

**ANTENA 3 DE TELEVISIÓN, S.A.**

**Speech of the Chairman**

**Shareholder's General Meeting**

**12<sup>th</sup> May 2004**

Dear shareholders:

I wish to thank you for your attendance to this Shareholders' General Meeting, the first one held by the Company since its successful market debut.

I can only start my speech by saying that last fiscal year was a very special one for ANTENA 3 DE TELEVISIÓN.

As you all know, in 2003, the Planeta DeAgostini Group took a significant shareholding in this company and, consequently, the direct responsibility for its management. To that effect, a new management team was appointed, and such team has had to face big challenges.

Undoubtedly, the first challenge was the admission of A3TV shares to listing on the Spanish Stock Exchange.

The flotation of the Company took place in a record period of time and, above all, with a irrefutable success: at the closing of fiscal year 2003 – only after two months of trading - A3TV had experienced a revaluation of 38.6%. The value of our shares continues growing and,

yesterday, 11<sup>th</sup> May, such growth represented ...%.

In terms of audience, ANTENA 3 TELEVISIÓN is also winning ground. The channel had experienced a series of failures in its programming offer, which had placed ANTENA 3 in a clearly disadvantageous position compared with its competitors. The adjustments made on the second half of 2003 immediately started to come to fruition. Now, our channel has a more solid programming structure, more attractive for the audience, that achieves to get together a large number of Spanish families.

I would like to point out the success of our fiction series, with titles that are leaders in their programming slots, thus ousting our competitors from such a privileged position.

Last year, our News programs maintained their leadership among private TVs.

This path, that we have covered in such a short period of time and within a strong competitive scenario, obliged us to make a rational use of our resources, and to adopt painful, but unavoidable, decisions, to approach our structure and our efficiency and profitability

ratios to the level required from a company such as Antena 3 Televisión. Now, with the objectivity granted by the passing of time and the results achieved, I can tell you that such decisions were the right ones.

The communications media sector in general and the TV sector in particular work around the coordinates of profitability and independence, and thus, a greater profitability implies a greater independence.

Such profitability-independence pairing must be our permanent goal in order to allow A3TV to offer profitability to its shareholders and independence to its viewers.

The achievements reached until now by the new team are the result of a serious and analysed project that, as if it were an award to the efforts made, has been accompanied by a change in the trend of the advertising market that in the last years had been characterised by a decrease in investments. This also allows us to look more optimistically into the future.

Our actions, as salient players of the Spanish TV sector, are now especially centred on the decisions that the new government is

currently considering. I refer to the announced and promised reform of the private TV model.

We have great expectations in the context of such reform, in the definition of this new model, since what has been already announced in this respect seems to be aimed at putting an end to the privileged position of public TVs within the advertising and programming market, which clearly represents an example of unfair competition, as public TVs have a twofold recourse to financing-advertising and public subsidies, that enable them to have access to an unlimited indebtedness.

We, in ANTENA 3, firmly bet on such reform that must contribute to normalise a sector that, up to now has maintained distorted boundaries between the public and the private. The new model must consider, in our opinion, two fundamental elements:

- On the one hand, to significantly limit the participation of public TVs in the advertising market, by – among other measures – reducing their advertising time.
- On the other hand, to define the typical contents of public TV.

This task has been entrusted to the Experts Committee appointed by the new government, and we hope that such committee will offer prompt and accurate conclusions.

The review of the Spanish audiovisual sector presents another controversial issue. The Terrestrial Digital TV (TDT) project has not found yet an appropriate scenario for its development and implementation.

TDT is looking for an opportunity since some time ago. Also in the case of the European Union, TDT is subject to its own contradictions. There is a more or less accepted date – year 2012 – to proceed with the analog blackout; this means to put an end to analog TV, the TV signal received today by all households. However, the time lapsed and the events occurred since, in 1998, the Government decided to initiate, through a Royal Decree, the process to implement TDT, lead us to think that such date is increasingly becoming a chimera.

Therefore, to talk about Terrestrial Digital TV in Spain in a proper manner, the New Government must establish the basic guidelines for its development, if it intends to meet deadlines that, as of today's date, seem impossible to achieve.

In this respect, I must declare that private initiative will only support and actively cooperate in the development of TDT if the players have the necessary and appropriate resources to participate in a market with actual chances of profitability. This might seem obvious, but the truth is that, up to now, TDT has only been a technological reality and a burden for TV operators, as we were obliged, since March 2002, to start digital broadcasts which, in practice, are almost lost in the radioelectric space. For the time being, TDT does not form part of the needs or the interests of TV viewers.

The current system discourages TV operators (broadcasters) and does not arouse interest on the part of viewers (recipients). It is easy to come to the conclusion that such system needs an urgent and drastic review if Spain wishes to form part of the real terrestrial digital television world within a reasonable period of time. For this purpose, the government must provide operators with sufficient spectrum to offer a programming differentiated and attractive for viewers, without requirements that, as up to now, represent a charge that make this activity unfeasible, and foster the manufacturing and

distribution of TDT receivers, at reasonable and affordable prices, so that their deployment in households enables to access these new digital programs.

It is an objective fact that TV is an extremely regulated sector where public and private TVs receive the same treatment, irrespective of the fact that the latter ones, as any other company of any other sector, are not only entitled to obtain profitability, but also obliged to offer such profitability to their shareholders.

Among such an excessive and indiscriminate legislation, I wish to point out that TV channels are obliged to announce their programming 11 days before their broadcast, and the introduction of any modifications during such period is expressly forbidden.

The rule tries to serve as a protection of the information right of TV viewers, thus avoiding counter-programming.

However, reality is very different. Viewers have evidenced, on many occasions, that they do not need such a long term of 11 days to be aware of the programming of the different channels, and to decide which TV option they

choose. Such term only benefits the printed media (weekly magazines of newspapers, specialised magazines) that devote all or part of their pages to announce the programming of the different TV channels.

We are then in the presence of a rule that favours players external to the TV sector and that does not offer any actual benefit for the audience. Even though, we would have nothing to say if such liability does not represent a damage for the channel.

But, on the contrary, the rule seriously damages the players of the sector themselves. We are forced to provide our competitors a direct knowledge of our programming strategy 11 days beforehand. This grants them sufficient time to try to neutralise the impact of new releases on audience, as we have seen very recently. On the other hand, it makes it impossible during almost two weeks to withdraw (or to move) from the programming grid those programs with a low audience share that adversely affect the general results of the programming and the generation of income and, in consequence, the profit and loss account of the Company.

It is evident that the rule is not aware of the reality of the market and puts an unjustified curb to the autonomy in the management of private TV companies, on the basis of the alleged right of viewers to plan their TV entertainment 11 days in advance.

We, private TV channels, are already working in different forums with the aim of fostering a review of this rule, and we understand that the new government should also act in this respect, taking advantage of its initiative to reform the public TV model.

Going on within the scope of regulations to which our activity is subject, I wish to refer to the essential amendment of the Intellectual Property Law, in the context of activities of entities in charge of the management of copyright and related rights.

To a large extent, TV is nourished by intellectual works and, therefore, we are a sector that generates such works and an important creative and economic injection for the copyright world.

However, the system in force for the copyright collective management not only does not take into consideration that such intellectual

property would be poorer without us, but it also charges our activity in an unbearable manner. With the excuse of abolishing the monopoly of the collective management of such rights held by the SGAE, the legislation in force has enabled the emergence of a series of monopolies for the different intellectual property rights, by sectors: music writers, script writers, directors, actors, dancers, singers, record labels, etc. Their collection aspirations are based on percentages of the operating income of TV channels, so that the mere appearance of the different management entities makes that the percentages required by each one of them are accrued to those required by the remaining ones. Therefore, the system might put an end to the profitability of private TV channels.

Therefore, it is unavoidable to reform the Intellectual Property Law to rationalise the collective management of the rights protected by it. Private companies, that are entitled as legitimately as the authors to be profitable, should have available a system that allows them to monitor, beforehand, the cost of the use of intellectual property. This would imply the establishment of a system of maximum costs linked to the actual use of such intellectual property and a unified collection

scheme that guarantees the legal safeness of TV operators.

In this respect, we also request the new government to give satisfactory answers to this issue which, since many years ago, is generating serious problems within too many sectors of the economic activity.

In any case, we look optimistically into the future. ANTENA 3 has successfully overcome the big challenges it had to face less than one year ago. In such a short period of time, the new management team of ANTENA 3 has successfully introduced changes into the organisation and management, correcting the trend towards the loss of audience. Simultaneously, redundancy measures were taken, which have enabled us to place ourselves in a position similar to that of our competitors. All the above without forgetting the flotation process, a process which is currently admired from all points of view. The stock exchange profitability of ANTENA 3 has become a milestone among listed companies.

To conclude, I wish to refer to the Board of Directors of ANTENA 3. This management body of the Company is in charge of guaranteeing the interests of the shareholders. This is its

task, and it is focused on it. During the last months, we have witnessed a constant pressure on companies – even more in the case of listed companies – in the context of transparency in the management. This is the so-called Corporate Governance. As Chairman of ANTENA 3 TELEVISIÓN, I can assure you that this Board of Directors is also committed to meet these new corporate responsibilities.

The Corporate Governance report delivered to you along with the 2003 Annual Report is the answer to the new legislation, the object of which is to reinforce the transparency of companies, for the benefit of investors, shareholders and market players.

I wish to express my gratitude to the members of the Board of Directors and to the professionals and co-operators of ANTENA 3 Group, and to thank all shareholders for their confidence on ANTENA 3.