC	0	12,247,763	3.01%

Name or corporate name of indirect shareholder	Through: name or corporate name of direct shareholder	Number of voting rights
MR. SILVIO BERLUSCONI	MEDIASET SPA	169,058,846
PROMOTORA DE INFORMACIONES SA		0
MEDIASET SPA		0
LAZARD ASSET MANAGEMENT LLC	UNKNOWN	12,247,763

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

Name or corporate name of shareholder	Date of the transaction	Description of the transaction
PROMOTORA DE INFORMACIONES SA	09/02/2014	Stake reduced to less than 5%
LAZARD ASSET MANAGEMENT LLC	06/10/2014	Stake higher than 3%
INVESCO LIMITED	11/17/2014	Stake reduced to less than 3%

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. JOSÉ RAMÓN ÁLVAREZ RENDUELES	17,640	654	0.00%
MR. ANGEL DURÁNDEZ ADEVA	4,237	0	0.00%
MR. ALEJANDRO ECHEVARRÍA BUSQUET	47,023	0	0.01%
MR. FRANCISCO DE BORJA PRADO EULATE	719	7,412	0.00%
MR. PAOLO VASILE	8,426	0	0.00%
MR. MASSIMO MUSOLINO	15,361	0	0.00%
MR. MARIO RODRÍGUEZ VALDERAS	10,303	0	0.00%

Name or corporate name of indirect shareholder	Through: name or corporate name of direct shareholder	Number of voting rights
MR. JOSÉ RAMÓN ÁLVAREZ RENDUELES	ALVARVIL, SA	654
MR. FRANCISCO DE BORJA PRADO EULATE	BOPREU, SL	7,412

% of total voting rights held by directors	0.01%

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 voting rights held directly	Number of voting rights held indirectly	Number of equivalent shares	% of total voting rights
MR. PAOLO VASILE	201,750	0	201,750	0.05%
MR. MASSIMO MUSOLINO	91,500	0	91,500	0.02%
MR. MARIO RODRÍGUEZ VALDERAS	60,400	0	60,400	0.02%

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:

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:

A.6 State whether the Company has been informed of any Shareholders' Agreements affecting it pursuant to Sections 530 and 531 of the Corporate Enterprises Act (LSC). If yes, describe these Shareholders' Agreements briefly as well as the shareholders related there under

Yes * No

Members of shareholder pact
MEDIASET SPA MEDIASET ESPAÑA COMUNICACIÓN, S.A. PROMOTORA DE INFORMACIONES SA

% of share capital affected: 0.00%

Brief description of agreement:

Integration Contract

In accordance with Clause 3.4 of the Integration Agreement and as described in the Prospectus dated 18 November 2010, Promotora de Informaciones, S.A. (formely Prisa Televisión) is entitled to appoint two members to Mediaset España's Board of Directors and will be entitled to keep one director for as long as it holds a minimum of 5% of Mediaset España's share capital. In addition, whilst Promotora de Informaciones, S.A. holds 10% of Mediaset España's share capital, it will be entitled to appoint, among the directors it has appointed, a non-executive Vice-president, a member of the Executive Committee, a member of the Audit and Control Committee and a member of the Remuneration and Nomination Committee

Indicate whether the company is aware of any concerted actions among its shareholders. If so, briefly describe them:

Yes No *

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

During 2014, the abovementioned shareholder pact was rendered null and void.

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

Yes * No

Name or company name
Mediaset SPA

Comments

Fininvest SPA (owned by Mr. Silvio Berlusconi) holds 38.98% (38.62% directly and 0.36% indirectly) of the voting rights and appoints the majority of the directors of Mediaset SPA, which owns directly 41.552% of the voting rights of Mediaset España Comunicación, S.A.

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
39,284,862	0	9.66%

(*) Held through:

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

Date of notification	Total number of direct shares acquired	Total number of indirect shares acquired	% of total share capital
07/25/2014	34,583,221	0	8.50%

A.9 Give details of the applicable conditions and time periods governing any resolutions of the General Shareholders' Meeting to issue, buy back and/or transfer treasury stock.

The General Shareholders' Meeting held on April 9, 2014, under item 8 of the agenda, authorized the Board of Directors to acquire and transfer own shares, with a total of 287,327,805 votes representing 82.774% of share capital in favor, 59,320,333 votes representing 17.0830% of share capital against, 596,888 abstentions representing 0.1719% of share capital and 3,903 blank votes representing 0.0011% of share capital. This mandate shall remain effective until the next General Shareholders' Meeting, slated for 2015.

The content of the resolution adopted is as follows:

1. To authorize the Board of Directors of Mediaset España Comunicación, S.A. in accordance with the provisions of Section 146 and following of the Corporate Enterprises 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 purchase or any other form of transfer for good and valuable consideration.

    - The maximum number of shares to be acquired, in addition to those already in the name of Mediaset España Comunicación, S.A. or any of its acquired companies, shall not exceed ten per cent (10%) of the share capital.

    - Shares acquired shall be free of all encumbrances or charges, totally paid and not subject to any other obligation.

    - The minimum purchase price of the shares shall not be less than their nominal value, and the maximum price shall not exceed one hundred and twenty per cent (120%) of their listed value on the purchase date.

    - Effective period of the authorization: Five (5) years starting from the date of the present agreement.

    - These transactions shall furthermore be carried out in compliance with the relevant rules contained on the matter in the Company's Internal Code of Conduct.

2. Void the authorization agreed regarding this matter at the General Shareholders' Meeting held on April 17, 2013.

3. To authorize the Board of Directors to use either all or part of the treasury shares acquired to execute remuneration plans whose purpose is or which entails the delivery of shares or share options, or which are based in any way on the performance of the shares on the stock market, as established in Paragraph 1a of Section 146.1.a) of the Corporate Enterprise 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 Give details of any restriction on the transfer of securities or voting rights. Indicate, in particular, the existence of any restrictions on the takeover of the company by means of share purchases on the market.

Yes No *

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

Yes No *

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

A.12 Indicate whether the company has issued securities not traded in a regulated market of the European Union.

Yes No *

If so, identify the various classes of shares and, for each class of shares, the rights and obligations they confer.

B GENERAL SHAREHOLDERS' MEETING

B.1 State and, if applicable, detail whether there are any differences from the regulations on the minimum provided for by the LSC regarding the quorum necessary to hold the General Shareholders' Meeting.

Yes * No

	% of quorum different from that established in Section 193 of the LSC for general cases	% of quorum different from that established in Section 194 of the LSC for special cases under Section 194 of the LSC
Quorum required on 1st call	50.00%	0%
Quorum required on 2nd call	0%	0%

Description of differences

According to Mediaset's Bylaws, the General Meeting shall be validly convened with the attendance, either personally or by proxy, of at least fifty per cent of share capital subscribed and with voting rights, rather than the twenty-five per cent required in the LSC.

The percentages required in second call in the Bylaws are the same as in the LSC.

The quorum required on the first and second call for the General Shareholders' 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 Bylaws (Section 194 of the Corporate Enterprises Act).

B.2 State and, if applicable, detail whether there exist differences form the provisions set forth in the LSC for the adoption of company's agreements:

Yes No *

Describe any differences from the provisions set forth in the LSC.

B.3 Indicate the rules governing amendments to the company's Bylaws. In particular, indicate the majorities required to amend the Bylaws and, if applicable, the rules for protecting shareholders' rights when changing the Bylaws.

To amend articles in the Bylaws, the following percentages are required: minimum quorum of attendees: 50% is necessary for a vote in favor by more than half of the voting shares present or represented in the shareholders meeting, unless legal regulations or the company's governance guidelines stipulates a higher majority.

In addition, when proposals have been submitted to amend the Bylaws, shareholders receive a report explaining the proposed amendments drawn up by the Board of Directors. No proposals to amend by the Bylaws have been made to date that would be detrimental to any class of shares. In the event such proposals are made, the measures set out in the law to protect shareholders' rights would apply.

B.4 Provide the following figures on attendance to the General Shareholders' Meetings held during the year covered by this report and the previous year:

	Attendance figures				
Date of the General Shareholders' Meeting	**Attended Personally (%)**	**Attended by Proxy (%)**	**% remote voting**		**Total**
			Electronic means	**Other**	
04/09/2014	45.50%	41.13%	0%	0%	86.63%

B.5 Indicate whether there is any restriction in the Bylaws establishing a minimum number of shares necessary to attend the General Shareholders' Meeting:

Yes □ No *

B.6 Indicate whether decisions involving a fundamental corporate change ("subsidiarization", acquisitions/disposals of key operating assets, operations that effectively entail the company's liquidation) must be submitted to the General Shareholders' Meeting for approval or ratification even when not expressly required under company law.

Yes * No □

B.7 Indicate the address and mode of accessing corporate governance content on your company's website as well as other information on General Meetings which must be made available to shareholders on the website**.**

Any information concerning corporate governance, or General Shareholders' Meetings held or scheduled, is accessible to all shareholders on the Company's website through the following URL: http://www.mediaset.es/inversores/es/.

C COMPANY GOVERNING BODIES

C.1 Board of Directors

C.1.1 List the maximum and minimum number of directors included in the Bylaws:

Maximum number of directors	**19**
Minimum number of directors	**11**

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

Name or company name of the director	Proxy	Position on the Board	Date of first appointment	Date of last appointment	Method of appointment
MR. JOSÉ RAMÓN ÁLVAREZ RENDUELES		Director	07/28/2004	04/14/2010	Agreement General Shareholders' Meeting
MR. ANGEL DURÁNDEZ ADEVA		Director	05/20/2004	04/14/2010	Agreement General Shareholders' Meeting
MR. ALEJANDRO ECHEVARRÍA BUSQUET		Chairman	05/15/1996	04/09/2014	Agreement General Shareholders' Meeting
MS. HELENA REVOREDO DELVECCHIO		Director	04/01/2009	04/09/2014	Agreement General Shareholders' Meeting
MR. FRANCISCO DE BORJA PRADO EULATE		Director	07/28/2004	04/14/2010	Agreement General Shareholders' Meeting
MR. GIUSEPPE TRINGALI		Director	03/29/2004	04/09/2014	Agreement General Shareholders' Meeting
MR. GIULIANO ADREANI		Director	09/26/2001	04/09/2014	Agreement General Shareholders' Meeting
MR. ALFREDO MESSINA		Director	06/30/1995	04/09/2014	Agreement General Shareholders' Meeting
MR. FEDELE CONFALONIERI		Vice - president	12/21/2000	04/09/2014	Agreement General Shareholders' Meeting
MR. MARCO GIORDANI		Director	05/07/2003	04/09/2014	Agreement General Shareholders' Meeting
MR. PAOLO VASILE		Chief Executive Officer	03/29/1999	04/09/2014	Agreement General Shareholders' Meeting
MR. MASSIMO MUSOLINO		Director	04/09/2008	04/17/2013	Agreement General Shareholders' Meeting
MR. MARIO RODRÍGUEZ VALDERAS		Secretary Board Member	04/09/2014	04/09/2014	Agreement General Shareholders' Meeting

Total number of directors	13

Indicate any board members who left during this period:

Name or corporate name of director	Status of the director at the time	Leaving date
MR. MANUEL POLANCO MORENO	External proprietary	10/29/2014
MR. JUAN LUIS CEBRIÁN ECHARRI	External proprietary	10/29/2014

C.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 proposing appointment	Position within the organization
MR. PAOLO VASILE	Appointments and Remuneration Committee	Chief Executive Officer
MR. MASSIMO MUSOLINO	Appointments and Remuneration Committee	General and Transaction Manager
MR. MARIO RODRÍGUEZ VALDERAS	Appointments and Remuneration Committee	Secretary and Managing Director

Total number of executive directors	3
Total % of the Board	23.08%

EXTERNAL PROPRIETARY DIRECTORS

Name or company name of the director	Committee proposing appointment	Name of the individual or company who is a major shareholder and is represented by or has proposed the appointment of
MR. GIULIANO ADREANI	Appointments Remuneration Committee	MEDIASET SPA
MR. ALFREDO MESSINA	Appointments Remuneration Committee	MEDIASET SPA
MR. FEDELE CONFALONIERI	Appointments Remuneration Committee	MEDIASET SPA
MR. MARCO GIORDANI	Appointments Remuneration Committee	MEDIASET SPA
MR. GIUSEPPE TRINGALI	Appointments Remuneration Committee	MEDIASET SPA

Total number of external proprietary directors	5
Total % of the Board	38.46%

INDEPENDENT EXTERNAL DIRECTORS

Name or company name of the director:

MR. JOSÉ RAMÓN ÁLVAREZ RENDUELES

Profile:

University Professor, PhD in Economics and Law Degree, President of Peugeot España, S.A., and Peugeot Citroen Automóviles España, S.A., President of Sanitas, Member of the Board of Directors of Arcelor Mittal España, S.A., Sareb, and Assicurazioni Generali España.

Name or company name of the director:

MR. ANGEL DURÁNDEZ ADEVA

Profile:

Economy degree, Professor of Commerce, registered Auditor, and founding member of the Official Register of Auditors. He joined Arthur Andersen in 1965 and was a partner in the firm from 1976 to 2000. Until March 2004, he directed the Euroamerica Foundation, of which he was the founding sponsor; the entity is devoted to fostering business, political, and cultural relationships within the European Union and other Latin American countries. He is currently on the Repsol S.A. Board of Directors, as well as those of Quántica Producciones, S.L., and Ideas4all, S.L., member of the FRIDE (Fundación para las Relaciones Internacionales y el Desarrollo Exterior) Advisory Committee, President of Arcadia Capital, S.L. and Información y Control de Publicaciones, S.A., member of the Fundación Germán Sánchez Ruipérez Avisory Commitee and Vice President of the Fundación Euroamérica.

Name or company name of the director:

MS. HELENA REVOREDO DELVECCHIO

Profile:

Degree in Business Administration from Catholic University of Buenos Aires. Senior Manager Program at IESE Business School.
Chairman of Prosegur since 2004 and Director since 1997.
Chairman of Foundation Prosegur since 1997.
President of Euroforum since 2004.
Director of Banco Popular Español since 2007.
Director of Endesa S.A. since 2014.

Name or company name of the director:

MR. FRANCISCO DE BORJA PRADO EULATE

Profile:

Degree in Law.
Chairman of Endesa, SA
Executive Chairman of Mediobanca in Spain, Portugal and South America
Vice-president of Enersis, SA
Member of the Spanish group of the Trilateral Commission

Total number of independent directors	4
Total % of the Board	30.77%

List any independent directors who receive from the company or group any amount or payment other than standard director remuneration or who maintain or have maintained during the period in question a business relationship with the company or any group company, either in their own name or as a significant shareholder, director or senior manager of an entity which maintains or has maintained the said relationship.

None of the independent board members earns any sum or benefit from the company or own group for any item other than the remuneration for being a director, or maintains, or has maintained in the last year, a business relationship with the company or any company in its group.

If applicable, include a statement from the board detailing the reasons why the said director may carry on their duties as an independent director.

OTHER EXTERNAL DIRECTORS

Name or corporate name of director	Committee notifying or proposing appointment
MR. ALEJANDRO ECHEVARRÍA BUSQUET	Appointments Remuneration Committee

Total number of other external directors	1
% of the board	7.69%

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:

MR. ALEJANDRO ECHEVARRÍA BUSQUET

Company, executive, or shareholder with whom the relationship is maintained

NOT APPLICABLE

Reasons:

Having fulfilled the role of member of the Company's board for a period of over 12 years, Mr. Echevarria may not continue as an independent director.

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

Name or corporate name of director	Date of change	Previous category	Current category
MR. GIUSEPPE TRINGALI	04/09/2014	Executive	External proprietary
MR. ALEJANDRO ECHEVARRÍA BUSQUET	04/09/2014	Independent	Other External

C.1.4 Complete the following table on the number of female directors over the past four years and their category:

	Number of female directors				% of total directors of each type			
	Year 2014	Year 2013	Year 2012	Year 2011	Year 2014	Year 2013	Year 2012	Year 2011
Executive	0	0	0	0	0%	0%	0%	0%
Proprietary	0	0	0	0	0%	0%	0%	0%
Independent	1	1	1	1	25%	20%	20%	20%
Other external	0	0	0	0	0%	0%	0%	0%
Total	1	1	1	1	7.69%	6.67%	6.67%	6.67%

C.1.5 Explain the measures, if applicable, which have been adopted to ensure that there is a sufficient number of female directors on the board to guarantee an even balance between men and women.

Explanation of measures

As indicated previously, according to Article 5 of the Rules of the Appointments and Remuneration Committee, the functions of this Committee are:

"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. At the same time, the Committee shall encourage the Company to search for and include women in the list of candidates meeting the required professional profile."

C.1.6 Explain the measures taken, if applicable, by the Nomination Committee to ensure that the selection processes are not subject to implicit bias that would make it difficult to select female directors, and whether the company makes a conscious effort to search for female candidates who have the required profile:

Explanation of measures

The Appointments and Remuneration Committee already has a list of women who meet all the requirements for appointment to the Board of Directors of the Company, having performed the pertinent analysis. Any appointment would be studied appropriately at such time as the opportunity arises.

When, despite the measures taken, there are few or no female directors, explain the reasons:

Explanation of measures

There are no specific reasons behind the current number of female directors on Board.

C.1.7 Explain how shareholders with significant holdings are represented on the board.

The composition of Mediaset's Board of Directors reflects its shareholder structure, in which the majority shareholder, Mediaset Spa, is represented on the Board of by five members.

C.1.8 Explain, if applicable, the reasons why proprietary directors have been appointed upon the request of shareholders who hold less than 5% of the share capital:

Provide details of any rejections of formal requests for board representation from shareholders whose equity interest is equal to or greater than that of other shareholders who have successfully requested the appointment of proprietary directors. If so, explain why these requests have not been entertained:

Yes ☐ No *

C.1.9 Indicate whether any director has resigned from office before their term of office has expired, whether that director has given the board their reasons and through which channel. If made in writing to the whole board, list below the reasons given by that director:

Name or company name of the director:

MR. MANUEL POLANCO MORENO

Reason for resignation:

Mr. Polanco communicated his wish to step down as a member of the Company's Board of Directors and as a member of the Executive and Appointments and Remuneration Committees, as the significant shareholding interest in Promotora de Informaciones, SA he represented on the Board decreased to below 5%, once the shareholder pact mentioned in section A.6. ended.

Name or company name of the director:

ME. JUAN LUIS CEBRIÁN ECHARRI

Reason for resignation:

Mr. Cebrián communicated his wish to step down as a member of the Company's Board of Directors and as a member of the Executive and Appointments and Remuneration Committees, as the significant shareholding interest in Promotora de Informaciones, SA he represented on the Board decreased to below 5%, once the shareholder pact mentioned in section A.6. ended.

C.1.10 Indicate what powers, if any, have been delegated to the Chief Executive Officer(s):

Name or corporate name of director	**Brief description**
Mr. Paolo Vasile	Joint and several CEO: delegated all powers that can be delegated by law or the Bylaws.

C.1.11 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. GIUSEPPE TRINGALI	Sogecable Media, SAU	Joint and Several Director
MR. PAOLO VASILE	Grupo Editorial Tele5, SAU	Chairman
MR. PAOLO VASILE	Telecinco Cinema, SAU	Chairman
MR. PAOLO VASILE	Conecta 5 Telecinco, SAU	Chairman
MR. MASSIMO MUSOLINO	Publiespaña, SAU	Director
MR. MASSIMO MUSOLINO	Grupo Editorial Tele5, SAU	Chief Executive Officer
MR. MASSIMO MUSOLINO	Telecinco Cinema, SAU	Chief Executive Officer
MR. MASSIMO MUSOLINO	Premiere Megaplex, SAU	Chairman and Chief Executive Officer
MR. MASSIMO MUSOLINO	Conecta 5 Telecinco, SAU	Chief Executive Officer
MR. MASSIMO MUSOLINO	Mediacinco Cartera, SL	Chairman and Chief Executive Officer
MR. PAOLO VASILE	Publiespaña, SAU	Chairman and Chief Executive Officer
MR. MARIO RODRÍGUEZ VALDERAS	Publiespaña, SAU	Secretary - Board Member
MR. MARIO RODRÍGUEZ VALDERAS	Grupo Editorial Tele5, SAU	Secretary - Board Member
MR. MARIO RODRÍGUEZ VALDERAS	Premiere Megaplex, SAU	Chief Executive Officer, Secretary
MR. MARIO RODRÍGUEZ VALDERAS	Sogecable Media, SLU	Joint and Several Director
MR. MARIO RODRÍGUEZ VALDERAS	Sogecable Editorial, SLU	Sole Director

C.1.12 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. ANGEL DURÁNDEZ ADEVA	Repsol SA	DIRECTOR
MR. ALEJANDRO ECHEVARRÍA BUSQUET	Endesa, SA	DIRECTOR
MR. ALEJANDRO ECHEVARRÍA BUSQUET	Compañía Vinícola del Norte de España, SA	DIRECTOR
MS. HELENA REVOREDO DELVECCHIO	Banco Popular, SA	DIRECTOR
MS. HELENA REVOREDO DELVECCHIO	Prosegur, SA	CHAIRMAN
MR. FRANCISCO DE BORJA PRADO EULATE	Enersis, SA	VICE-PRESIDENT
MR. FRANCISCO DE BORJA PRADO EULATE	Endesa, SA	CHAIRMAN
MS. HELENA REVOREDO DELVECCHIO	Endesa, SA	DIRECTOR

C.1.13 State and explain whether the company has established rules on the number of Boards of Directors in which its directors may participate:

Yes *   **No **

Explanation of rules

In compliance with the recommendations of the Spanish National Securities Commission (Comisión del Mercado de Valores) included in the Unified Good Governance Code, the Board of Directors of Mediaset España has certain rules regarding the number of directorships its board members can hold to ensure that they dedicate the appropriate amount of time and effort to discharge their duties effectively.

In this respect, the Board of Directors has different rules according to the type and characteristics of each category of director. The rules are more restrictive for executive and proprietary directors. The number of directorships they can hold is lower than that of other classes of directors, as is the number of directorships they can hold in other Mediaset Group companies.

Limits to the number of directorships independent directors can hold varies depending on whether they are proprietary, executive or other independent directors.

Directors undertake to apprise Mediaset España of any appointment or change in information previously notified to the Company as soon as possible.

C.1.14. Indicate the company's general policies and strategies that are reserved for approval by the Board of Directors in plenary session:

	Yes	**No**
Investment and financing policy	*	
Design of the structure of the corporate group	*	
Corporate governance policy	*	
Corporate social responsibility policy	*	
The strategic or business plan, management targets and annual budgets	*	
Remuneration and evaluation of senior officers	*	
Risk control and management, and the periodic monitoring of internal information and control systems	*	
Dividend policy, as well as the policies and limits applying to treasury stock.	*	

C.1.15 List the total remuneration paid to the Board of Directors in the year:

Board remuneration (thousands of euros)	5,585
Amount of total remuneration corresponding to accumulated pension rights (thousands of euros)	0
Total board remuneration (thousands of euros)	5,585

C.1.16 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(s)
MS. MIRTA DRAGOEVICH FRAERMAN	MANAGING DIRECTOR OF COMMUNICATIONS
MR. ALVARO AUGUSTIN REGAÑÓN	MANAGING DIRECTOR, TELECINCO CINEMA
MR. MANUEL VILLANUEVA DE CASTRO	MANAGING DIRECTOR, CONTENTS
MR. FRANCISCO ALÚM LÓPEZ	MANAGING DIRECTOR PUBLIESPAÑA
MR. ÁNGEL SANTAMARÍA BARRIO	DIRECTOR OF INTERNAL AUDIT
MR. SALVATORE CHIRIATTI	GENERAL MANAGER PUBLIESPAÑA
MR. GIUSEPPE SILVESTRONI	GENERAL MANAGER PUBLIESPAÑA
MR. JAVIER MEDIAVILLA PÉREZ	GENERAL MANAGER PUBLIMEDIA
MR. LUIS EXPÓSITO RODRÍGUEZ	MANAGING DIRECTOR, HR AND SERVICES DIVISION
MR. EUGENIO FERNÁNDEZ ARANDA	MANAGING DIRECTOR, TECHNOLOGY DIVISION
MR. FRANCISCO JAVIER URÍA IGLESIAS	MANAGING DIRECTOR, ECONOMIC AND FINANCE DIVISION
MS. PATRICIA MARCO JORGE	MANAGING DIRECTOR, ANTENNA DIVISION
MR. LEONARDO BALTANÁS RAMÍREZ	MANAGING DIRECTOR OF PRODUCTION
MR. GHISLAIN BARROIS	MANAGING DIRECTOR, CINEMA DIVISION AND ACQUISITION OF RIGHTS
MR. JUAN PEDRO VALENTÍN PADÍN	MANAGING DIRECTOR, NEWS PROGRAMMES
MR. PEDRO MARÍA PIQUERAS GÓMEZ	MANAGING DIRECTOR, NEWS PROGRAMMES
MR. JULIO MADRID DEL OLMO	GENERAL MANAGER PREMIERE MEGAPLEX
MR. JOSÉ LUIS VILLALEGRE	COMMERCIAL DIRECTOR
MR. LÁZARO GARCÍA HERRERO	CORPORATE MARKETING DIRECTOR
MR. GASPAR MAYOR TONDA	COMMERCIAL DIRECTOR
MS. CRISTINA PANIZZA MIEZA	OPERATIONAL AND SALES SERVICES DIRECTOR PUBLIESPAÑA

Total remuneration of Senior Executives (in thousands of euros)	**7,459**

C.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. ALFREDO MESSINA	MEDIASET SPA	Director
MR. FEDELE CONFALONIERI	MEDIASET SPA	Chairman
MR. MARCO GIORDANI	MEDIASET SPA	Director
MR. GIULIANO ADREANI	MEDIASET SPA	Chief executive officer

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:

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

Yes No *

C.1.19 Indicate the procedures for appointing, re-electing, evaluating and removing directors. List the competent bodies, procedures and criteria used for each of these procedures.

In the procedures for selecting, 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 General Shareholders' Meeting, the Board of Directors, and the Appointments and Remuneration Committee.

Appointment and re-election:

- A director need not be a shareholder of Mediaset España.
- 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 General Shareholders' Meeting and currently stands at 15.
- 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 Mediaset España 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 must be preceded by the corresponding report from the Appointments and Remuneration Committee and must comply with the definitions contained 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 procedure for the appointment, selection, re-election and removal of Mediaset España'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 skills) 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 General Shareholders' 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 Mediaset España'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 General Shareholders' 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. 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 the Appointments and Remuneration Committee, to the extent of its competencies, shall ensure that candidates proposed to the General Shareholders' Meeting are individuals of recognized solvency, competence and experience, especially in the case 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 external 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 likewise assure that the majority group of external directors includes independent directors and proprietary directors.

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

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 C.1.21 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 General Shareholders' Meeting.

C.1.20 Indicate whether the board has evaluated its performance during the year:

Yes No *

Explain, if applicable, to what extent this evaluation has prompted significant changes in its internal organization and the procedures applicable to its activities:

C.1.21 Mention the circumstances in which directors are required to resign.

According to the rule established in article 14 of the Board of Directors' regulations, directors must leave office when the General Shareholders' Meeting so decides, when they notify the Company of their decision to step down or resign and when they have served the term for which they were appointed, as set out in article 13. 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 80 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 General Shareholders' 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;

(c) When they are affected by any of the applicable conflicts of interest or prohibitions;

(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 Mediaset España 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 Mediaset España 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 Bylaws 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.

C.1.22 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:

Yes No *

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 external directors and to direct the evaluation by the Board of Directors.

Yes * No

Explanation of rules

Article 24 of the Board of Directors includes the possibility of independent directors requesting a meeting or proposing to transact items not originally included in the agenda. The Chairman must call a meeting when requested by at least three directors.

Requests for meetings shall be in writing, e-mail or fax addressed to the Secretary and the Chairman of the Board of Directors. The requests must include the reasons for calling the meeting and a brief description. Once the request is processed, it is forward immediately to all directors and a date for the meeting is scheduled.

As noted in previous reports, no director has exercised this power to date. Accordingly, no request was recorded in 2014.

C.1.23 Is there any type of decision for which a special majority is required, other than those foreseen by law?

Yes No *

If applicable, describe the differences.

C.1.24 State whether there are any special requirements to be met to be appointed chairman, other than those for director of the Board of Directors.

Yes ☐ No *

C.1.25 State whether the chairman has a casting vote:

Yes ☐ No *

C.1.26 Indicate whether the Bylaws or the Board regulations set any age limit for directors:

Yes * No ☐

Age limit for Chairman: 80
Age limit for CEO: 80
Age limit for directors: 80

C.1.27 Mention whether the Bylaws or the regulations of the Board provide for any limit on the term in office of independent directors that is different to the legal limit

Yes ☐ No *

C.1.28 Indicate whether the Bylaws or Board regulations stipulate specific rules on appointing a proxy to the Board, the procedures thereof and, in particular, the maximum number of proxy appointments a director may hold. Also indicate whether only one director of the same category may be appointed as a proxy. If so, give brief details.

The Regulations of the Board of Directors require directors to do all in their power to attend meetings personally. Representation of directors who cannot attend the meeting must: (i) fall with another director, (ii) be granted in writing and (iii) be granted especially for each meeting. A single director can hold various representations.

C.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. Attendance will also include proxies appointed with specific instructions.

Number of Board meetings	8
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:

Committee	Number of meetings
Executive Committee	3
Audit and Compliance Committee	4
Appointment and Retributions Committee	2

C.1.30 Indicate the number of Board meetings held during the year with all members in attendance. Attendance will also include proxies appointed with specific instructions.

Directors' attendance	0
% of attendances of the total votes cast during the year	90.00%

C.1.31 Indicate whether the consolidated and separate financial statements submitted for authorization for issue by the Board are certified previously:

Yes No *

Identify, where applicable, the person(s) who certified the company's separate and consolidated financial statements prior to their authorization for issue by the Board:

C.1.32 Explain the mechanisms, if any, established by the Board of Directors to prevent the individual and consolidated financial statements it prepares from being laid before the General Shareholders' Meeting with a qualified Audit Report.

Mediaset España has a number of mechanisms in place to avoid presenting a qualified audit report on the separate and consolidated financial statements that affect all levels of the Company. The Economic and Finance Division is responsible for preparing Mediaset's and the Mediaset Group's separate and consolidated annual accounts and financial statements, disclosures and individual information.

The next control mechanism entails preparatory meetings with Mediaset's external auditor to report on the status of review work if there has been an incident, if information is required, etc. These meetings are attended by the independent directors on the Audit and Compliance Committee, the Chief Operating Officer, the Finance Director, the Consolidation Director, the Corporate General Manager and the Managing Director of Internal Audit. Two such preparatory meetings were held in 2014.

Finally, the Audit and Compliance Committee reviews and oversees all the information to ensure compliance with legal obligations and the correct application of Spanish and International Accounting Standards (IAS) in order to anticipate any discrepancy with the statutory auditor.

In line with this procedure, the Audit and Compliance Committee held four meetings in 2014, one each quarter for the preparation of the annual, quarterly and semi-annual financial statements.

Noteworthy, is that Mediaset España's separate and consolidated financial statements have been prepared and approved without any qualifications since they were first audited in 1996.

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

Yes * No

C.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

According to Article 18 of the Regulations of the Board of Directors, the appointment and termination of the Secretary must be approved by the Board of Directors based on a report 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?

Yes * No

Remarks

According to the same Article 18 of the Regulations of the Board of Director, the functions of the Secretary of the Board of Directors include seeing that the acts of the Board of Directors adjust to the provisions and spirit of laws and regulations, conform to Mediaset España's governance rules and consider the recommendations on corporate governance included in the Unified Code or any other code approved by the Spanish National Securities Commission.

C.1.35 Describe any procedures implemented by the Company to protect the independence of the auditors, financial analysts, investment bankers and rating agencies.

The independence of Mediaset 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.

The regulations of the Audit and Compliance Committee establish the following functions for this committee:

- 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 Mediaset. 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 authorizing any contracts between the auditor and Mediaset outside the scope of accounts auditing and shall not propose the appointment of any auditing firm when fees payable by Mediaset to the auditor exceed 5% of its total revenues for the previous fiscal year.

Before issuing its report, the statutory auditor of Mediaset España and its Group issues a statement of independence relative to the company and/or related parties, along with a report on any additional services of any kind it provides. This statement of independence is signed by all members of the audit team involved in the process and is presented to the Audit and Compliance Committee.

Mechanisms to preserve the independence of financial analysts, investment banks and rating agencies

Mediaset's relations with financial analysts, investment banks and rating agencies is centralized in the Investor Relations Department, which ensures that information disclosed to the markets is transparent and unbiased.

To do so, a number of communication channels are used to guarantee that information on the Company is disseminated promptly and without discrimination. This includes: publication on the website of quarterly earnings and any events affecting the Company's performance; personalized service by the Investor Relations Department; availability to contact the Company by phone or e-mail; on-site presentations (road shows) or via internet.

After any earnings release the Company's senior managers give a presentation, which can followed by shareholders, institutional investors and analysts in real-time through a conference call and/or webcast. Conference calls are recorded and available on the Company's website in the investor relations section for a period of three months following the event.

All information about Mediaset España is available to anyone on the Company's website (http://www.mediaset.es/inversores/es/) in Spanish and English.

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

Yes No *

C.1.37 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:

Yes * No

	Company	**Group**	**Total**
Fees paid for non-audit work (in thousands of euros)	76	87	163
Fees paid for non-audit work as a percentage of the total fees charged by the audit firm (%)	46.06%	62.14%	47.38%

C.1.38 State whether the audit report on the financial statements 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.

Yes No *

C.1.39 Indicate the number of consecutive years during which the current audit firm has been auditing the financial statements of the company and/or its group. Likewise, indicate for how many years the current firm has been auditing the financial statements as a percentage of the total number of years over which the financial statements have been audited:

	Company	Group
Number of consecutive years	7	7
Number of years audited by current audit firm/Number of years the company's financial statements have been audited (%)	39.00%	39.00%

C.1.40 State whether there is any procedure for directors to receive external advice and, if so, describe it:

Yes * No

Explanation of the procedure

The Board of Directors 'Regulations (art. 30) and the Audit and Compliance Committee's Regulations (art. 6) 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 Mediaset España´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) 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 Mediaset España's financial situation.
(c) If the technical assistance which could be offered can be adequately provided by experts and specialists within Mediaset España.
(d) If for reasons of confidentiality it is not advisable that the expert in question have access to sensitive information.

C.1.41 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 * No ☐

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 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 Mediaset, including examining its books, records, documents and other background to corporate operations. The possibility of inspecting the facilities, as well as communicating with Mediaset España's management at any time is also included.

The mechanism to exercise the said powers shall be channeled through the chairman, the chief executive officer or the Secretary of 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 Mediaset's performance and adequately prepare the Board of Directors' meetings and the meetings of the committees in which they participate.

C.1.42 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 * No ☐

Explanation of the rules

In addition to rules governing the activity of the Board of Directors, the appointment of directors and other issues regarding their performance, Mediaset's governance rules also set out the circumstances in which directors are required to inform the Company and submit their resignations, if necessary.

In this respect, directors must submit their resignation to the Board of Directors when their permanence may threaten the interests of Mediaset España or adversely affect its credibility and reputation. Directors may also be obliged to submit their resignation in the following cases:

(a) When they reach 80 years of age;
(b) Upon termination of the executive position to which their appointment as director was associated;
(c) When the director is covered by one of the applicable incompatibility or prohibition events;
(d) Upon being seriously sanctioned by the Appointments and Remuneration Committee for failure to comply with their duties as directors;

(e) Where their permanence in the Board may threaten the interests of the Company or adversely affect its credibility and reputation or where the reasons for which they were appointed cease to exist (for example, when a director representing substantial shareholders disposes of such holdings in the company); and

(f) When the represented shareholder wholly sells or reduces its participation in the company below the relevant threshold; in this case, the number of resignations shall be proportional to the reduction of the shareholding.

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

C.1.43 State whether any member of the Board of Directors has advised the Company of legal action or the commencement of oral proceedings against him/her for any of the crimes mentioned in Section 213 of the LSC.

Yes No *

State whether the Board of Directors analyzed 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 or, if applicable, detail the actions taken or to be taken by the board.

C.1.44 List the significant agreements entered into by the company which come into force, are amended or terminate in the event of a change of control of the company due to a takeover bid, and their effects.

There are currently no agreements regarding a change of control of Mediaset due to a takeover bid.

C.1.45 Identify, in aggregate form and provide detailed information on agreements between the company and its officers, executives and employees that provide indemnities for the event of resignation, unfair dismissal or termination as a result of a takeover bid or other.

Number of beneficiaries: 11

Type of beneficiary:

1.- Division Director - 2.- Senior executive - 3.- Executive Director - 4.- Division Director - 5.- Area Manager - 6.- Area Manager - 7.- Manager - 8.- Other - 9.- Other - 10.- Other - 11.- Assistant manager

Description of the resolution:

1-Termination of contract by the Company (except in case of just cause):
An indemnity of one year of gross fixed salary plus legally prescribed severance.

2-Termination of contract by the Company (except in case of just cause):
(Replacing the legal compensation applicable, unless such compensation is higher)
Termination from 04/24/02 to 12/31/07: 24 months of salary
Termination from 2008 to 2011: 18 months of salary
Termination after 2011: 12 months of salary

3- Compensation:

a) Voluntary redundancy: amount accrued per year: one year of fixed annual salary + annual bonus/13.5 times the total number of years worked.
b) Justified or unfair dismissal: legal compensation + compensation of point a)

4- Termination of contract for reason attributable to the Company or to the suspension, modification or limitation by the Company of the functions as director/host of the "Informativos Telecinco" daily news program, with benefits calculated as the higher of:

A) Compensation starting from 1,020,000 euros, decreasing monthly by 34,000 euros over the following 30 months from the signing of the termination (01/30/2006) until it reaches 0.
B) Compensation equal to 12 months of current salary.

5-Termination of contract by the Company (except in case of just cause):
120,000 euros for the term of the contract (including legal compensation)

6- Date the contract commenced: 07/01/2009.
- During the first 3 years: 12 months of fixed salary (legal compensation included)
- From the 4th year and after: 6 months of fixed salary (legal compensation included

7- Start date: September 28, 2009
A) During the first 3 years: 12 months of fixed salary (legal compensation excluded)
B) From the 4th to the 6th year: 9 months of fixed salary (legal compensation excluded)
C) From the 7th to the 9th year: 6 months of fixed salary (legal compensation excluded)
D) From the 10th year: legal compensation.

8- First 3 years: 1.5 months of fixed salary + legal compensation
- From the 4th year and after: 1 year of salary + legal compensation.

9- Termination of employment for any reason attributable to the Company: During the first 3 years of the contract (from 09/01/2010 to 08/31/2013): compensation equal to 1.5 years of fixed salary + any legally prescribed severance. From the 4th year of the contract and after (from 01/09/2013): compensation equal to 1 year of fixed salary + any legally prescribed severance.

10- Unilateral termination of contract by the Company giving rise to a legal right to an amount of compensation: a start date of February 1, 2006 is recognized for calculation of the severance.

11- Termination of contract for reason attributable to the Company:
- Compensation = 1 year of salary (fixed + variable)
(unless legally prescribed severance is higher)

Indicate whether these agreements must be reported to and/or authorized by the governing bodies of the company or its group:

	Board of Directors	**General Shareholders' Meeting**
Body authorizing clauses	**Yes**	**No**

	Yes	**No**
Is the General Shareholders' Meeting informed of such clauses?		*

C.2. Board committees

C.2.1 Provide details of all the Committees of the Board of Directors and the proportion of proprietary and independent directors:

EXECUTIVE OR DELEGATE COMMITTEE

Name	Position	Type
MR. ALEJANDRO ECHEVARRÍA BUSQUET	CHAIRMAN	Independent director
MR. PAOLO VASILE	MEMBER	Executive director
MR. FEDELE CONFALONIERI	MEMBER	Proprietary director
MR. GIULIANO ADREANI	MEMBER	Proprietary director
MR. FRANCISCO DE BORJA PRADO EULATE	MEMBER	Independent director
MR. JOSÉ RAMÓN ÁLVAREZ RENDUELES	MEMBER	Independent director

% of executive directors	17.00%
% of proprietary directors	33.00%
% of independent directors	33.00%
% of other external directors	17.00%

AUDIT COMMITTEE

Name	Position	Type
MR. ANGEL DURÁNDEZ ADEVA	CHAIRMAN	Independent
MR. FEDELE CONFALONIERI	MEMBER	Proprietary director
MR. GIULIANO ADREANI	MEMBER	Proprietary director
MR. ALFREDO MESSINA	MEMBER	Proprietary director
MR. JOSÉ RAMÓN ÁLVAREZ RENDUELES	MEMBER	Independent
MR. MARCO GIORDANI	MEMBER	Proprietary director

% of executive directors	0.00%
% of proprietary directors	67.00%
% of independent directors	33.00%
% of other external directors	0.00%

APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Position	Type
MR. FRANCISCO DE BORJA PRADO EULATE	MEMBER	Independent director
MR. GIULIANO ADREANI	MEMBER	Proprietary director
MR. FEDELE CONFALONIERI	MEMBER	Proprietary director
MR. JOSÉ RAMÓN ÁLVAREZ RENDUELES	CHAIRMAN	Independent director

% of executive directors	0.00%
% of proprietary directors	50.00%
% of independent directors	50.00%
% of other external directors	0.00%

C.2.2 Complete the following table on the number of female directors on the various board committees over the past four years:

	Number of female directors							
	Year 2014		Year 2013		Year 2012		Year 2011	
	Number	%	Number	%	Number	%	Number	%
Executive Committee	0	0%	0	0%	0	0%	0	0%
Audit Committee	0	0%	0	0%	0	0%	0	0%
Nomination and Remuneration Committee	0	0%	0	0%	0	0%	0	0%

C.2.3 State whether the following functions are 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 information 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.	*	

C.2.4 Describe the organization and operating rules as well as the responsibilities allocated to each of the committees of the Board of Directors.

The organizational rules, functions, and responsibilities of the Commissions are regulated by the Regulations of the Board of Directors and stipulations therein; all are available on the following website: http://www.mediaset.es/ inversores/es/consejo-de-administracion.html. For reasons of space, this section will be limited to providing a brief description of how these Commissions are organized; for further information, please visit the website.

The composition of the Executive Committee is described above; it has all the powers inherent in the Board, apart from all legal and statutory powers which may be devolved to it. All agreements adopted are communicated to the Board of Directors.

The Audit and Control Committee: It meets at least on a quarterly basis, and one meeting is devoted to evaluating the efficiency of and compliance with Mediaset España's governing rules and procedures, as well as to prepare information to be approved by the Board. Its competencies cover different supervisory areas for the company:

(i) The statutory auditor is the body in charge of proposing an audit firm, and must ensure independence, mediate as a communication channel with the governing body should discrepancies arise, verify that prevailing audit regulations are met, authorize audit contracts beyond the scope of audit activity, while also verifying that the CNMV is communicated regarding changes in in auditors.

(ii) It also ensures that annual and periodical financial information complies with legal requirements, to encompass financial statements, periodical public information which must be communicated to authorities and markets.

(iii) With regard to Internal Control and relationships with the Internal Audit Department: as the organ responsible for the Department's correct functioning, it must propose the selection and naming of its Head, ensure that the Audit Department carry out its functions with total independence, approve the Annual Internal Audit Plan, as well as any others which are required by organizational demands; this also involves overseeing that the different departments comply with the different Internal Audit Department recommendations. It must inform the Board of Directors regarding areas of potential risk for Mediaset España or its Group, as well as supervise compliance with the related actions or administrative and tax authorities arising from administrative, supervisory, and control authorities.

(iv) With regard to risk control and management: this is the controlling and supervisory body. A description of Mediaset España and its Group's risk management policies are described in section E of this report.

Nomination and Remuneration Committee This committee meets as often as necessary, and at least two (2) times a year to prepare director remuneration information for approval by the Board of Directors for disclosure in the Company's annual reports. Its responsibilities include (i) oversee the process for selecting board members and top executives, (ii) inform the Board of Directors on gender diversity during election processes, (iii) ensure a transparent retribution process, and the inclusion of information regarding Board Member remuneration in the notes to the financial statements and Annual Corporate Governance Report, to therefore inform the Board in this regard; prepare Remuneration reports on members; (iv) assist the Board of Directors in evaluating the Board's President and the company's top executives on establishing remuneration paid to board members and top executives, making related proposals on the manner, procedures, and their annual retribution. (v) Advise the Board of Directors with regard to each member's status when they are named or renewed to the post, to conduct a yearly review when preparing the annual Corporate Governance Report.

C.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.

The Audit and Compliance Committee and the Appointments and Remuneration Committee are governed by the Regulations of the Board of Directors and their respective rules.

Both sets of regulations are available for consultation on the Company's website at http://www.mediaset.es/inversores/es/gobierno-corporativo.html.

There were no changes to any of the aforementioned texts in 2014.

C.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 No *

If not, describe the composition of the Executive Committee

The composition of the Board of Directors and the Executive Committee is indicated below:

Board of directors

Executive directors – 23%
Proprietary directors – 38.50%
Independent directors – 30.77%
External directors – 7.7%

Executive Committee

Executive directors – 16.66%
Proprietary directors – 33.33%
Independent directors – 33.33%
External directors – 16.66%

The number of Executive Directors on the Executive Committee was reduced and therefore there are fewer than on the Board of Directors. The Chairman of the Board of Directors and of the Executive Committee is an independent director.

D RELATED-PARTY AND INTRAGROUP TRANSACTIONS

D.1 Identify the competent body and explain, if applicable, the procedures for approving related-party or intragroup transactions.

Competent body

The Board of Directors of Mediaset España

Procedures

As indicated in the preceding section, in general, the Board of Directors approves transactions with shareholders, board members or senior executives.

The Audit and Compliance Committee must issue a report on related-party transactions, including at least the type of transaction, the amount, the parties involved and the impact on the Company. This report must include recommended actions and be submitted to the Board of Directors for its approval. For transactions exceeding 13 million euros, a prior report by the Appointments and Remunerations Committee is also required. Transactions in the normal course of business, along with their terms and conditions, require only approval by the line manager.

In addition, each month the Economic and Finance Division verifies that all related-party transactions are classified correctly and measured in accordance with applicable regulations. For the annual closing of accounts, all related-party transactions carried out during the year are identified, detailed and quantified. This information is disclosed in the notes to the annual financial statements.

Finally, transactions included in this report relate to the normal course of the Company's business and are carried out on an arm's length basis. The related information is also included in the annual financial report for 2014.

Explain if the authority to approve related-party transactions has been delegated to another body or person.

Please see the comments in the previous section.

D.2 List any relevant transactions, by virtue of their amount or importance, between the company or its group of companies and the company's significant shareholders:

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)
MEDIASET SPA	Banco mediolanum	Commercial	Provision of services	693
MEDIASET SPA	Boing spa	Contractual	Receipt of services	35
MEDIASET SPA	Mediaset investment sarl	Contractual	Others	477
MEDIASET SPA	Publieurope international ltd	Commercial	Receipt of services	1,298
MEDIASET SPA	Publieurope international ltd	Commercial	Provision of services	372
MEDIASET SPA	Publitalia 80	Contractual	Others	1,505
MEDIASET SPA	Random house mondadori s.a.	Commercial	Provision of services	122
MEDIASET SPA	Reti televisive italiane spa	Contractual	Purchase of goods (finished or not)	115
MEDIASET SPA	Reti televisive italiane spa	Commercial	Others	1,183
MEDIASET SPA	Reti televisive italiane spa	Commercial	Provision of services	546
MEDIASET SPA	Mediaset spa	Commercial	Receipt of services	50
PROMOTORA DE INFORMACIONES SA	Agrupación de servicios de internet y prensa, s.l.	Commercial	Provision of services	78
PROMOTORA DE INFORMACIONES SA	Compañía independiente de televisión, s.l.	Contractual	Purchase of goods (finished or not)	503
PROMOTORA DE INFORMACIONES SA	Diario as, s.l.	Commercial	Provision of services	98
PROMOTORA DE INFORMACIONES SA	Diario as, s.l.	Commercial	Receipt of services	28
PROMOTORA DE INFORMACIONES SA	Ediciones el País, s.l.	Commercial	Receipt of services	154
PROMOTORA DE INFORMACIONES SA	Ediciones el País, s.l.	Commercial	Provision of services	167
PROMOTORA DE INFORMACIONES SA	Plural Entertainment España, SL	Contractual	Purchase of goods (finished or not)	1,391
PROMOTORA DE INFORMACIONES SA	Plural Entertainment España, SL	Commercial	Receipt of services	409
PROMOTORA DE INFORMACIONES SA	Sogecable música, s.l.	Contractual	Purchase of goods (finished or not)	218
PROMOTORA DE INFORMACIONES SA	Santillana Ediciones Generales, SL	Commercial	Provision of services	32
PROMOTORA DE INFORMACIONES SA	Sociedad española de radiodifusión, s.l.	Commercial	Receipt of services	775
PROMOTORA DE INFORMACIONES SA	Televisao independiente, s.a.	Commercial	Provision of services	4
PROMOTORA DE INFORMACIONES SA	Unión radio online, s.a.	Commercial	Provision of services	14
MEDIASET SPA	Reti Televisive Italiane spa	Commercial	Receipt of services	4

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)
MEDIASET SPA	Arnoldo Mondadori Editore, SPA	Commercial	Provision of services	56
MEDIASET SPA	Banco Mediolanum Spa	Commercial	Provision of services	1
PROMOTORA DE INFORMACIONES SA	Planet Evens, s.a.	Commercial	Provision of services	64
PROMOTORA DE INFORMACIONES SA	Sociedad Española de Radiodifusión, SL	Commercial	Provision of services	7
PROMOTORA DE INFORMACIONES SA	Prisa Radio, s.l.	Commercial	Provision of services	699
PROMOTORA DE INFORMACIONES SA	Alfaguara Grupo Editorial, s.l.u.	Commercial	Receipt of services	1
PROMOTORA DE INFORMACIONES SA	Alfaguara Grupo Editorial, s.l.u.	Commercial	Provision of services	17
PROMOTORA DE INFORMACIONES SA	Estructura de Grupos de Estudios Económicos, s.a.	Contractual	Provision of services	9

D.3 List any relevant transactions, by virtue of their amount or importance, between the company or its group of companies and the company's managers or directors:

D.4 List any relevant transactions undertaken by the company with other companies in its group that are not eliminated in the process of drawing up the consolidated financial statements and whose subject matter and terms set them apart from the company's ordinary trading activities.

In any case, list any intragroup transactions carried out with entities in countries or territories considered to be tax havens:

D.5 Indicate the amount from related-party transactions.

83,257 thousand euros

D.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 Mediaset España Group has several mechanisms in place to detect and resolve potential conflicts of interest between the Company and its directors in order to prevent conduct that could hurt the Company or its shareholders.

According to the Regulations of the Board of Directors, related-party transactions between the Mediaset España Group and its directors must be authorized by the Board of Directors. The consideration of when a personal interest exists extends to situations that affect a related person, understood as the following:

a) A spouse or any person with which he or she has a similar personal relationship.
b) The parents, children and siblings of the director or of his or her spouse.
c) The spouses of the parents, children and siblings of the director.
d) The companies in which the director, personally or through an intermediary, has control as defined by the law.

Where the director is a legal person, the definition of related party also includes the following:

a) Partners that have control over the legal person as defined by the law.
b) The de factor or de jure directors, the liquidators and the legal representatives with general powers of attorney of the legal director.
c) The companies that belong to the same group and their partners.
d) The individuals who are classified as related parties of the representative of the legal director according to the previous paragraph.

Directors in a situation of conflict of interest must inform the Company immediately shall refrain from attending and participating in deliberations affecting businesses in which they have a personal interest, as explained above. Such situations must be approved by the Board of Directors, based on a report by the Audit and Compliance Committee. Similarly, directors, on their own behalf or through related persons, may not perform any professional or commercial transaction with the Company.

Also related to the control mechanisms, directors must submit their resignation to the Board of Directors when their permanence may threaten the interests of Mediaset España or adversely affect its credibility and reputation. Directors must also refrain from attending and participating in deliberations affecting businesses in which they have a personal interest.

No director disclosed a situation that could pose a conflict of interest in 2014. Any conflict of interest is disclosed in the Annual Corporate Governance Report.

Regarding mechanisms to detect potential conflicts of interest between the Mediaset España Group and its shareholders, as indicated in the section on related-party transactions, any transaction between the Company and its significant shareholders should be authorized by the Board of Directors, except in those situations described in D.1. above.

The Ethics Code and the Internal Code of Conduct set out the procedures for detecting and controlling potential conflicts of interest between the Company and its directors. Situations that could possibly give rise to conflicts of interest include:

- Entering into a contract on behalf of Mediaset España with a supplier owned or managed by a friend or family member.
- Working as a consultant of a Company supplier or customer.
- Conducting business on one's own account that is similar to the business of Mediaset España.
- Having a personal or financial interest in a business with the Company.
- Obtaining personal advantage or financial gain —beyond ordinary remuneration— through an agreement or commercial relationship with a third party involving Mediaset España.

At the Mediaset España Group, the Regulatory Compliance Department oversees this type of situation. This department is composed of the Corporate General Manager, the Chief Operating Officer and the Internal Audit Director. In 2013, acceptance by the directors considered affected persons of compliance with the Internal Code of Conduct was updated. Also during the year 2014, the Internal Audit Department held specific interviews with Company directors to identify possible risks of conflicts of interest.

No situations of conflict of interest involving director were identified in 2014 that had not been disclosed previously.

D.7 Is more than one company in the Group listed in Spain?

Yes No *

Identify the listed subsidiaries in Spain:

Listed subsidiaries

Indicate whether they have provided detailed disclosure on the type of activity they engage in, and any business dealings between them, as well as between the subsidiary and other group companies;

Business dealings between the parent and listed subsidiary, as well as between the subsidiary and other group companies

Indicate the mechanisms in place to resolve possible conflicts of interest between the listed subsidiary and other group companies.

Mechanisms

E RISK CONTROL AND MANAGEMENT SYSTEMS

E.1 Describe the risk management system in place at the company.

Mediaset España Group's risk management system has a pyramidal responsibility structure, and functions through a series of organs which simultaneously use different systems, policies, and procedures to identify, diagnose, and prevent each of the risks which might affect the company. One of its main goals is to guarantee that the Group meets its goals and objectives. The control bodies follow:

1. Board of Directors
2. Executive Committee
3. The Audit and Control Committee:
4. Risk Committee
5. The Money Laundering Prevention Committee (Premiere online gaming)
6. Internal Audit Management

Mediaset España Group's overall risk management policies are instrumental in assisting the Group to:

a) Identify the risks which might stand in the way of reaching strategic goals.
b) Protect the balance sheet, income statement and cash flow generation.
c) Safeguard the interests of the Group's stakeholders (shareholders, customers, suppliers, etc.);
d) Oversee the efficiency and effectiveness of operations; and
e) Comply with applicable laws, regulations and contract

These policies involve the preparation of a Risk Map, based on the Enterprise Risk Management (ERM) framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO II), which has the following scope:

- Identification of the main strategic, corporate governance, business, credit, market, regulatory and compliance, reputational and, where appropriate, environmental risks.
- Analysis and assessment of each risk identified in terms of the probability of occurrence and the potential impact on the Group's financial statements and the achievement of its strategic objectives.
- Designation of specific officers for each risk identified.
- Implementation of procedures, processes and action policies, and development of IT tools to mitigate risks and generate opportunities for improvement.
- Regular monitoring of risk control for a specific risk tolerance level.
- Ongoing monitoring through financial information control systems of the correct assessment and control of potential and effective risks identified.
- Communication to the various governing, management and reporting bodies of its competencies with full transparency.
- Control of the RMS through the Internal Audit Department.

Mediaset España establishes its internal control systems of financial reporting (ICFR) through its Internal Control System, Ethical Code, and Internal Conduct Regulations. In 2014, progress was made in implementing the crime prevention and detection model, including a review of behavioral controls/protocols, to also provide the financial wherewithal from a specific budgetary amount set aside. Disciplinary measures related to lack of compliance are being introduced in the procedures.

E.2 Identify the bodies responsible for preparing and implementing the risk management system.

The Board of Directors is responsible for providing the necessary mechanisms to implement the system. The Audit and Compliance Committee carries out these functions.

The Audit and Compliance Committee is the body in charge of overseeing and controlling Mediaset España's risk policy so that potential risks are identified, managed and communicated appropriately. It is responsible for ensuring that the policy:

a) Determines the types of risk for Mediaset España; e.g. strategic, operational, compliance and reporting, technological, financial, legal or other, including contingent liabilities and other economic and financial risks.
b) Establishes an acceptable risk tolerance level for Mediaset España.
c) Provides mechanisms, when risks arise, to determine the precise measures required to mitigate the impact of the risks identified.
d) Establishes the communication and internal control measures to control and manage any risk.

Where related-party transactions are attributed to another committee, the Audit and Compliance Committee is responsible for proposing the related policy and communicating the transactions to the Board of Directors. The policy regarding related-party transactions must be disclosed in the Annual Corporate Governance Report.

There is a Risk Committee comprised of the Group's key directors in charge of preparing and validating the Risk Map and its presentation to the Audit and Compliance Committee. This body carries out the executive functions of managing daily operational risks, while also communicating them to the rest of the organization in collaboration with the Internal Audit Director.

The Internal Audit Division analyzes, oversees and assesses these risks, and coordinates the action plans to mitigate them. It also liaises with each Department in charge of each risk for implementation of the monitoring system.

E.3 Indicate the main risks which may prevent the company from achieving its targets.

The main risks that could prevent the achievement of the business objectives established by the Board of Directors are as follows:

a) Two fundamental regulatory changes have taken place in Spain. Companies are undergoing transformations which are inherent in the markets in which they compete, and increasingly, tax and labor regulatory modifications are being implemented, as well as others specific to the audiovisual sector. These constant regulatory changes are in and of themselves a risk which challenges stability, and therefore, compliance with strategic goals.
b) Performance of the Spanish economy: despite data indicating that Spain is emerging from its crisis, since the TV business is directly related to economic growth, the Company must be ever vigilant.
c) Reputational risk arising from the possibility of damage to its corporate image is another aspect over which the Company's management keeps a careful control.
d) The recent appreciation of the dollar with respect to the euro is a financial risk which, although under control, still affects the television business, as the Company purchases audiovisual rights abroad.

E.4 Identify if the company has a risk tolerance level.

The Risk Management System is based on the COSO II approach, identifies risk tolerance levels for each risk identified and included in the company's risk map. In this risk map, risks are classified as "Within the accepted tolerance level" or "Exceeds the accepted tolerance level" depending on the probability of occurrence and the impact on the Group's strategic objectives. In classifying risks, the Mediaset Group takes into consideration the expectations of investors, regulators, customers, suppliers and employees. Both top management as well as the directors of the key business areas (advertising sales, programming content, technology and systems, and finance) participate in identifying the risks affecting them. The Internal Audit Director channels all information and evaluates risks, sharing it while also periodically monitoring KRIs with each risk unit.

The Mediaset Group combines qualitative and quantitative measures to ensure comprehensive and balanced risk management. The level of risk tolerance is periodically reviewed, although Mediaset España has always been characterized by its conservative approach, focusing on controlling costs, optimizing profitability, and meeting its obligations with regulatory bodies. The above review takes place in conjunction with Mediaset España's risk management team.

E.5 Identify any risks which have occurred during the year.

Some risks materialized in 2014, which, although foreseen, still had an impact on the Mediaset España Group's financial statements. The impact was controlled thanks to the quick and agile response of risk management mechanisms, as well as excellent operational management. The main risks arising during 2014 were:

a) Measures adopted by the regulator affecting:

i. Channels Siete and Nueve ceased broadcasting in May 2014 as a result of a sentence handed down in December of 2013, in which the Supreme Court ruled that they had to go off the air, as they were not included in the Council of Ministers resolutions dated May 28 and June 11 for the transformation of the concessions into licenses for providing audiovisual communication services in application of the General Law on Audiovisual Communication.

ii. Continuous audiovisual regulatory changes and editorial inspections from the State Secretariat for Telecommunications and the Information Society (SETSI) and the Comisión Nacional de los Mercados y la Competencia (CNMC).

iii. Application of the SETSI Circular indicating that movies filmed in languages other than Spanish do not fall within the obligatory 5% annual investment in film.

b) Risks inherent in the audiovisual business, which have been quite closely controlled thanks to the Company's speedy reaction to cost containment measures (own and external production, sporting events, and news).

c) Reputational risk: Mediaset España is constantly subjected to risks associated with harm to its multiple brands, including both its channels and programs. As it is a communications company, it is subject to the media and public and general.

E.6 Explain the response and monitoring plans for the main risks the company is exposed to.

During 2014, Mediaset España Group daily monitored possible threats which might activate or elevate their potential damage.

Specifically, with regard to prevailing regulatory uncertainty, the Group created a work group in which any changes are analyzed by top management in detail, so that any unforeseen circumstances may be immediately dealt with, so that its impact on the company is as negligible as possible.

As regards continuous oversight by the regulator on the content broadcast on our channels, processes have been developed and appropriate precautionary measures adopted in terms of editorial control to prevent certain content from being aired during protected hours. Content is duly classified and warnings are issued for spectators appropriately. However, the criteria for evaluating the broadcasting of content are subjective. Therefore, eliminating this risk completely is difficult.

The trend of the Spanish economy is an external factor which directly influences the audiovisual business. From the beginning of the crisis, the Group has adopted cost containment measures on a business and structural level; since it was a long-lasting period, these measures will continue to be in effect for some time.

Finally, in order to mitigate reputational risk, the Group has improved its inter-departmental communication and alert activation should specific cases arise. It has also improved its coordination with the producers of programs, so as to be able to react more quickly. Mediaset España is devoted to communication, and therefore it is accustomed to managing situations which represent a threat to its image, the channels it broadcasts, and the programs it airs.

F INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)

Describe the mechanisms which comprise the internal control over financial reporting (ICFR) risk control and management system at the entity.

F.1 The entity's control environment

Specify at least the following components with a description of their main characteristics:

F.1.1. The bodies and/or functions responsible for: (i) the existence and regular updating of a suitable, effective ICFR; (ii) its implementation; and (iii) its monitoring.

As stated in section 6 subsection t of its bylaws, follow-up and monitoring the control and management of risk, as well as internal information systems, are controlled by Mediaset España's Board of Directors.

The Economic and Finance Division is in charge of implementing ICFR through the Administration, Management Control and Consolidation and Reporting Departments. Each of these areas is fed information by the Business, Human Resources and Legal Advisory Departments, or any other department that could provide information with a material impact on financial information.

In addition, the Audit and Compliance Committee's responsibilities include the following:

"Article 5.3: Regarding the internal control over financial reporting (ICFR) system:
To ensure the reliability of the financial information, the Audit and Compliance Committee has the following responsibilities:

1. Monitor the preparation and integrity of the financial information, review the current design of Mediaset's ICFR and compliance with regulations.

2. Approve the internal audit plan for evaluation of the ICFR and receive regular information on the findings of its work and plans to correct any control weaknesses detected.

3. Review, analyze and comment on the financial statements and other relevant financial information with senior executives and internal and external auditors to assure that the information is reliable, understandable and material, and that the same accounting policies as the preceding reporting period have been applied.

4. Supervise the process carried out by senior executives to make critical judgments, evaluations and estimates, and evaluate their impact on the financial statements, as well as on adjustments proposed by the external auditor, and be aware of and, as appropriate, mediate, in any disagreements between them.

5. Ensure the ICFR evaluation process of Mediaset is robust enough to achieve its objectives and validate the conclusions of reports submitted to it by those carrying out evaluation tasks.

6. Oversee Mediaset's continuous monitoring of control activities, so as to obtain reasonable assurance regarding the implementation and functioning of the ICFR.

7. Ensure that information disclosed to the market about ICFR is clear and understandable and contains sufficient, accurate and appropriate detail."

The Audit and Compliance Committee delegates the responsibility of oversight of the ICFR to the Internal Audit Department.

F.1.2. The existence or otherwise of the following components, especially in connection with the financial reporting process:

- The departments and/or mechanisms in charge of: (i) designing and reviewing the organizational structure; (ii) defining clear lines of responsibility and authority, with an appropriate distribution of tasks and functions; and (iii) deploying procedures so this structure is communicated effectively throughout the Company.

  The Board of Directors of Mediaset España sets the high-level organizational structure. From this level, the Chief Executive Officers, together with the Human Resources Department, deploy the procedures at all levels.

  Each General Office designs an organizational structure, including job descriptions and lines of responsibility, which is overseen and validated by the Human Resources Department.

  The Management and Operations General Office is mainly responsible for the preparation of financial information through the Economic and Finance Division. The Economic and Finance Division comprises the following:

  - Administration Department (of Mediaset and Publiespaña).
  - Management Control Department
  - Consolidation and Reporting Department

  Mediaset has an internal communication policy. According to this policy, the Management and Operations General Office, through the Human Resources and Services Department, is in charge of disclosing, through notifications on the intranet, any organizational change in the Group and/or the hiring of new managers. This information is provided to all Mediaset Group employees, who are also informed via email when any new announcements are published.

- Code of conduct, approval body, degree of dissemination and instruction, principles and values covered (stating whether it makes specific reference to record keeping and financial reporting), body in charge of investigating breaches and proposing corrective or disciplinary action.

  The processes of complying with the rules and regulations affecting the company are included in the "Mediaset España Ethics Code" and the "Internal Code of Conduct of Mediaset España Comunicación, S.A. and its Group of Companies Regarding Stock Market Activities" and apply to all departments that have access to privileged information.

The 2010 reform of the Spanish Criminal Code introduced criminal responsibility for legal persons, determining that companies could be found guilty of the crimes committed by directors for personal gain or by any employee for failure to exercise appropriate control. Accordingly, the Group has a Crime Prevention Model, which includes, among others, the following procedures:

1) Implementation of the Mediaset Group's Ethics Code
2) Definition of an Internal Code of Conduct
3) The availability of a Whistle-blowing Channel
4) The creation of a Regulatory Compliance Department

This regulation was approved by the Board of Directors on December 17, 2004 and amended on December 18, 2009 in order to adapt it to the "Guide on providing inside information to third parties" published by the CNMV on March 9, 2009; the procedures for disclosing inside information contained in Ministerial Order EHA/1421/2009, dated June 1; and the provisions of the CNMV Circular 4/2009, dated November 4, regarding the disclosure of significant information. This Regulation applies to all directors and a specific group of managers that may provide and/or receive confidential and inside information. The list of people is updated quarterly.

At its meeting of December 15, 2011, the Board of Directors approved the Mediaset España Ethics Code. This code took effect on January 1, 2012 and compliance is mandatory for all personnel and members of the Board of directors of Mediaset España, as well as other natural and legal persons related to the company. The Ethics Code is available to all personnel on the Group's intranet.

Article IV E of the Ethics Code states that, based on Mediaset España's relations with shareholders, investors, analysts and the financial market in general, information regarding its activity and financial results must be transmitted consistently and symmetrically, be complete, accurate, transparent and responsible, and always provide a faithful representation of the company. Any information on Mediaset España should be recorded and presented clearly and diligently, and must comply with prevailing regulations to ensure the correct accounting of all of the Company's assets, activities and responsibilities.

Any dishonesty, misuse of information or leak of confidential information, internally or externally, is in breach of the Group's Ethics Code. The Internal Audit Department and the Human Resources Department are in charge of enforcing the Ethics Code. The Regulatory Compliance Department (RCD), which reports to the Audit and Compliance Committee and is composed of the Corporate General Manager of Mediaset España, the Chief Operating Officer and the Internal Audit Director, is in charge of ensuring compliance with the Internal Code of Conduct. Its responsibilities include notifying any breach to the Human Resources Department, which then takes the appropriate disciplinary measures in each case.

All current employees of the Group have expressly accepted the content of the Ethics Code and all future employees must do so. When the Ethic Codes was implemented, the Company drew up a communication plan for all Group personnel. A procedure is also in place, spearheaded by the Human Resources Department, whereby new employees are informed of the existence of, and mandatory compliance with, the Ethic Code.

- 'Whistle-blowing' channel, for the reporting to the audit committee of any irregularities of a financial or accounting nature, as well as breaches of the code of conduct and malpractice within the organization, stating whether reports made through this channel are confidential.

The Mediaset Group has a reporting procedure for any employee, manager, director or stakeholder of Mediaset España who reasonably suspects any behavior that goes again the principles and values of the Ethics Code or business ethics and good faith. This includes financial and/or accounting malpractices or practices that do not comply with IFRS or the Spanish General Accounting Plan, inappropriate or inadequate use of accounting and financial information, alteration or misuse of management, accounting and/or financial systems, falsification or concealment of accounting and financial information, fraud, offering and/or taking bribes, non-compliance with laws and regulations, and conflicts of interest.

These reports are made through the Internal Audit Department, which guarantees and ensures full protection of privacy and confidentiality of the information reported and the persons involved. It acts as a filter for the accuracy and credibility of each procedure, assessing the appropriateness of reporting to the Audit and Compliance Committee, which makes the final assessment.

A system of fraud management alerts was set up in 2014, aimed at preventing irregular practices and detecting suspicious transactions.

- Training and refresher courses for personnel involved in preparing and reviewing financial information or evaluating ICFR, which address, at least, accounting rules, auditing, internal control and risk management.

All personnel involved in preparing and reviewing financial information or evaluating ICFR receive training each year on accounting rules, control and risk management, auditing and tax developments. As indicated previously, the training plan covers the Economic and Finance Division and the Internal Audit Department.

During 2014, these groups received a total of 1,561 hours of training, of which 681 corresponded to accounting, tax, and financial regulations, and 880 hours devoted to the Prevention of Money Laundering.

The most notable technical courses carried out in 2014 included:
- Training courses on the Prevention of Money Laundering and the Financing of Terrorism given by PWC.
- A forensic analysis course provided by the Spanish Institute of Chartered Accountants.
- The control of fraud risks in new environments given by the Spanish Institute of Chartered Accountants.
- Accounting updates course provided by PWC.
- Tax updates course provided by PWC.
- Course on the prevention of workplace accidents given by Sociedad de Prevención de Fraternidad Muprespa S.L.U.

F.2 Risk assessment in financial reporting

Report at least:

F.2.1. The main characteristics of the risk identification process, including risks of error or fraud, stating whether:

- The process exists and is documented.

The Mediaset Group has a system for controlling and identifying risks of errors or mistatements in financial information. This system is documented and a backup copy is stored in the Internal Audit Division's systems.

It has based on the Mediaset Group's Comprehensive Risk Management System (RMS). The RMS is based on the Enterprise Risk Management (ERM) framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO II). The first step in the approach is to identify the Company's strategic objectives and risks. Once these are defined, the second step is to identify operational, compliance and reporting risks. Each risk is assessed in accordance with the probability of occurrence and the potential impact on the achievement of objectives.

The system begins with identification of the companies in the Mediaset Group's consolidation scope and the Group's business lines. It then identifies and documents both recurring and non-recurring processes that could have an impact or affect each company's financial statements; i.e. the balance sheet, income statement, state of cash flows or disclosures. Next, the risks related to the processes and the controls to mitigate them are reviewed.

There are specific controls for each process, which are subject to traceability tests. The results of these tests provide the potential errors in financial information related to the valuation of a transaction, its cut-off, registration or integrity. The results are prioritized by materiality.

The controls in place for each risk include preventing and detecting errors and fraud. The Company has policies and procedures, as well as a protocol, in its reporting systems designed to minimize this type of risk. These include:

1. Acquisition and Disposal Committee procedure;
2. Acquisition of products and services procedure;
3. Contract signature procedure;
4. Authorization management procedure;
5. Corporate security policy and related procedures; and
6. Customer management procedure

- The process covers all financial reporting objectives, (existence and occurrence; completeness; valuation; presentation, disclosure and comparability; and rights and obligations), and whether it is updated and, if so, with what frequency.

  As indicated in the preceding section, the system covers processes that could lead to a risk regarding existence, occurrence, completeness and valuation, presentation and disclosure, cut - off and recognition of transactions with a material impact on financial information. The processes are performed with a frequency of at least every six months. In 2014, the Head of Internal Audit updated all of Mediaset España Group's policies and procedures.

- A specific process is in place to define the scope of consolidation, with reference to the possible existence of complex corporate structures, special purpose vehicles or holding companies.

  Any change, modification, addition or removal from the Mediaset España Group's corporate structure is controlled by the General Secretary of the Board and the Corporate General Manager. The Corporate Manager, pursuant to authorization by the Board of Directors, reports any transfers or acquisitions of shareholdings and provides the related supporting documentation to the divisions that could be affected.

  The Management and Operations General Office, through the Economic and Finance Division, is in charge of identifying and advising on the impact of these changes on the Group's consolidation scope. At the end of each reporting period, the Group's existing corporate structure is obtained and validated by Legal Advisory and the Economic and Finance Division.

Moreover, where the direct stakes held by the Company are also consolidated groups, there is an internal process whereby any movements therein (e.g. purchases, sales, liquidations, mergers, transfers) are reported to the Economic and Finance Division immediately, as follows:

a. For interests where the Company has operating control, through monthly reporting processes established for this purpose and by communication from the representative of the Company to the companies' governing bodies.

b. For companies in which the Company does not have control, the Company's representatives on these companies' governing bodies are in charge of reporting to the Finance Department.

- The process addresses other types of risk (operational, technological, financial, legal, reputational, environmental, and so on) insofar as they may affect the financial statements.

  The process for identifying risks of errors in financial information takes account of the types of risk (operational, technological, financial, legal, reputational and environment) to the extent that these could affect the different Corporate Departments. The Internal Audit Department notifies the various Corporate Departments of the risks identified and the recommended action plan.

- Which of the entity's governing bodies is responsible for overseeing the process.

  The Audit and Compliance Committee is in charge of overseeing the process, with the support of the Internal Audit Department.

F.3 Control activities

Indicate the existence of at least the following components, and specify their main characteristics:

F.3.1. Procedures for reviewing and authorizing the financial information and description of ICFR to be disclosed to the markets, stating who is responsible in each case and the documentation and flow charts of activities and controls (including those addressing the risk of fraud) for each type of transaction that may materially affect the financial statements, including financial closing procedures and for the separate review of critical judgments, estimates, evaluations and projections.

With each financial closing, the Economic and Finance Division reviews the transactions that impact the financial information through its Administration, Management Control and Consolidation and Reporting Departments. The procedure for the financial closing entails an initial review by the Management Control, and Administration Departments of all the individual companies. The process includes a list of review tasks, above all for each line item of information generated internally by the Department or of information from other Group departments that could have an impact on, or be reflected in, the financial information. Then, the Consolidation and Reporting Department oversees the information validated by the two other departments and conducts its own review process. This comprises a series of automatic tests of the information systems to ensure the completeness of the data used for consolidation. Once these tests are completed, the procedure for the monthly financial closing takes place.

The separate review of critical judgments, estimates, evaluations and projections is carried out in accordance with the same review model of the reliability of the financial information.

The Consolidation and Reporting Department reports each monthly financial closing to the Managing Director of the Economic and Finance Division and the Chief Operating Officer, which is reviewed and approved before being presented to the Chief Executive Officers and the Audit and/or Executive Committee.

The Chief Executive Officers, the Chief Operating Officer and the Finance Director ensure both the completeness of the financial information and compliance with the internal control system guaranteeing the integrity, before the Board of Directors.

The Audit and Compliance Committee, with the support of the Audit Department, oversees this process and reports its findings to the Board of Directors. Once the consolidated financial statements are approved, they may be submitted for publication to the National Securities Market Commission (CNMV) by the General Secretary of the Board.

In addition, the Audit and Compliance Committee, with the support of the Audit Department, carries out a review of the financial information each quarter. This process consists of verifying that the quarterly information is prepared using the same criteria as the information prepared in the semi-annual reports (at June 30 and December 31 of each year).

F.3.2. Internal control policies and procedures for IT systems (including secure access, control of changes, system operation, continuity and segregation of duties) giving support to key company processes regarding the preparation and publication of financial information.

The Mediaset España takes extreme precautions regarding security of access to the management tools used in the financial information preparation process and regarding modification controls, when applicable. There is a strict access policy covering who has access to software; the person in charge of the application and the Internal Audit Department has ultimate authority for any modification, addition or deletion.

Mediaset España has a Corporate Security Policy, which was approved in 2008 and is update annually. This Policy covers the acquisition of software and hardware, service levels and security of the systems guaranteeing the performance and continuity of operations.

There is a documented inventory of all systems involved in the preparation of financial information. Specific preventive and, as a last resort, detective controls are in place for these systems. The Technology Division is responsible for maintaining all the systems, developing and updating all controls and implementing the established procedures.

The segregation of duties is established in all applications to prevent conflicts in normal and critical transactions. This precludes a single person from being responsible for several functions that could give rise to conflicts of interests resulting in errors or misappropriations. In addition, this was established by correctly defining/assigning user profiles.

F.3.3. Internal control policies and procedures for overseeing the management of outsourced activities, and of the appraisal, calculation or valuation services commissioned from independent experts, when these may materially affect the financial statements.

The Mediaset Group has an Acquisitions Committee and an Acquisition of Products and Services Procedure regulating outsourced services and services performed by independent experts. This ensures that the chosen provider is independent from the company, competent and operates on an arm’s length basis.

Each area in charge reviews the outsourced activities.

F.4 Information and communication

Indicate the existence of at least the following components, and specify their main characteristics:

F.4.1. A specific function in charge of defining and maintaining accounting policies (accounting policies area or department) and settling doubts or disputes over their interpretation, which is in regular communication with the team in charge of operations, and a manual of accounting policies regularly updated and communicated to all the company's operating units.

The Consolidation, Reporting and Investees Department defines the accounting policies, keeps them up to date and settles doubts or disputes that could arise over the interpretation of the accounting policies approved by the Group. It reports to the Economic and Finance Division, which is part of the Management and Operations General Office. The Reporting Department is in charge of maintaining and updating the Mediaset España Group's Manual of Accounting Policies and ensuring that it is communicated appropriately. The Accounting Manual is updated annually. The latest update was 31 December 2014.

F.4.2. Mechanisms in standard format for the capture and preparation of financial information, which are applied and used in all units within the entity or group, and support its main financial statements and accompanying notes as well as disclosures concerning ICFR.

The Company's financial information is captured and prepared through software tools that ensure complete security and control. From the time the information is captured (manually or through an interface), it is treated by software programs that are standard in the marketplace: SAP, Microstrategy, Deister and Meta 4. These programs are inter-connected. They treat, store and report information, minimizing the risk of errors in and manipulation of the economic and financial information.

SAP collects all information with an economic and financial impact on the company's accounts. Mediaset España draws up the accounts of all companies over which it has control. This speeds up and controls the necessary processes for the Group's consolidation.

Microstrategy is the reporting and consolidation tool that captures and prepares financial information for appropriate reporting to the pertinent internal and external bodies. The organizational structure of the information to be received and reported has been previously standardized in terms of format and application of criteria, ensuring the integrity of the information and facilitating its analysis.

All these systems include maintenance and yearly updates. The Technology Director ensures that everything runs in a perfect and reliable manner.

F.5 Monitoring

Indicate the existence of at least the following components, describing their main characteristics:

F.5.1. The ICFR monitoring activities undertaken by the audit committee and an internal audit function whose competencies include supporting the audit committee in its role of monitoring the internal control system, including ICFR. Describe the scope of the ICFR assessment conducted in the year and the procedure for the person in charge to communicate its findings. State also whether the company has an action plan specifying corrective measures for any flaws detected, and whether it has taken stock of their potential impact on its financial information.

As indicated in section F.1.1, the responsibilities of the Audit and Compliance Committee can be summarized as follows:

1. Overseeing the preparation and integrity of the financial information
2. Approving the internal audit plan for assessment of the ICFR
3. Reviewing, analyzing and commenting on the financial statements and other relevant information with the parties involved in its preparation and approval
4. Supervising the process of making critical judgments, evaluations and estimates and settling any related disputes
5. Ensuring that the ICFR evaluation process of the Mediaset Group has been designed to achieve the process objectives
6. Overseeing continuous monitoring of ICFR
7. Ensuring that the ICFR information disclosed is clear and understandable

The Audit and Compliance Committee carries out these activities with the support of the Audit Department. The Audit Department's main responsibilities include analyzing, evaluating and supervising the Group's internal control and risk management systems, identifying weaknesses, making recommendations and executing the proposed action plan in each case.

The Internal Audit Department performs an in-depth review of the controls of all process that could have a material impact on the Group's financial statements twice a year with the mid-year and annual financial closing. As a result of these reviews, the Internal Audit Department prepares reports covering the process identified, the related risks and the controls tested. These reports highlight any weakness encountered and make comparisons with reviews of previous periods to monitor trends. As indicated previously, any weakness encountered in a process is reported immediately to the department affected so it can be corrected.

Also, during 2014 a management alert system was implemented, which makes it possible to detect unusual operations in the company's day-to-day activities.

F.5.2. A discussion procedure whereby the auditor (pursuant to TAS), the internal audit function and other experts can report any significant internal control weaknesses encountered during their review of the financial statements or other assignments, to the company's senior management and its audit committee or board of directors. State also whether the entity has an action plan to correct or mitigate the weaknesses found.

The Economic and Finance Division and the Internal Audit Department hold regular meetings with the external auditors to discuss material weakness in internal control. The Audit and Compliance Committee meets with the external auditors twice a year, at the closing of the Group's mid-year and annual financial statements. At these meetings, the external auditors, within the scope of their engagement, report whether there are any incidents or internal control weakness. The Economic and Finance Division and the Internal Audit Department attend these meetings and review all aspects regarding potential weaknesses in the internal control systems that could affect the financial information published by the Group Mediaset España.

Any weakness encountered is subjected to immediate monitoring by the Audit and Compliance Committee, with the help of the Internal Audit Department.

F.6 Other relevant information

All this information is outlined in the above sections.

F.7 External auditor report

State whether:

F.7.1. The ICFR information supplied to the market has been reviewed by the external auditor, in which case the corresponding report should be attached. Otherwise, explain the reasons for the absence of this review.

The ICFR information disclosed to the markets was reviewed by the external auditor of the company.

G 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.

Should the company not comply with any of the recommendations or comply only in part, include a detailed explanation of the reasons so that shareholders, investors and the market in general have enough information to assess the company's behavior. General explanations are not acceptable.

1. The Bylaws of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of share purchases on the market.

See: A.10, B.1, B.2, C.1.23 y C.1.24.

Complies * Explain

2. When a dominant and a subsidiary company are stock market listed, the two should provide detailed disclosure on:

a) The type of activity they engage in, and any business dealings between them, as well as between the subsidiary and other group companies;

b) The mechanisms in place to resolve possible conflicts of interest.

See: D.4 y D.7

Complies Partially complies Explain Not applicable *

3. Even when not expressly required under company law, any decisions involving a fundamental corporate change should be submitted to the General Shareholders' Meeting for approval or ratification. In particular:

   a) The transformation of listed companies into holding companies through the process of subsidiarization, i.e. reallocating core activities to subsidiaries that were previously carried out by the originating firm, even though the latter retains full control of the former;

   b) Any acquisition or disposal of key operating assets that would effectively alter the company's corporate purpose;

   c) Operations that effectively add up to the company's liquidation

   See: B.6

   Complies * Partially complies □ Explain □

4. Detailed proposals of the resolutions to be adopted at the General Shareholders' Meeting, including the information stated in Recommendation 27, should be made available at the same time as the publication of the Meeting notice.

   Complies * Explain □

5. Separate votes should be taken at the General Shareholders' Meeting on materially separate items, so shareholders can express their preferences in each case. This rule shall apply in particular to:

   a) The appointment or ratification of directors, with separate voting on each candidate;

   b) Amendments to the bylaws, with votes taken on all articles or groups of articles that are materially different.

   Complies * Partially complies □ Explain □

6. Companies should allow split votes, so financial intermediaries acting as nominees on behalf of different clients can issue their votes according to instructions.

   Complies * Explain □

7. The Board of Directors should perform its duties with unity of purpose and independent judgement, according all shareholders the same treatment. It should be guided at all times by the company's best interest and, as such, strive to maximize its value over time.

   It should likewise ensure that the company abides by the laws and regulations in its dealings with stakeholders; fulfils its obligations and contracts in good faith; respects the customs and good practices of the sectors and territories where it does business; and upholds any additional social responsibility principles it has subscribed to voluntarily

   Complies * Partially complies □ Explain □

8. The Board should see the core components of its mission as to approve the company's strategy and authorize the organizational resources to carry it forward, and to ensure that management meets the objectives set while pursuing the company's interests and corporate purpose. As such, the board in full should reserve the right to approve:

a) The company's general policies and strategies, and in particular:

i) The strategic or business plan, management targets and annual budgets;

ii) Investment and financing policy;

iii) Design of the structure of the corporate group;

iv) Corporate governance policy;

v) Corporate social responsibility policy;

vi) Remuneration and evaluation of senior officers policy;

vii) Risk control and management policy, and the periodic monitoring of internal information and control systems;

viii) Dividend policy, as well as the policies and limits applying to treasury stock.

See: C.1.14, C.1.16 y E.2

b) The following decisions:

i) On the proposal of the company's chief executive, the appointment and removal of senior officers, and their compensation clauses.

ii) Directors' remuneration and, in the case of executive directors, the additional consideration for their management duties and other contract conditions.

iii) The financial information listed companies must periodically disclose.

iv) Investments or operations considered strategic by virtue of their amount or special characteristics, unless their approval corresponds to the General Shareholders' Meeting;

v) The creation or acquisition of shares in special purpose vehicles or entities resident in jurisdictions considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.

c) Transactions which the company conducts with directors, significant shareholders, shareholders with Board representation or other persons elated thereto ("related-party transactions").

However, Board authorization need not be required for related-party transactions that simultaneously meet the following three conditions.

1st They are governed by standard form agreements applied on an across-the-board basis to a large number of clients;

2nd They go through at market rates, generally set by the person supplying the goods or services;

3rd Their amount is no more than 1% of the company's annual revenues.

It is advisable that related-party transactions should only be approved on the basis of a favorable report from the Audit Committee or some other committee handling the same function; and that the directors involved should neither exercise nor delegate their votes, and should withdraw from the meeting room while the board deliberates and votes.

Ideally the above powers should not be delegated with the exception of those mentioned in b) and c), which may be delegated to the Executive Committee in urgent cases and later ratified by the full board.

See: D.1 y D.6

Complies * Partially Complies ☐ Explain ☐

9. Inthe interests of maximum effectiveness and participation, the Board of Directors should ideally comprise no fewer than five and no more than fifteen members

See: C.1.2

Complies * Explain ☐

10. External directors, proprietary and independent, should occupy an ample majority of board places, while the number of executive directors should be the minimal practical bearing in mind the complexity of the corporate group and the ownership interests they control.

See: A.3 y C.1.3.

Complies * Partially Complies ☐ Explain ☐

11. That among external directors, the relation between proprietary members and independents should match the proportion between the capital represented on the Board by proprietary directors and the remainder of the company's capital.

This proportional criterion can be relaxed so the weight of proprietary directors is greater than would strictly correspond to the total percentage of capital they represent:

1st In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings, despite the considerable sums actually invested.

2nd In companies with a plurality of shareholders represented on the board but not otherwise related.

See: A.2, A.3 y C.1.3

Complies * Explain ☐

12. The number of independent directors should represent at least one third of all board members.

See: C.1.3

Complies * Explain ☐

13. The nature of each director should be explained to the General Meeting of Shareholders, which will make or ratify his or her appointment. Such determination should subsequently be confirmed or reviewed in each year's Annual Corporate Governance Report, after verification by the Nomination Committee. The said Report should also disclose the reasons for the appointment of proprietary directors at the urging of shareholders controlling less than 5% of capital; and explain any rejection of a formal request for a board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.

See: C.1.3 y C.1.8

Complies * Partially Complies Explain

14. When women directors are few or non existent, the board should state the reasons for this situation and the measures taken to correct it; in particular, the Nomination Committee should take steps to ensure that:

    a) The process of filling board vacancies has no implicit bias against women candidates;

    b) The company makes a conscious effort to include women with the target profile among the candidates for board places.

    See: C.1.2, C.1.4, C.1.5, C.1.6, C.2.2 y C.2.4.

    Complies Partially Complies * Explain Not applicable

    Mediaset España partially complies with this recommendation, as although the Appointments and Remuneration Committee is responsible for ensuring that when new vacancies arise there is no implicit bias in the selection procedures which could obstruct the selection of female directors and endeavors to have women who meet the required professional profile included in the potential candidates, the number of female directors on the Board of Directors is still few.

15. The Chairman, as the person responsible for the proper operation of the Board of Directors, should ensure that directors are supplied with sufficient information in advance of board meetings, and work to procure a good level of debate and the active involvement of all members, safeguarding their rights to freely express and adopt positions; he or she should organize and coordinate regular evaluations of the board and, where appropriate, the company's chief executive, along with the chairmen of the relevant board committees.

See: C.1.19 y C.1 41

Complies * Partially Complies Explain

16. When a company's Chairman is also its chief executive, an independent director should be empowered to request the calling of board meetings or the inclusion of new business on the agenda; to coordinate and give voice to the concerns of external directors; and to lead the board's evaluation of the Chairman.

See: C.1.22

Complies Partially Complies Explain Not applicable *

17. The Secretary should take care to ensure that the board's actions:

    a) **Adhere to the spirit and letter of laws and their implementing regulations, including those issued by regulatory agencies;**

    b) Comply with the company bylaws and the regulations of the General Shareholders' Meeting, the Board of Directors and others;

c) **Are informed by those good governance recommendations of the Unified Code that the company has subscribed to.**

In order to safeguard the independence, impartiality and professionalism of the Secretary, his or her appointment and removal should be proposed by the Nomination Committee and approved by a full Board meeting; the relevant appointment and removal procedures being spelled out in the board's regulations.

See: C.1.34

Complies * Partially Complies ☐ Explain ☐

18. The Board should meet with the necessary frequency to properly perform its functions, in accordance with a calendar and agendas set at the beginning of the year, to which each director may propose the addition of other items.

See: C.1.29

Complies * Partially Complies ☐ Explain ☐

19. Director absences should be kept to the bare minimum and quantified in the Annual Corporate Governance Report. When directors have no choice but to delegate their vote, they should do so with instructions.

See: C.1.28, C.1.29 y C.1.30

Complies * Partially Complies ☐ Explain ☐

20. When directors or the Secretary express concerns about some proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the meeting, the person expressing them can request that they be recorded in the minute book.

Complies ☐ Partially Complies ☐ Explain ☐ Not applicable *

21. The board in full should evaluate the following points on a yearly basis:

a) The quality and efficiency of the board's operation.

b) Starting from a report submitted by the Nomination Committee, how well the Chairman and chief executive have carried out their duties;

c) The performance of its committees on the basis of the reports furnished by the same.

See: C.1.19 y C.1.20

Complies ☐ Partially Complies * Explain ☐

In 2013, the performance of the Company's and Group's two most senior executives, who have been delegated the broadest powers, has been evaluated. As indicated previously, Mediaset España's Chairman is not an executive director.

22. All directors should be able to exercise their right to receive any additional information they require on matters within the board's competence. Unless the bylaws or board regulations indicate otherwise, such requests should be addressed to the Chairman or Secretary

See: C.1.41

Complies * Explain ☐

23. All directors should be entitled to call on the company for the advice and guidance they need to carry out their duties. The company should provide suitable channels for the exercise of this right, extending in special circumstances to external assistance at the company's expense.

See: C.1.40

Complies * Explain ☐

24. Companies should organize induction programs for new directors to acquaint them rapidly with the workings of the company and its corporate governance rules. Directors should also be offered refresher programs when circumstances so advise.

Complies * Partially Complies ☐ Explain ☐

25. Companies should require their directors to devote sufficient time and effort to perform their duties effectively, and, as such:

a) Directors should apprise the Nomination Committee of any other professional obligations, in case they might detract from the necessary dedication;

b) Companies should lay down rules about the number of directorships their board members can hold.

See: C.1.12, C.1.13 y C.1.17

Complies * Partially Complies ☐ Explain ☐

26. The proposal for the appointment or renewal of directors which the board submits by to the General Shareholders' Meeting, as well as provisional appointments by the method of co-option, should be approved by the board:

a) On the proposal of the Nomination Committee, in the case of independent directors.

b) Subject to a report by the Nomination Committee in all other cases.

See: C.1.3

Complies * Partially Complies ☐ Explain ☐

27. Companies should post the following director particulars on their websites, and keep them permanently updated:

a) Professional experience and background;

b) Directorships held in other companies, listed or otherwise;

c) An indication of the director's classification as executive, proprietary or independent; in the caseo of proprietary directors, stating the shareholder they represent or have links with.

d) The date of their first and subsequent appointments as a company director, and

e) Shares held in the company and options on the same

Complies * Partially Complies ☐ Explain ☐

28. Proprietary directors should resign where the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary directors, the latter's number should be reduced accordingly

See: A.2, A.3, C.1.2

Complies * Partially Complies Explain

29. That Board of Directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the bylaws, except where just cause if found by the board, based on a proposal from the Nomination Committee. In particular, just cause will be presumed when a director is in breach of his or her fiduciary duties or comes under one of the disqualifying grounds as independent director enumerated in Ministerial Order ECC/461/2013.

The removal of independents may also be proposed when a takeover bid, merger or similar corporate operation produces changes in the company's capital structure, in order to meet the proportionality criterion set out in Recommendation 11.

See: C.1.2, C.1.9, C.1.19 y C.1.27

Complies * Explain

30. Companies should establish rules obliging directors to inform the board of any circumstances that might harm the organization's name or reputation, tendering their resignation as the case may be, with particular mention of any criminal charges brought against them and the progress of any subsequent trial.

The moment a director is indicted or tried for any of the crimes stated in Section 213 of the LSC, the Board should examine the matter and, in view of the particular circumstances and potential harm to the company's name and reputation, decide whether or not he or she should be called on to resign. The board should also disclose all such determinations in the Annual Corporate Governance Report.

See: C.1.42, C.1.43

Complies * Partially Complies Explain

31. All directors should express clear opposition when they feel a proposal submitted for the board's approval might damage the corporate interest. In particular, independents and other directors unaffected by the conflict of interest should challenge any decision that could go against the interests of shareholders lacking Board representation.

When the board makes material or reiterated decisions about which a director has expressed serious reservations, then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next Recommendation.

This Recommendation also covers the Secretary of the Board even in the case that this individual is not a director.

Complies Partially Complies Explain Not applicable *

32. Directors who give up their place before their tenure expires, through resignation or otherwise, should state the reasons in a letter to be sent to all members of the board. Irrespective of whether such resignation is filed as a significant event, the motive for the same must be explained in the Annual Corporate Governance Report.

See: C.1.9

Complies * Partially Complies Explain Not applicable

33. Remuneration comprising the delivery of shares in the company or other companies in the group, share options or other share-based instruments, payments linked to the company's performance or membership of pension schemes should be confined to executive directors.

The delivery of shares is excluded from this limitation when directors are obliged to retain them until the end of their tenure.

Complies Partially Complies * Explain Not applicable

Pursuant to Article 56 of the Bylaws, in previous years, Alejandro Echevarría Busquet received share options to reward his special dedication to the Company.

In 2014 and 2013, he did not receive any options on Mediaset España shares.

34. External directors' remuneration should sufficiently compensate them for the dedication, abilities and responsibilities that the post entails, but should not be so high as to compromise their independence.

Complies * Explain Not applicable

35. In the case of remuneration linked to company earnings, deductions should be computed for any qualifications stated in the external auditor's report.

Complies * Explain Not applicable

36. In the case of variable awards, remuneration policies should include technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, atypical or exceptional transactions or circumstances of this kind.

Complies * Explain Not applicable

37. When the company has an Executive Committee, the breakdown of its members by director category should be similar to that of the board itself. The Secretary of the Board should also act as secretary to the Executive Committee.

See: C.2.1 y C.2.6

Complies Partially Complies * Explain Not applicable

The composition of the Board of Directors and the Executive Committee is indicated below:

Board of directors

Executive directors – 23%
Proprietary directors – 38.5%
Independent directors – 30.77%
External directors – 7.7%

Executive Committee

Executive directors – 16.66%
Proprietary directors – 33.33%
Independent directors – 33.33%
External directors – 16.66%

The number of Executive Directors on the Executive Committee was reduced and therefore there are fewer than on the Board of Directors. The Chairman of the Board of Directors and the Executive Committee is an External Director.

38. The Board should be kept fully informed of the business transacted and decisions made by the Executive Committee. To this end, all board members should receive a copy of the Committee's minutes.

Complies * Explain □ Not applicable □

39. In addition to the Audit Committee mandatory under the Securities Market Law, the Board of Directors should form a committee, or two separate committees, of Nomination and Remuneration.

The rules governing the make-up and operation of the Audit Committee and the committee or committees of Nomination and Remuneration should be set forth in the board regulations, and include the following:

a) The Board of Directors should appoint the members of such committees with regard to the knowledge, aptitudes and experience of its directors and the terms of reference of each committee; discuss their proposals and reports; and be responsible for overseeing and evaluating their work, which should be reported to the first board plenary following each meeting;

b) These committees should be formed exclusively of external directors and have a minimum of three members. Executive directors or senior officers may also attend meetings, for information purposes, at the Committees' invitation.

c) Committees should be chaired by an independent director.

d) They may engage external advisors, when they feel this is necessary for the discharge of their duties.

e) Meeting proceedings should be minuted and a copy sent to all board members.

See: C.2.1 y C.2.4

Complies * Partially Complies □ Explain □

40. The job of supervising compliance with internal codes of conduct and corporate governance rules should be entrusted to the Audit Committee, the Nomination Committee or, as the case may be, separate Compliance or Corporate Governance committees.

See: C.2.3 y C.2.4

Complies * Explain □

41. All members of the Audit Committee, particularly its chairman, should be appointed with regard to their knowledge and background in accounting, auditing and risk management matters.

Complies * Explain

42. Listed companies should have an internal audit function, under the supervision of the Audit Committee, to ensure the proper operation of internal reporting and control systems.

See: C.2.3

Complies * Explain

43. The head of internal audit should present an annual work program to the Audit Committee; report to it directly on any incidents arising during its implementation; and submit an activities report at the end of each year.

Complies * Partially Complies Explain

44. Control and risk management policy should specify at least:

a) The different types of risk (operational, technological, financial, legal, reputational…) the company is exposed to, with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks;

b) The determination of the risk level the company sees as acceptable;

c) Measures in place to mitigate the impact of risk events should they occur;

d) The internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.

See: E

Complies * Partially Complies Explain

45. The Audit Committee's role should be:

1- With respect to internal control and reporting systems:

a) Review internal control and risk management systems on a regular basis, so the main risks are properly identified, managed and disclosed.

b) Monitor the independence and efficacy of the internal audit function; propose the selection, appointment, reappointment and removal of the head of internal audit; propose the department's budget; receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.

c) Establish and supervise a mechanism whereby staff can report, confidentially and, if necessary, anonymously, any irregularities they detect in the course of their duties, in particular financial or accounting irregularities, with potentially serious implications for the firm.

2-With respect to the company's external auditors:

a) Receive information from the external auditor on a regular basis regarding the audit plan and the results delivered from its execution, and verify that the senior management considers its recommendations.

c) **Monitor the independence of the external auditor, to which end:**

i) **The company should notify any change of auditor to the CNMV as a significant event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.**

ii) **The Committee should investigate the issues giving rise to the resignation of any external auditor.**

See: C.1.36, C.2.3, C.2.4 y E.2

Complies * Partially Complies Explain

46. The Audit Committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another senior officer.

Complies * Explain

47. The Audit Committee should prepare information on the following points from Recommendation 8 for input to board decision-making:

a) **The financial information that all listed companies must periodically disclose. The Committee should ensure that interim statements are drawn up under the same accounting principles as the annual statements and, to this end, may ask the external auditor to conduct a limited review.**

b) **The creation or acquisition of shares in special purpose vehicles or entities resident in jurisdictions considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.**

c) **Related-party transactions, except where their scrutiny has been entrusted to some other supervision and control committee.**

See: C.2.3 y C.2.4

Complies * Partially Complies Explain

48. The Board of Directors should seek to present the annual accounts to the General Shareholders' Meeting without reservations or qualifications in the audit report. Should such reservations or qualifications exist, both the Chairman of the Audit Committee and the auditors should give a clear account to shareholders of their scope and content.

See: C.1.38

Complies * Partially Complies Explain

49. The majority of Nomination Committee members – or Nomination and Remuneration Committee members as the case may be – should be independent directors.

See: C.2.1

Complies Explain * Not applicable

The Appointments and Remuneration Committee is comprised of four members; two are Independent Directors and two are Nominee Directors, and although the majority is not independent, the composition is as close as possible.

The role of President is fulfilled by an independent director.

50. The Nomination Committee should have the following functions in addition to those stated in earlier recommendations:

  a) Evaluate the balance of skills, knowledge and experience on the board, define the roles and capabilities required of the candidates to fill each vacancy, and decide the time and dedication necessary for them to properly perform their duties.

  b) Examine or organize, in appropriate form, the succession of the chairman and chief executive, making recommendations to the board so the handover proceeds in a planned and orderly manner.

  c) Report on the senior officer appointments and removals which the chief executive proposes to the Board.

  d) Report to the Board on the gender diversity issues discussed in Recommendation 14 of this Code.

See: C.2.4

Complies * Partially Complies ☐ Explain ☐ Not applicable ☐

51. The Nomination Committee should consult with the company's Chairman and chief executive, especially on matters relating to executive directors.

Any board member may suggest directorship candidates to the Nomination Committee for its consideration.

Complies * Partially Complies ☐ Explain ☐ Not applicable ☐

52. The Remuneration Committee should have the following functions in addition to those stated in earlier Recommendations:

  a) Make proposals to the Board of Directors regarding:

    i) The remuneration policy for directors and senior officers;

    ii) The individual remuneration and other contractual conditions of executive directors.

    iii) The standard conditions for senior officer employment contracts.

  b) Oversee compliance with the remuneration policy set by the company

See: C.2.4

Complies * Partially Complies ☐ Explain ☐ Not applicable ☐

53. The Remuneration Committee should consult with the Chairman and chief executive, especially on matters relating to executive directors and senior officers.

Complies * Explain ☐ Not applicable ☐

H OTHER INFORMATION OF INTEREST.

1. If you consider that there is any material aspect or principle relating to the Corporate Governance practices followed by your company that has not been addressed in this report and which is necessary to provide a more comprehensive view of the corporate governance structure and practices at the company or group, explain briefly.

2. You may include in this section any other information, clarification or observation related to the above sections of this report.

   Specifically indicate whether the company is subject to corporate governance legislation from a country other than Spain and, if so, include the compulsory information to be provided when different to that required by this report.

3. Also state whether the company voluntarily subscribes to other international, sectorial or other ethical principles or standard practices. If applicable, identify the Code and date of adoption.

As discussed in last year's report, during the 2014 shareholders meeting, the Annual Remuneration Report regarding board members was submitted to a binding vote, with 75.08% of the shareholders voting in favor. Mediaset España therefore applied the most recent updates in Capital Companies Law in advance, which establishes that the above decision must be submitted to a binding vote.

This year, several changes took place in the Board of Directors as a result; a proposal to reduce its number will be made during the General Meeting of Shareholders. Due to changes in legislation arising at year-end 2014, at the upcoming 2015 meeting, a number of statutory and regulatory modifications will be proposed in order to adapt Mediaset España's governance regulations.

The Company has an internal complaint process to which all Group employees have access.

Also, with regard to the Mediaset España ethics code, the Company has been a member of the United Nations Global Compact since 2004, reaching the 10-year mark this year. Since 1995, the Mediaset España Group company which manages its advertising as a partner of Autocontrol, which is a non-profit organization, in charge of managing the Spanish advertising self-regulation system. Since 2010 it has participated in the Carbon Disclosure Project, which is a channel sharing climate change data.

During 2014, internal control procedures have been reviewed and reinforced to increase the transparency and control of the activities taking place in Mediaset España and its Group, an include the following:

(i) A Continuous Alert Management System based on 41 key process indicators (KPIs) was implemented on the Group's main processes related to income, expenses, and IT systems. These KPIs are updated on a daily basis using information registered in the main applications which support monitored processes.

(ii) In compliance with Italian Law 262/2005 on Savings Protection, with regard to the Mediaset España Group's consolidated balance sheet, the processes affecting financial reporting and control activities are identified so as to evaluate them; this takes place on a quarterly basis and is based on testing control activities. In 2014 the scope of these processes was reviewed, with four updated and another eight new ones included.

(iii) All of the Mediaset España Group's procedures were reviewed and updated. This encompassed all areas involved.

(iv) To ensure maximum transparency, travel and entertainment expenses were reviewed, as well as the use of company credit cards by the Group's employees and directors.

(v) In 2014 progress was made in implementing the crime prevention and detection model, including a review of behavioral controls/protocols, to also provide the financial wherewithal from a specific budgetary amount set aside. Disciplinary measures related to lack of compliance are being introduced in the procedures.

As in prior years, this Report was verified by the Company.

SECTION C.1.15

The remuneration reflected in this section did not include in-kind compensation for the following board members:
Mr. Paolo Vasile: 79 thousand euros.
Mr. Massimo Musolino: 20 thousand euros.
Mr. Mario Rodríguez Valderas: 11 thousand euros.
Mr. Giuseppe Tringali: 17 thousand euros.

This section does not include gross profit from options exercised during the year, based on the following amount:
Mr. Alejandro Echevarría Busquet: 149 thousand euros.
Mr. Paolo Vasile: 130 thousand euros.
Mr. Massimo Musolino: 58 thousand euros.
Mr. Giuseppe Tringali: 602 thousand euros.
Mr. Mario Rodríguez Valderas: 33 thousand euros.

SECTION C.1.16

Section C.1.16 includes remuneration of senior management of Mediaset España and the Group's main subsidiaries. Remuneration received by Mediaset España directors in 2014, including the Internal Auditor Director, was paid to the following, and remuneration paid during 2014 to Mr. Mario Rodríguez Valderas as a member of top management prior to his appointment as Executive Director on April 9, 2014:

Managing Director of Contents	Villanueva de Castro, Manuel
Managing Corporate General Manager	Rodríguez Valderas, Mario
Managing Director, HR and Services Division	Expósito Rodriguez, Luis
Managing Director, Technology Division	Fernández Aranda, Eugenio
Managing Director, Economic and Finance Division	Uría Iglesias, Javier
Managing Director, Antenna Division	Marco Jorge, Patricia
Managing Director, Contents Productions Division	Baltanás Ramírez, Leonardo
Managing Director, Cinema Division and Acquisition of Rights	Barrois, Ghislain
Managing Director, Communications and External Relation Division	Dragoevich Fraerman, Mirta
Managing Director, News Division	Valentín Padín, Juan Pedro
Managing Director, News Program Division	Piqueras Gómez, Pedro María
Managing Director, Internal Audit	Santamaría Barrio, Angel
Total	4,437,227 euros

SECTION D.5.

The amount from related-party transactions with other related parties is as follows: 1,841 thousand euros from the sale of goods; 74,999 thousand euros from the purchase of goods; 5,389 thousand euros from the purchase of rights; other income amounting to 940 thousand euros, and 88 thousand euros from other purchases.

The Annual Corporate Governance Report was approved by the Company's Board of Directors at its meeting of 02/25/2015.

List whether any directors voted against or abstained from voting on the approval of this Report.

Yes □ No *