

**Promotora de
Informaciones, S.A.
(Prisa)**

Financial Statement and Directors'
Report for 2005, together with Auditors'
Report

Translation of a report originally issued in Spanish based on our work performed in accordance with generally accepted auditing standards in Spain. In the event of a discrepancy, the Spanish-language version prevails.

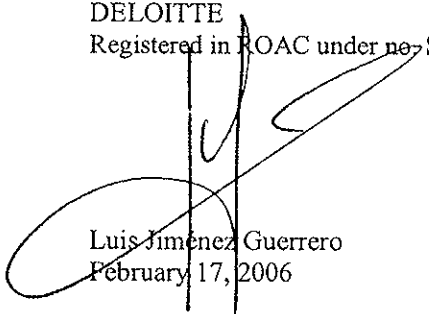
AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Shareholders of Promotora de Informaciones, S.A.:

1. We have audited the financial statements of PROMOTORA DE INFORMACIONES, S.A. (PRISA) comprising the balance sheet as of December 31, 2005, and the related statement of income and notes to financial statements for the year then ended. The preparation of these financial statements is the responsibility of the Company's directors. Our responsibility is to express an opinion on the financial statements taken as a whole based on our audit work performed in accordance with generally accepted auditing standards, which require examination, by means of selective tests, of the documentation supporting the financial statements and evaluation of their presentation, of the accounting principles applied and of the estimates made.
2. As required by Spanish corporate law, for comparison purposes the Company's directors present, in addition to the 2005 figures for each item in the balance sheet and statements of income and of changes in financial position, the figures for 2004. Our opinion refers only to the 2005 financial statements. Our auditors' report dated February 18, 2005, on the 2004 financial statements contained an unqualified opinion.
3. PROMOTORA DE INFORMACIONES, S.A. (PRISA), as the head of a Group, presents consolidated financial statements in accordance with the International Financial Reporting Standards adopted by the European Union (EU-IFRSs). On this same date we issued our auditors' report on the 2005 consolidated financial statements referred to above, in which we expressed an unqualified opinion. Based on the content of those consolidated financial statements prepared in accordance with EU-IFRSs, the total volume of consolidated equity amounts to €865,255 thousand, the consolidated income for the year totals €152,809 thousand and the total volume of assets and sales amounts to €2,147,153 thousand and €1,483,091 thousand, respectively. Also, as indicated in Note 4-d to the financial statements referred to above, the Company values its investments in Group and associated companies at the lower of acquisition cost or underlying book value adjusted, where appropriate, for the amounts of goodwill existing as of December 31, 2005, in the Group's consolidated financial statements prepared in accordance with EU-IFRSs, and records, where appropriate, the related allowance. However, the Company should have recorded the aforementioned investment valuation allowance in accordance with section 2 (Value adjustments) of Valuation Standard 8 (Marketable securities) in section 5 of the Spanish National Chart of Accounts and with the technical accounting standards in force in Spain relating to the methods to be applied to reflect in the valuation of investments the effect of the amortization of goodwill existing at year-end on the value of the investment recorded under the "Long-Term Investments" caption in the balance sheet in the individual financial statements referred to above. Had the aforementioned methods been applied, net income for 2005 would have decreased and the balance of the "Provisions for Group and Associated Companies" account as of December 31, 2005, would have increased by €19,438 thousand.

4. In our opinion, except for the matter indicated in paragraph 3 above, the financial statements for 2005 referred to above present, in all material respects, a true and fair view of the net worth and financial position of PROMOTORA DE INFORMACIONES, S.A. (PRISA) as of December 31, 2005, and of the results of its operations and of the funds obtained and applied by it in the year then ended, and contain the required information, sufficient for their proper interpretation and comprehension, in conformity with generally accepted accounting principles and standards applied on a basis consistent with that of the preceding year.
5. The accompanying directors' report for 2005 contains the explanations which the directors consider appropriate about the Company's situation, the evolution of its business and other matters, but is not an integral part of the financial statements. We have checked that the accounting information in the directors' report is consistent with that contained in the financial statements for 2005. Our work as auditors was confined to checking the directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the Company's accounting records.

DELOITTE
Registered in ROAC under no. S0692



Luis Jiménez Guerrero
February 17, 2006

PROMOTORA DE INFORMACIONES, S.A. (PRISA)

2005 Individual Financial Statements
together with 2005 Management Report

PROMOTORA DE INFORMACIONES, S.A. (PRISA)

2005 Individual Financial Statements

PROMOTORA DE INFORMACIONES, S.A. (PRISA)
BALANCE SHEETS AS OF DECEMBER 31, 2005 AND 2004
(Thousands of Euros)

Translation of financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see Note 25). In the event of a discrepancy, the Spanish-language version prevails.

ASSETS	12/31/05	12/31/04	SHAREHOLDERS' EQUITY AND LIABILITIES	12/31/05	12/31/04
A) FIXED AND OTHER NONCURRENT ASSETS	1,369,694	981,781	A) SHAREHOLDERS' EQUITY (Note 12)	730,118	647,445
I. START-UP EXPENSES	722	1,445	I. CAPITAL STOCK	21,881	21,881
II. INTANGIBLE ASSETS (Note 5)	113	113	II. ADDITIONAL PAID-IN CAPITAL	108,369	108,369
1. Concessions, patents and other	-	1,662	III. 1983 REVALUATION RESERVES	3,289	3,289
2. Leasehold assignment rights	5,562	4,961	IV. REVALUATION RESERVE ROYAL DECREE-LAW 7/1996	10,650	10,650
3. Computer software	1,581	139	V. RESERVES	4,376	4,376
4. Advances and construction in progress	(3,248)	(2,310)	1. Legal reserve	32,766	29,706
5. Accumulated amortization	4,008	4,565	2. Reserves for treasury stock	10,941	10,941
III. TANGIBLE FIXED ASSETS (Note 6)	310	7,310	3. Bylaw reserves	1,373	1,373
1. Land and structures	1,322	1,216	4. Reserve for retired capital	426,730	394,426
2. Plant and machinery	1,898	1,839	5. Other reserves	476,186	440,822
3. Other fixtures and furniture	4,790	4,338	VI. INCOME FOR THE YEAR	109,743	62,434
4. Other tangible fixed assets	-	455	B) DEFERRED REVENUES	38	1,332
5. Advances and construction in progress	(4,902)	(6,576)	C) PROVISIONS FOR CONTINGENCIES AND EXPENSES (Note 13)	27,875	13,236
6. Accumulated depreciation	3,418	8,582	D) LONG-TERM DEBT	427,314	406,364
IV. LONG-TERM INVESTMENTS (Note 7)	810,208	530,643	I. PAYABLE TO GROUP AND ASSOCIATED COMPANIES (Note 14)	195,815	196,088
1. Investments in Group companies	506,703	406,756	II. PAYABLE TO CREDIT INSTITUTIONS (Note 14)	231,365	210,078
2. Investments in associated companies	31,818	-	III. TAXES PAYABLE (Note 16)	134	134
3. Long-term investment securities	-	10	IV. OTHER LONG-TERM DEBT	-	64
4. Deposits and guarantees	195,921	167,441	E) CURRENT LIABILITIES	366,918	498,175
5. Other loans	(215,870)	(167,367)	I. PAYABLE TO GROUP AND ASSOCIATED COMPANIES (Note 15)	99,155	429,621
6. Allowances for investments in Group and associated companies	1,328,780	937,483	II. PAYABLE TO CREDIT INSTITUTIONS (Note 15)	239,629	62,364
V. TREASURY STOCK (Note 8)	32,766	29,706	III. TRADE ACCOUNTS PAYABLE	4,345	2,555
B) DEFERRED CHARGES (Note 9)	2,238	2,983	IV. OTHER NONTRADE PAYABLES	606	1,044
C) CURRENT ASSETS	180,331	581,788	1. Taxes payable (Note 16)	23,183	2,591
I. ACCOUNTS RECEIVABLE	121	7	2. Other payables	23,789	3,635
1. Trade receivables for services	32,425	33,594	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,552,263	1,566,552
2. Receivable from Group and associated companies (Note 10)	4,729	4,141			
3. Tax receivables (Note 16)	867	9,652			
4. Other accounts receivable	3,8142	47,394			
II. SHORT-TERM INVESTMENTS (Note 11)	139,856	533,555			
III. CASH	103	335			
IV. ACCRUAL ACCOUNTS	2,220	504			
TOTAL ASSETS	1,552,263	1,566,552			

The accompanying Notes 1 to 25 and Exhibits I, II and III are an integral part of the balance sheet as of December 31, 2005.

PROMOTORA DE INFORMACIONES, S.A. (PRISA)
STATEMENTS OF INCOME FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Thousands of Euros)

Translation of financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see Note 25). In the event of a discrepancy, the Spanish-language version prevails.

	DEBIT	12/31/05	12/31/04	CREDIT	12/31/05	12/31/04
A) EXPENSES				B) REVENUES		
1. Personnel expenses:				1. Net sales:		
a) Wages, salaries and similar expenses		13,440	10,219	a) Services (Note 17)	14,895	25,436
b) Employee welfare expenses		903	915	b) Revenues from equity investments (Note 17):		
2. Depreciation and amortization expense		2,972	4,182	Group companies	112,357	118,080
3. Variation in operating allowances		12	0	Associated companies	3,815	4,296
4. Other operating expenses:						
a) Outside services		14,605	11,421			
b) Taxes other than income tax		141	162			
I. OPERATING INCOME		98,994	120,913			
5. Financial and similar expenses:				2. Other interest and similar revenues:		
a) On debts to Group companies (Note 17)		4,151	3,687	a) On loans to Group and associated companies (Note 17)	7,387	10,508
b) On debts to third parties and similar expenses		11,767	8,337	b) Other financial revenues	1,894	1,340
III. INCOME FROM ORDINARY ACTIVITIES		92,357	120,737	II. FINANCIAL LOSS	6,637	176
6. Variation in investment valuation allowances (Notes 7 and 13)		70,787	81,405	3. Gains on fixed asset disposals	603	134
7. Losses on fixed assets		108	0	4. Gains on transactions involving treasury stock	2,709	0
8. Extraordinary expenses (Note 17)		2,379	5,339	5. Extraordinary revenues	0	1,366
V. INCOME BEFORE TAXES		22,395	35,493	IV. EXTRAORDINARY LOSS	69,962	85,244
9. Corporate income tax (Note 16)		(87,348)	(26,941)			
VI. INCOME FOR THE YEAR		109,743	62,434			

The accompanying Notes 1 to 25 and Exhibits I, II and III are an integral part of the 2005 statement of income.

PROMOTORA DE INFORMACIONES, S.A. (PRISA)

Notes to 2005 Individual Financial Statements

Translation of financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see Note 25). In the event of a discrepancy, the Spanish-language version prevails.

PROMOTORA DE INFORMACIONES, S.A. (PRISA)

NOTES TO 2005 INDIVIDUAL FINANCIAL STATEMENTS

1.- Company description

Promotora de Informaciones, S.A., ("Prisa") whose registered office is located at calle Gran Vía, 32, Madrid, was incorporated on January 18, 1972. Its business activities include printed and audiovisual mass media operations, the holding of ownership interests in companies and businesses, and the provision of all manner of services.

In view of the business activities carried on by the Company, it does not have any environmental liability, expenses, assets, provisions or contingencies that might be material with respect to its net worth, financial position or results. Therefore, no specific disclosures relating to environmental issues are included in these notes to financial statements.

2.- Basis of presentation of the financial statements

a) True and fair view

The financial statements, which were prepared from the Company's accounting records, are presented in accordance with the Spanish National Chart of Accounts and, accordingly, give a true and fair view of the Company's net worth, financial position and results of operations. The financial statements for 2005, which were prepared by the directors, will be submitted for approval by the Shareholders' Meeting, and it is considered that they will be approved without any changes. The 2004 financial statements were approved by the Shareholders' Meeting on March 17, 2005.

b) Comparative information

As described in Note 11, Prisa pools all the cash balances of the Group companies located in Spain. These balances are settled at the net amount held with each company. In 2005, in order to present a clearer image that is in line with the economic reality of this type of transaction, the Company modified the method for recognizing these balances in the balance sheet presenting for each company the net amount of its total financing and recording this amount in the "Short-Term Investments" account on the asset side of the balance sheet if the amount is receivable and in the "Current Liabilities - Payable to Group and Associated Companies" account in the balance sheet if the amount is payable. Consequently, the balances of these accounts as of December 31, 2005, are not comparable with those for 2004. Had this method been applied in 2004, the balances of the "Short-Term Investments"

and "Payable to Group and Associated Companies" accounts would have amounted to €165,336 thousand and €61,402 thousand, respectively.

3.- Distribution of income

The directors propose that the Company's income for 2005 be distributed as follows (in thousands of euros):

	Thousands of Euros
Distributable income -	
Income for the year	109,743
Distribution to -	
Dividends	0.14 € per share
Directors' compensation	1,382
Voluntary reserves	Remaining balance

The dividend per share, disregarding the treasury stock of Promotora de Informaciones, S.A. but including the shares delivered as a loan (*see Note 14*), will be €0.14 per share, and no interim dividend out of 2005 income was approved.

4.- Valuation standards

The main valuation methods applied by the Company in preparing its 2005 financial statements were as follows:

a) Start-up expenses

Start-up expenses, which comprise incorporation, preopening and capital increase expenses, are recorded at the costs incurred in terms of public deed and registration expenses, transfer tax and lawyers' fees.

These expenses are amortized at an annual rate of 20%. €723 thousand were charged to the accompanying statement of income in this connection.

b) Intangible assets

The "Concessions, Patents and Other" caption reflects the amounts paid for the acquisition of title to or the right to use items of this nature, which are amortized on a straight-line basis over 5 years.

The balance of the "Computer Software" caption includes the amounts paid for the development of specific in-house computer programs and the amounts incurred in acquiring from third parties the licenses to use computer programs. Computer software is amortized over four years from the date on which it is brought into service.

c) Tangible fixed assets

Tangible fixed assets acquired prior to December 31, 1996, are carried at cost revalued pursuant to the applicable enabling legislation, the most recent being Royal Decree-Law 7/1996 on Asset Revaluation. Subsequent additions are stated at cost.

The costs of expansion, modernization or improvements leading to increased productivity, capacity or efficiency or to a lengthening of the useful lives of the assets are capitalized.

Upkeep and maintenance expenses are expensed currently.

The Company depreciates its tangible fixed assets by the straight-line method at annual rates based on the following years of estimated useful life:

	Years of Useful Life
Buildings	50
Plant and machinery	10
Furniture	10
Other tangible fixed assets	4-10

d) Long-term investments

As the head of the Group, the Company prepares consolidated financial statements. The 2005 consolidated financial statements were prepared pursuant to Final Provision Eleven of Law 62/2003, in accordance with the International Financial Reporting Standards (IFRSs) approved by European Commission Regulations. The main aggregates of the PRISA Group's consolidated financial statements for 2005, prepared in accordance with IFRSs, are as follows:

	Thousands of Euros
Total assets	2,147,153
Net worth	865,255
Income for the year	152,809

The Company values its holdings in Group and associated companies and its long-term investment securities at the lower of acquisition cost or underlying book value, adjusted by the amount of the goodwill disclosed at the time of the acquisition and still existing at the date of subsequent valuation, in the Group's consolidated financial statements prepared in accordance with IFRSs, and records the related allowance, where appropriate. Accordingly, the same valuation method is used as that employed in the Group's consolidated financial statements.

Of the provisions recorded as of December 31, 2005, €18,433 thousand were recorded under the "Provisions for Contingencies and Expenses" caption (see Notes 4g and 13).

The future income of the companies will enable the recovery, where appropriate, of the acquisition costs paid in excess of the underlying book values of the holdings in these companies.

e) Treasury stock

Treasury stock is valued at the lowest of the following values: cost, year-end market price, average market price in the last quarter or underlying book value. An allowance is recorded for the difference between the acquisition cost of the shares of treasury stock and the lowest of the aforementioned three values. This allowance is recorded as a reduction of acquisition cost under the "*Treasury Stock*" caption in the accompanying balance sheet. As of December 31, 2005, it was not necessary to record any allowance in this connection.

f) Short-term investments

Short-term nontrade loans are recorded at the amount delivered, plus the related accrued interest receivable at year-end.

The time deposits maturing at short term are valued at cost, plus the accrued interest receivable as of the date of the financial statements.

g) Provisions for contingencies and expenses

The "*Provision for Taxes*" relates to the estimated amount of the tax debts whose exact amount or date of payment have not yet been determined, since they depend on the fulfillment of certain conditions.

The "*Provision for Third-Party-Liability*" caption relates to the estimated amount required to meet the Company's liability, as the majority shareholder, for the portion of the losses incurred at investees whose net worth has become negative, and whose net-worth equilibrium must be restored by their shareholders. The provision is recorded with a charge to the "*Variation in Investment Valuation Allowances*" caption in the accompanying statement of income when the obligation giving rise to said provision arises. Overprovisions or the full provision are reversed when the risk is reduced or disappears (see Notes 4-d and 13).

h) Severance costs

Under current labor legislation, the Company is required to pay severance to employees terminated under certain conditions. The Company records the required provisions when the resolution to terminate the related employment relationships is adopted.

Company management does not envisage any terminations which would require the recording of a provision in this connection.

i) Classification of debt

Debts are recorded at face value. Debts maturing in under 12 months from the balance-sheet date are classified as current liabilities and those maturing at over 12 months as long-term debt.

j) Corporate income tax

The corporate income tax expense for the year was calculated by obtaining the gross tax payable through application of the tax rate to book income before taxes, adjusted by the amount of any positive or negative permanent differences, including those arising from tax consolidation adjustments. Subsequently, the gross tax payable was reduced by the applicable tax relief and tax credits, excluding tax withholdings and prepayments.

The Company files consolidated tax returns pursuant to Legislative Royal Decree 4/2004, approving revised Corporate Income Tax Law, as the parent company of tax group 2/91.

As a result of timing differences, the Company records deferred tax assets and deferred tax liabilities, as appropriate, for the difference between the corporate income tax payable and the tax expense recorded. The deferred tax assets are recorded when there is no reasonable doubt as to their recovery.

The Company, as the parent company of the group, records the adjustments arising from the tax consolidation mechanism, and recognizes the timing differences and records the related tax asset resulting from the variation in the investment valuation allowance relating to the Company's holdings in entities included in the consolidated tax group.

In order to recognize the tax expense in the corresponding year, and since the Company's directors consider that there are no reasons to doubt that the consolidated tax group will recover the tax asset arising from the unused tax credits, the Company records the tax asset under the "*Long-Term Investments – Other Loans*" caption in the accompanying balance sheet.

k) Foreign currency transactions

Foreign currency on hand and receivables and payables denominated in foreign currencies are translated to euros at the exchange rates ruling at the transaction date. Exchange differences arising from the translation are allocated to income for the year.

At year-end, foreign currency on hand and receivables and payables in foreign currencies are translated to euros at the year-end exchange rates, and any resulting exchange losses are taken to income. Exchange gains on the same balances, if they are not offset against prior years' exchange losses, are recorded under the "*Deferred Revenues*" caption in the balance sheet.

Exchange gains deferred in prior years and those arising in the current year are credited to income in the year in which the related accounts payable and receivable fall due, except when the result at maturity is guaranteed by means of hedging transactions, in which case they are taken to income in the current year.

l) Recognition of revenues and expenses

Revenues and expenses are recognized on an accrual basis, regardless of when the resulting monetary or financial flow arises.

However, in accordance with the accounting principle of prudence, the Company only records realized income at year-end, whereas foreseeable contingencies and losses, including possible losses, are recorded as soon as they become known.

m) Hedging instruments

The Company takes out exchange rate (mainly currency forwards and options) and interest rate hedging contracts. At year-end the contracts in force were valued by comparing, for each contract on a case-by-case basis, the price agreed on with the market value of each currency and the reference interest rate, if any, at year-end.

As of December 31, 2005, the Company had not entered into any exchange rate hedging contracts. The theoretical value of these interest rate hedging contracts as of December 31, 2005, reflected losses of €186 thousand for the Company, which were recorded in its accounting records.

5.- Intangible assets

The transactions recorded in 2005 in intangible asset accounts and the related accumulated amortization are summarized as follows (in thousands of euros):

	Balance at 12/31/04	Additions	Transfers	Retirements	Balance at 12/31/05
Cost -					
Concessions, patents and other	113	-	-	-	113
Leasehold assignment rights	1,662	-	-	(1,662)	-
Computer software	4,961	599	129	(127)	5,562
Advances and construction in progress	139	1,605	(129)	(34)	1,581
Total cost	6,875	2,204	-	(1,823)	7,256
Accumulated amortization -					
Concessions, patents and other	111	2	-	-	113
Leasehold assignment rights	643	40	-	(683)	-
Computer software	1,556	1,579	-	-	3,135
Total accumulated amortization	2,310	1,621	-	(683)	3,248

The additions in 2005 to the “*Advances and Construction in Progress*” and “*Computer Software*” captions relate mainly to the various projects which the Company is implementing within the framework of its Technological Plan. As the projects in progress are completed they are transferred to the “*Computer Software*” caption.

The retirements relate basically to the sale, at its net book value, of the leasehold assignment right associated with a property to the Group company El País, S.L. (see Note 6).

As of December 31, 2005, €792 thousand of the Company’s intangible assets, which are currently in use, had been fully amortized.

6.- Tangible fixed assets

The transactions in 2005 in tangible fixed assets accounts and the related accumulated depreciation are summarized as follows (in thousands of euros):

	Balance at 12/31/04	Additions	Retirements	Balance at 12/31/05
Cost -				
Land	1,239	-	(1,239)	-
Structures	6,071	35	(5,796)	310
Plant and machinery	1,216	106	-	1,322
Other fixtures and furniture	1,839	65	(6)	1,898
Other tangible fixed assets	4,338	493	(41)	4,790
Advances and construction in progress	455	-	(455)	-
Total cost	15,158	699	(7,537)	8,320
Accumulated depreciation -				
Structures	2,448	29	(2,441)	36
Plant and machinery	664	73	-	737
Other fixtures and furniture	1,426	84	(7)	1,503
Other tangible fixed assets	2,038	442	146	2,626
Total accumulated depreciation	6,576	628	(2,302)	4,902

The additions in 2005 relate basically to the improvements and refurbishments made to the Company's plant as well as to the investments in computer and communications equipment related to the projects being developed by the Company as part of its Technological Plan.

Also, the retirements recorded relate mainly to the sale, at its net book value, of a property to the Group company Diario El País, S.L., (see Note 5).

As indicated in Note 4-c to these financial statements, the Company revalued its tangible fixed assets pursuant to Royal Decree-Law 7/1996. The net increase in value resulting from these revaluations is being depreciated over the remaining years of useful life of the revalued assets. The percentage of revalued assets and the effect on the depreciation expense are not significant in the accompanying balance sheet and statement of income.

As of December 31, 2005, €2,728 thousand of the Company's tangible fixed assets, which are currently in use, had been fully depreciated.

The Company takes out insurance policies to adequately cover the replacement value of its assets.

7.- Long-term investments

The transactions recorded in 2005 in long-term investment accounts are summarized as follows (in thousands of euros):

	Balance at 12/31/04	Additions	Transfers	Retirements	Balance at 12/31/05
Cost					
Investments in Group companies	530,643	322,281	-	(42,716)	810,208
Investments in associated companies	406,756	99,947	-	-	506,703
Long-term investment securities	-	31,818	-	-	31,818
Deposits and guarantees	10	-	-	(10)	-
Other loans	167,441	85,849	145	(57,514)	195,921
<i>Loans to Group companies</i>	33,963	15,600	(3,255)	-	46,308
<i>Loans to associated companies</i>	52,272	4,969	-	(57,241)	-
<i>Unused tax assets (Note 16)</i>	48,300	49,696	-	(273)	97,723
<i>Deferred tax asset (Note 16)</i>	32,531	11,809	-	-	44,340
<i>Other</i>	375	3,775	3,400	-	7,550
Total cost	1,104,850	539,895	145	(100,240)	1,544,650
Allowances					
Group companies	97,920	31,208	-	(7,645)	121,483
Associated companies	69,447	24,460	-	-	93,907
Long-term investment securities	-	480	-	-	480
Total provisions	167,367	56,148	-	(7,645)	215,870

The main direct and indirect holdings of Promotora de Informaciones, S.A. are listed in *Exhibit I* and *Exhibit II*, respectively.

Investments in Group companies

On November 8, 2005, the Company acquired for €237,772 thousand all the shares of Vertix SGPS, S.A. which, in turn, owns 33% of the capital stock of Grupo Media Capital SGPS, S.A., listed on the Eurolist Euronext Lisbon. As consideration for the shares acquired, Prisa made cash payments and delivered holdings equivalent to 24% of the capital of Prisa División Internacional, S.L. The retirements from this caption and the related allowance relate to the delivery of these holdings and were recorded at book value.

Within the framework agreement of the transaction, the sellers granted Prisa a preemptive right of acquisition on the shares owned by them and on any shares of which it would become the owner in Media Capital, SGPS, S.A., up to a maximum of 13.32% of the capital stock.

In exchange for the preemptive right of acquisition, Prisa granted the sellers an option to sell a minimum of 12% and a maximum of 13.32% of the capital stock of Media Capital, SGPS, S.A., to be exercised in a period of between twenty-four and twenty-seven months subsequent to November 8, 2005.

In addition, the parties agreed that the sellers will have an option to sell 24% of the capital of Prisa División Internacional, S.L., and that Prisa will have an option to purchase the aforementioned holdings, once the period granted to the sellers has elapsed.

Also, in 2005 the Company made capital contributions to the Group companies Prisa División Internacional, S.L. (€77,711 thousand), Prisacom, S.A. (€4,750 thousand) and Prisa División Inmobiliaria, S.L. (€2,029 thousand).

Holdings in associated companies

In 2005, the Company acquired for €25,238 thousand, through the purchase of shares on the market, an additional holding of 0.70% in Sogecable, S.A. Also, in June 2005, the Company subscribed to the capital increase at Sogecable, S.A., subscribing the shares relating to its holding and acquiring an additional holding of 0.80%, investing a total of €74,709 thousand in this transaction. As a result of these transactions, the Company's ownership interest in Sogecable, S.A. rose from 23.00% to 24.50% in 2005.

On November 2, 2005, the Company submitted to the Spanish National Securities Market Commission (CNMV) a tender offer on the shares of Sogecable, S.A., which was approved by this commission on January 23, 2006. The offer involves 26,712,926 shares, representing 20% of the capital stock of Sogecable, S.A., and is conditional upon the acquisition by Prisa of shares representing 16% of the capital stock of Sogecable, S.A. Should, as a result of the offer, Prisa acquire all the shares in question, its ownership interest in Sogecable, S.A. would amount to 44.50% of capital stock. The consideration offered is €37 per share, which will be paid in full in cash (*see Notes 15, 22 and 23*).

Long-term investment securities

The additions recorded relate in full to the acquisition of an ownership interest of 15.01% in the capital stock of Le Monde, S.A.

Other loans

Loans to Group companies-

This caption includes a balance of €30,708 thousand relating to a participating loan granted to Gran Vía Musical de Ediciones, S.L. in 2004. The interest rate is tied to Euribor, and its accrual is dependent upon the borrowing company achieving certain annual billings and results. The final maturity of the loan is in December 2015. The transfers recorded relate to the reclassification to short term under the "*Short-Term Investments*" caption (*see Note 11*) of the installment of this loan maturing in December 2006.

In 2005, the Company granted two participating loans to Promotora de Emisoras de Televisión, S.A. and Prisacom, S.A., amounting to €6,250 thousand and €2,450 thousand, respectively. These loans mature in 2007, earn interest tied to Euribor and are conditional upon the borrower company obtaining a certain volume of earnings.

In addition, the Company granted a loan to Santillana Ediciones Generales, S.L. amounting to €6,900, which earns interest tied to Euribor and matures in June 2010.

Loans to associated companies-

The additions relate basically to the capitalization of the interest earned in 2004 on the participating loan granted by the Company to Sogecable, S.A. in July 2003 for an initial amount of €50,000 thousand. This loan and its related interest were repaid in full in June 2005.

Unused tax assets-

The account receivable from the tax authorities for the investment tax credits amounting to €49,298 thousand earned by the Company in 2005 and not yet used were included as a period addition. Also, the variations in the account include the adjustment made as a result of the filing of the 2004 corporate income tax return, which gave rise to an addition of €398 thousand and a retirement of €273 thousand (*see Note 16*).

Deferred tax asset-

Additions in 2005 include: (i) the timing differences arising from the variations in the investment valuation allowances for the companies included in the consolidated tax group, amounting to €11,102 thousand, and (ii) the timing differences arising as a result of the period provisions amounting to €707 thousand which are not deductible for tax purposes in 2005 and which will become deductible in a subsequent year as a result of the different timing of recognition of the expense for accounting and tax purposes (*see Note 16*).

8.- Treasury stock

The variations in the "Treasury Stock" caption in 2005 were as follows:

	2005	
	Number of Shares	Thousands of Euros
Balance at 12/31/04	10,940,625	29,706
Purchases	234,959	3,716
Sales	(208,219)	(583)
Deliveries	(26,740)	(73)
Balance at 12/31/05	10,940,625	32,766

As of December 31, 2005, Promotora de Informaciones, S.A. held a total of 10,940,625 shares of treasury stock, representing 5% of its capital. The total cost of these shares was €32,766 thousand, with a cost per share of €2.99.

The Company plans to cover the exchangeable bond issue launched in 2003 (*see Note 14*) through all the shares of treasury stock held by it.

In the context of the above-mentioned issue, the Company had loaned 8,623,142 shares as of December 31, 2005 (*see Note 14*).

9.- Deferred charges

The "*Deferred Charges*" caption relates to the expenses incurred as a result of the exchangeable bonds issue that were assumed by the Company by virtue of the agreement entered into on December 19, 2003, with Prisa Finance (Netherlands) B.V. (*see Note 14*).

The Company will allocate these expenses to income over the next five years by the straight-line method based on the maturity of the exchangeable bonds. €745 thousand were charged to the accompanying statement of income in this connection.

10.- Accounts receivable

Receivable from Group and associated companies

This caption includes both the accounts receivable from Group and associated companies for the provision of services, amounting to €7,854 thousand, and those relating to the net balance receivable by the Company (€24,571 thousand) as a result of the settlement of the corporate income tax expense for 2005 of the consolidated tax group.

11.- Short-term investments

Since 2002 the Company has pooled all the cash balances of the PRISA Group companies located in Spain through transfers from (to) the banks at which it has demand deposits. The balances in this connection earn and bear interest for the Company at rates tied to Euribor plus a spread. As of December 31, 2005, this caption included €119,319 thousand of balances and interest receivable from Group companies arising from the above-mentioned cash pooling.

This caption also includes the loans granted to Iberbanda, S.A., Vertix SGPS, S.A. and Inversiones en Radiodifusión, S.A., amounting to €8,273, thousand, €5,681 thousand and €1,291 thousand, respectively, as well as the interest earned on these loans and on those granted to Santillana Ediciones Generales, S.L., Promotora de Emisoras de Televisión S.A. and Prisacom, S.A. (*see Note 7*), totaling €2,037 thousand, and the installment of €3,255 thousand of the participating loan granted to Gran Vía Musical de Ediciones, S.L. scheduled to mature in December 2006 (*see Note 7*).

12.- Shareholders' equity

A detailed summary of the transactions recorded in equity accounts in 2005 is presented in *Exhibit III* to these financial statements.

Capital stock

As of December 31, 2005, the capital stock of Promotora de Informaciones, S.A. consisted of 218,812,500 shares of €0.1 par value each.

As of December 31, 2005, the only shareholders of the Company with direct ownership interests of 10% or more in its capital stock were Promotora de Publicaciones, S.L., with a holding of 44.535%, and Timón, S.A., with a holding of 18.479%.

Additional paid-in capital

The revised Corporations Law expressly permits the use of the additional paid-in capital balance to increase capital with a charge to reserves and establishes no specific restrictions as to its use.

Reserves

1983 revaluation reserve -

Pursuant to the legislation on the revaluation of tangible fixed assets and intangible assets published in 1983, the cost and accumulated depreciation and amortization of the assets were increased by a net amount of €3,289 thousand, and this amount is recorded under the "1983 Revaluation Reserve" caption.

Under Transitional Provision Thirteen of Legislative Royal Decree 4/2004, approving the revised Corporate Income Tax Law, this reserve may be transferred to unrestricted reserves from the date of entry into force of Law 43/1995.

Revaluation Reserve Royal Decree-Law 7/1996-

Under Royal Decree 2607/1996 approving the regulations for asset revaluations pursuant to Royal Decree-Law 7/1996, the surpluses arising from the revaluations must be charged to the "Revaluation Reserve Royal Decree-Law 7/1996" caption.

The balance of this caption, which amounted to €10,650 thousand as of December 31, 2005, is restricted for ten years.

The tax authorities reviewed the balance of this account in 1999, increasing it by €92 thousand. Promotora de Informaciones, S.A. will, if appropriate, record the accounting entry for the difference once final decisions have been handed down on the objections raised against the changes made by the tax inspection authorities.

Legal reserve -

Under the revised Corporations Law, 10% of income for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of capital stock. The Company has already reached this threshold.

The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased capital stock amount.

Except as mentioned above, until the legal reserve exceeds 20% of capital stock, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

Reserve for treasury stock -

Under Article 79 of the revised Corporations Law, when a company has acquired treasury stock, it must record on the liability side of the balance sheet a restricted reserve equal to the cost of the treasury stock recorded in assets. This reserve must be maintained until the shares are sold or retired.

Bylaw reserves -

Under Article 32 of the Company's bylaws, a reserve must be recorded each year to which at least 10% of income after taxes is transferred until the balance of this reserve reaches at least 20% and does not exceed 50% of the paid-in capital stock. The Company has already reached this threshold.

13.- Provisions for contingencies and expenses

The variations in this caption in 2005 were summarized as follows:

	Balance at 12/31/04	Additions	Retirements	Balance at 12/31/05
Provision for taxes	9,442	-	-	9,442
Provision for third-party liability	3,794	16,685	(2,046)	18,433
Total cost	13,236	16,685	(2,046)	27,875

The "Provision for Taxes" account relates to the estimated amount of the tax debts arising from the tax inspection at the Company for the years open for review, through 1996 (see Note 16).

The additions to the "Provision for Third-Party Liability" account relate to the increases in the provisions recorded to cover the negative net worth of Gran Vía Musical de Ediciones, S.A., Iberbanda, S.A. and Promotora de Emisoras, S.L. as of December 31, 2005.

The retirements relate to the reversal of a portion of the provision recorded in 2004 to cover the negative net worth of Prisacom, S.A.

14.- Long-term debt

The Company's main long-term payables are grouped together under the following captions:

Payable to Group and associated companies

The detail of the transactions recorded under this caption in 2005 is as follows (in thousands of euros):

	Balance at 12/31/04	Retirements	Balance at 12/31/05
Payable to Prisa Finance (Netherlands) B.V.	162,300	-	162,300
Investment tax credits	29,384	(273)	29,111
Other payables	4,404	-	4,404
Total	196,088	(273)	195,815

Prisa Finance (Netherlands) B.V.-

On December 11, 2003, Prisa Finance (Netherlands) B.V., a wholly-owned subsidiary of the Company, resolved to launch an issue of bonds exchangeable for common shares of the Company. The nominal amount of this issue was €162,300 thousand, and the face value of each bond was €10,000. Following the placement of this issue, the annual coupon was set at 1.75% of the bond principal and the exchange premium of each bond was set at 34% of the benchmark price per share established at €11.0755. The maturity date of the bonds was established at five years from the issue date.

In the context of this issue, on December 19, 2003, the Company entered into a deposit agreement with Prisa Finance (Netherlands) B.V., whereby the Company guarantees bondholders that it will fulfill all its obligations.

Also, the funds obtained from the bond issue, amounting to €162,300 thousand, were transferred to the Company as a deposit, and the interest thereon was 1.75% of the principal, payable under the same terms and conditions as those established for the issue.

The Company plans, through its subsidiary, to cover the exchangeable bond issue through all the shares of treasury stock held by it (*see Note 8*).

In addition to the foregoing, the Company made available to the entities managing the transaction, as a securities loan, up to a maximum of 9,846,562 shares of its treasury stock in order to provide financial coverage for the investors that required it. As of December 31, 2005, the number of shares thus loaned was 8,623,142.

The loan will earn interest of five basis points, payable monthly, calculated on the basis of the market value of the loaned shares. Also, the Company will be entitled to receive from the entities managing the transaction the full amount of any dividend granted to the loaned shares during the term of the loan.

Investment tax credits-

This caption includes the amount of the investment tax credits earned by Group companies in prior years that were not used in the tax Group's corporate income tax settlement.

The variations in this account include the adjustment made as a result of the filing of the 2004 corporate income tax return, which gave rise to a retirement of €273 thousand.

Other Payables-

The "Other Payables" account includes €4,404 thousand relating to the assessments issued by the tax authorities against Sociedad Española de Radiodifusión, S.A. for withholdings from income from movable capital. Promotora de Informaciones, S.A.'s entitlement to a refund has been recognized, and the Company has undertaken to repay the amount involved if the appeals filed are ultimately not successful.

Payable to credit institutions

The long-term payables to credit institutions relate to loans and credit facilities tied to EURIBOR or LIBOR plus a spread of between 0.25% and 0.60%.

As of December 31, 2005, the long-term loans and credit facilities arranged by the Company totaled €254,520 thousand, of which €231,365 thousand had been drawn down and €23,155 thousand were available.

The detail and maturities of the financial debt as of December 31, 2005, are as follows:

Maturity	Euribor (EU €)			Libor (US \$)	
	Face Value	Drawn Down	Available	Face Value	Drawn Down
2007	148,052	141,573	6,479	11,868	11,868
2008	79,100	73,563	5,537	-	-
2009	15,500	4,361	11,139	-	-
Total	242,652	219,497	23,155	11,868	11,868

15.- Current liabilities

The main current liabilities are grouped under the following captions:

Payable to Group and associated companies

As of December 31, 2005, this caption included the payables to Group and associated companies as a result of the pooling of the cash balances of the Prisa Group companies amounting to €81,932 thousand (*see Note 11*), the accounts payable relating to the net balance payable by the Company as a result of the consolidated tax group's 2005 corporate income tax settlement amounting to €16,245 thousand, and payables to Group and associated companies for services, amounting to €978 thousand.

Payable to credit institutions

The short-term payables to credit institutions relate to loans and credit facilities tied to EURIBOR and LIBOR plus a spread of between 0.25% and 0.60%.

As of December 31, 2005, the short-term loans and credit facilities taken out by the Company totaled €305,816 thousand, of which €239,629 thousand had been drawn down and €66,187 thousand were available.

The detail, by currency, as of December 31, 2005, is as follows:

Maturity	Euribor (EU €)			Libor (US \$)	
	Face Value	Drawn Down	Available	Face Value	Drawn Down
2006	296,916	230,729	66,187	8,900	8,900

In addition, for the sole purpose of financing the tender offer on the shares of Sogecable, S.A. (*see Note 7*), the Company was granted a bridge loan for a maximum amount of €988,378 thousand relating to the maximum payment of the tender offer. This loan bore interest tied to Euribor plus a spread ranging from 0.70% to 1.10%, and matures in September 2006. The loan will be drawn down on the day prior to the settlement date of the shares envisaged in the tender offer prospectus, in compliance with the deadlines established under Royal Decree 1197/1991 on Tender Offer Regimes. As of December 31, 2005, no amount had been drawn down against this loan. Also, this bridge loan acts as a counter-guarantee for the guarantee provided to the CNMV (*see Note 22*).

16.- Tax matters

As indicated in the "Valuation Standards" caption, the Company, as the parent company of consolidated tax group 2/91, files returns pursuant to the Corporate Income Tax Law. The

accompanying Exhibits I and II detail the companies forming part of the consolidated tax group.

Tax receivables and taxes payable

The detail of the balances of "Tax Receivables" and "Taxes Payable" as of December 31, 2005, is as follows (in thousands of euros):

	Receivable		Payable	
	Short Term	Long Term	Short Term	Long Term
Corporate income tax	3,233	-	-	-
Unused tax assets (Note 7)	-	97,723	-	-
Deferred tax asset (Note 7)	-	44,340	-	-
Deferred tax liability	-	-	(9)	(134)
VAT, personal income tax withholdings, accrued social security taxes and other	1,496	-	(597)	-
Total	4,729	142,063	(606)	(134)

Corporate income tax

As the parent company of the above-mentioned consolidated tax group, Prisa records the Group's overall corporate income tax position arising from the consolidation process. The consolidated tax group's taxable income amounted to €173,736 thousand, after making the consolidation adjustments for a net negative amount of €70,538 thousand. The tax asset in this connection, after offset of Group companies' tax losses of €613 thousand arising in years prior to their inclusion in the consolidated tax group, amounted to €3,233 thousand as of December 31, 2005, and is recorded under the "Tax Receivables" caption. This amount includes, in addition to the aforementioned tax credits used by the company itself amounting to €13,077 thousand (net of the dividend double taxation tax credits of tax group companies amounting to €38,546 thousand), the tax relief and tax credits earned and taken in the year by the tax group companies amounting to €12,673 thousand, and those earned by Group companies before they became part of the Group, amounting to €211 thousand. The settlement of the balance of the tax prepayments made during the year, amounting to €36,437 thousand, and the withholdings borne by the tax group in this period, totaling €1,428 thousand, were also included.

Unused tax assets

As of December 31, 2005, the balance of the Company's long-term unused tax asset amounted to €97,723 thousand, and is recorded under the "Long-Term Investments - Other Loans" caption on the asset side of the balance sheet (see Note 7). This amount comprises

mainly €49,298 thousand of investment tax credits earned and not taken in 2005 and €48,300 thousand of prior years' investment tax credits.

Deferred tax assets and liabilities

As the parent company of the tax group, the Company records the related tax expense or revenue taking into account the effect of the permanent and timing adjustments arising as a result of consolidation for tax purposes.

The timing differences recorded by the Company and the variations therein in 2005 were as follows (in thousands of euros):

	Deferred Tax Asset	Deferred Tax Liability
Balance at 12/31/04	32,531	143
Additions	11,809	-
Retirements	-	(9)
Balance at 12/31/05	44,340	134

Deferred tax asset-

The deferred tax asset amounting to €11,102 thousand arose mainly from the variations in the investment valuation allowances of the companies included in the consolidated tax group, and is recorded under the "Long-Term Investments – Other Loans" caption (see Note 7).

The other addition to the "Deferred Tax Asset" account amounting to €707 thousand relates to provisions which are not deductible for tax purposes in 2005 and which will become deductible in a subsequent year as a result of the different timing of recognition of the expense for accounting and tax purposes.

Deferred tax liability-

The variation of the balance relates to the effect of taking accelerated depreciation on assets pursuant to Royal Decree Law 3/1993, and is recorded under the "Long-Term Debt - Taxes Payable" and "Current Liabilities – Taxes Payable" captions in the accompanying balance sheet.

Reconciliation of income per books to taxable income

The reconciliation of income per books for 2005 to taxable income for corporate income tax purposes is as follows (in thousands of euros):

	Amount
Income for the year per books	109,743
2005 corporate income tax	(86,825)
Adjustment of 2004 corporate income tax	(523)
Permanent differences	16,436
Timing differences	2,003
Taxable income	40,834
Permanent adjustments to consolidated tax group	1,443
Timing differences	(2,003)
Base used to calculate the corporate income tax expense	40,274

Current corporate income tax regulations provide for certain tax incentives. Pursuant to Articles 37 and 40 of the Corporate Income Tax Law, the Company, on calculating its corporate income tax expense for the year, availed itself of tax benefits amounting to €59,443 thousand and €6 thousand, respectively. Of this amount, €49,298 thousand had not been taken, which were recorded under the "Long-Term Investments – Other Loans" caption on the asset side of the balance sheet (see Note 7).

The Company took the tax credit envisaged in Article 20 of Law 49/2002 on the Tax Regime for Not-For-Profit Entities and Patronage Tax Incentives, amounting to €833 thousand. Also, the Company took €40,660 thousand of dividend double taxation tax credits arising in 2005.

In 2005, the Company took the tax credit for reinvestment of extraordinary income envisaged under Article 42 of the Corporate Income Tax Law to gains arising from the disposal of tangible fixed assets amounting to €582 thousand, thereby complying in 2005 itself with the requirement to reinvest the sale price through the acquisition of long-term investments. The tax credit earned in this connection amounted to €116 thousand.

In 2003 and 2004 the Company took the above-mentioned tax credit for reinvestment of extraordinary income to gains totaling €10,372 thousand and €125 thousand, respectively, thereby complying, in the two cases and in the related year, with the requirement to reinvest the sale price, through the acquisition of long-term investments under the terms envisaged in Article 42 of the Corporate Income Tax Law.

Years open for review by the tax inspection authorities

As a result of the tax audit performed by the tax authorities in 1988 and 1989, various tax assessments were issued for a total amount of €8,769 thousand. In 2002 the Supreme Court dismissed the appeal filed and the outstanding tax debt arising from the assessments, amounting to €4,120 thousand, was paid. The decision was appealed to the Constitutional Court and in 2003 the appeal for protection of constitutional rights was rejected. Nevertheless, in 2003 an order was received from the National Appellate Court upholding an ancillary execution proceeding in relation to the settlement arising from the above-mentioned Supreme Court decision, on account of the incorrect calculation of late-payment interest, entitling the Company to collect €1,332 thousand. When enforcing the order in 2004, the tax authorities disallowed the tax refund and issued an assessment for an additional amount of €122 thousand, which was paid in and appealed against before the

National Appellate Court by the Company. At the date of preparation of these financial statements, the National Appellate Court had handed down a writ of execution in relation to 1987 corporate income tax in which it recognized the right to a refund of the original amount, together with the additional amount deposited and the related late-payment interest increased by two points, and €1,037 thousand was refunded by the tax authorities in this connection. The amount relating to 1986 has not yet been refunded.

Also, the tax authorities audited the years open for review through 1996 of the Company and its consolidated tax group, and issued tax assessments amounting to €7,187 thousand against the Company relating to personal income tax withholdings and prepayments, VAT, the single revaluation tax and, as the head of the tax group, corporate income tax. Since the Company does not concur with the criteria applied by the tax inspection authorities, it has filed appeals in the appropriate jurisdictions against substantially all the tax assessments issued; however, in accordance with the accounting principle of prudence in valuation, the Company has recorded a provision of €9,442 thousand to cover any payments that it might have to make in this connection in the future (*see Note 13*).

In 2005, the audit of the consolidated tax group which commenced in 2004 continued. Consequently, the following taxes and years are being reviewed: consolidated corporate income tax (1999, 2000, 2001 and 2002), VAT, personal income tax withholdings and prepayments (employees and professionals), the tax on property income, the tax on income from movable capital and nonresident income tax (for the period from June 2000 to May 2004). The Company has 2003 and 2004 open for review for corporate income tax and from June 2004 for the other central government taxes. The Company has open for review the last four years for all non-central government taxes. The Company does not expect any additional material liabilities to arise as a result of this tax of any future tax audit.

17.- Revenues and expenses

Transactions with Group and associated companies

The transactions carried out in 2005 were as follows (in thousands of euros):

	Revenues			Expenses	
	Services Rendered	Financial Revenues	Dividends	Services Received	Financial Expenses
Group companies	9,764	3,842	112,357	2,104	4,151
Associated companies	5,131	3,545	3,815	-	-
Total	14,895	7,387	116,172	2,104	4,151

The detail of the dividend revenues earned by the Company in 2005 from Group and associated companies is as follows (in thousands of euros):

	Amount
Group companies-	
Diario El País, S.L.	63,972
Sociedad Española de Radiodifusión, S.A.	18,748
Prisaprint, S.L.	7,186
Prisa División Inmobiliaria, S.L.	6,387
Grupo Santillana de Ediciones, S.L.	6,000
Gerencia de Medios, S.A.	4,770
Paltrieva, S.A.	2,227
Redprensa, S.A.	1,657
Grupo Empresarial de Medios Impresos, S.L.	1,410
Associated companies-	
Inversiones Godó, S.A.	3,815
Total	116,172

The revenues from services provided to third parties relate basically to central corporate services.

Fees received by the audit firm

The fees for financial audit services provided to the various companies composing the Prisa Group and subsidiaries by the principal auditor and by other entities related to the auditor during 2005 amounted to €1,168 thousand, €102 thousand of which related to the services provided to Promotora de Informaciones, S.A. Also, the audit fees charged by other auditors participating in the audit of the various Group companies totaled €220 thousand.

Additionally, the fees for other professional services provided to the various Group companies by the principal auditor and by other entities related to the auditor during 2005 amounted to €361 thousand, €160 thousand of which related to the services provided to Promotora de Informaciones, S.A., whereas the fees charged for such services by other auditors participating in the audit of the various Group companies totaled €116 thousand. Promotora de Informaciones, S.A. did not receive any services of this kind.

Extraordinary expenses

The "Extraordinary Expenses" relate basically to donations made to foundations and other entities.

18.- Employees

The average number of employees in 2005 was 105, of which 104 had permanent contracts and 1 had a temporary contract.

19.- Directors' compensation and other benefits

In 2005 the Company recorded the following compensation earned by the members of the Board of Directors.

	Amount
Wages and salaries	3,432
Directors' compensation	1,382
Attendance fees	894
Total	5,708

No credits, advances or loans have been granted to the members of the Board of Directors, and there are no pension commitments to them.

As indicated in Note 20 to these financial statements, the Board members acquired 185,000 options in the 2004 stock options Plan.

Pursuant to Article 127 ter.4 of the Spanish Corporations Law, introduced by Law 26/2003, which amends Securities Market Law 24/1988, and the revised Spanish Corporations Law, in order to reinforce the transparency of listed corporations, following is a detail of the companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the corporate purpose of Promotora de Informaciones, S.A. in which the members of the Board of Directors own equity interests, and of the functions, if any, that they discharge thereat:

Owner	Investee	% of Ownership	Functions
Jesús de Polanco Gutiérrez	Sogecable, S.A.	24.501 (*)	-
	Le Monde, S.A.	-	Director
Juan Luis Cebrián Echarri	Sogecable, S.A.	0.002	Deputy Chairman
	Compañía Independiente de Noticias de Televisión, S.L	-	Representative of the Director Sogecable, S.A.
	Sistema Radiópolis, S.A. de C.V.	-	Director
	Cadena Radiodifusora Mexicana, S.A. de C.V.	-	"
	Radio Comerciales, S.A. de C.V.	-	"
	Radio Melodía, S.A. de C.V.	-	"
	Radio Televisora de Mexicali, S.A. de C.V.	-	"
	Radio Tapatía, S.A. de C.V.	-	"
	Xezz, S.A de C.V	-	"
	Grupo Media Capital SGPS, S.A.	-	"
	Le Monde, S.A.	-	"
	Le Monde Europe, S.A.	-	Representative of the member of the Management Committee, Promotora de Informaciones, S.A.
Francisco Javier Díez de Polanco	Canal Club de Distribución de Ocio y Cultura, S.A.	-	Director
	Compañía Independiente de Televisión, S.L	-	Chairman and Chief Executive Officer
	DTS Distribuidora de Televisión Digital, S.A.	-	"
	Sociedad General de Cine, S.A.	-	"
	Sogepaq, S.A.	-	"
	Sogecable, S.A.	0.026	Chief Executive Officer
	Canal Satélite Digital, S.L.	-	"
	Audiovisual Sport, S.L.	-	Chairman (representing Sogecable, S.A.)
	Cinemanía, S.L.	-	"
	Compañía Independiente de Noticias de Televisión, S.L.	-	Chairman (representing Compañía Independiente de Televisión, S.L.)
Sogecable Editorial, S.L	-	Chairman and Chief Executive Officer (representing Sogecable, S.A.)	
Sogecable Media, S.L.	-	"	
Ignacio Polanco Moreno	Sogecable, S.A.	0.020	-
	Cadena Radiodifusora Mexicana, S.A. de C.V.	-	Director
	Radio Comerciales, S.A. de C.V.	-	"
	Radio Melodía, S.A. de C.V.	-	"
	Radio Televisora de Mexicali, S.A. de C.V.	-	"
	Radio Tapatía, S.A. de C.V.	-	"
	Sistema Radiópolis, S.A. de C.V.	-	"
	Xezz, S.A. de C.V.	-	"
Isabel Polanco Moreno	Sogecable, S.A.	0.001	-

Owner	Investee	% of Ownership	Functions
Manuel Polanco Moreno	Vertex SGPS, S.A.	-	Chairman
	Productora de Televisión de Almería, S.A.	-	Deputy Chairman
	Grupo Media Capital SGPS, S.A.	-	Chief Executive Officer
	Promotora Audiovisual de Jaén, S.A.	-	Director
	Dédalo Grupo Gráfico, S.L.	-	"
	Antena 3 de Radio, S.A.	-	"
Diego Hidalgo Schnur	Sogecable, S.A.	0.000	Director
Francisco Pérez González	Sogecable, S.A.	-	Director
Adolfo Valero Cascante	Sogecable, S.A.	0.016	-
Emiliano Martínez Rodríguez	Sogecable, S.A.	0.011	-
Juan Salvat Dalmau	Sogecable, S.A.	0.012	-
Borja Jesús Pérez de Arauna	Sogecable, S.A.	0.008	-
Jesús de la Serna y Gutiérrez- Répide	Sogecable, S.A.	0.000	-
Gregorio Marañón y Bertrán de Lis	Sogecable, S.A.	0.000	Director
Manuel Varela Uña	Sogecable, S.A.	0.008	-

(*) The holding declared by Jesús de Polanco Gutiérrez in Sogecable, S.A. relates to the ownership interest held by Promotora de Informaciones, S.A.

This list does not include Prisa Group companies. However, we hereby state that the following directors of Promotora de Informaciones, S.A. are part of the managing body of certain Prisa Group companies, as stated in the Company's Annual Corporate Governance Report: Jesús de Polanco Gutiérrez, Juan Luis Cebrián Echarri, Ignacio Polanco Moreno, Francisco Javier Diez de Polanco, Emiliano Martínez Rodríguez, Isabel Polanco Moreno, Manuel Polanco Moreno, Juan Salvat Dalmau, Gregorio Marañón y Bertrán de Lis, Diego Hidalgo Schnur, Ramón Mendoza Solano, Alvaro Noguera Giménez, Francisco Pérez González, Adolfo Valero Cascante and Manuel Varela Uña.

Also, in accordance with the above-mentioned Law, it is hereby stated that there is no record that any of the members of the Board have performed in 2005, or are currently performing, for their own account or for the account of others, any activities that are identical, similar or complementary to the activity that constitutes the corporate purpose of Promotora de Informaciones, S.A.

20.- Stock option plan

On May 18, 2000, and April 15, 2004, the Shareholders' Meetings approved stock option plans for the acquisition of Company shares to facilitate the ownership of equity interests in Prisa by the Company's executives, by those of its corporate group and by particularly significant professionals related to the Group who perform activities for the Group companies on an ongoing basis; it also authorized the Board of Directors to develop and implement this Plan.

The total number of options will enable a maximum of 1% of the capital stock of Prisa to be acquired (2,188,125 shares). Each option carries the entitlement to acquire one share. This system will be applied in various tranches, pursuant to the general criteria approved by the Board of Directors. The options and rights under this plan are nontransferable.

2000 Plan

The rights to exercise these options matured in January 2005 without any of the participants exercising this option.

2004 Plan

On July 15, 2004, the Board of Directors approved a Compensation Plan consisting of the delivery of options on the Company's shares in accordance with the authorization granted by the Shareholders' Meeting on April 15, 2004.

The options may be exercised from July 31, 2007 through January 31, 2008.

Each option may be acquired free of charge and the exercise price is €13.40 per share (which is the simple arithmetic mean of the closing price of the Company's shares on the continuous market during the 90 trading days prior to the Shareholders' Meeting on April 15, 2004).

The number of options granted as of December 31, 2005, amounted to 1,580,500 and affect 278 beneficiaries.

21.- Legal matters

In connection with the enforcement process of the Spanish Supreme Court's decision of June 9, 2000, which held that the Council of Ministers' Resolution dated May 20, 1994, authorizing the economic concentration of Sociedad Española de Radiodifusión, S.A. ("SER"), Antena 3 de Radio, S.A. and Sociedad de Servicios Radiofónicos Unión Radio, S.L. ("Unión Radio") was unlawful, the Directorate-General of Fair Trading, by means of a Resolution dated July 30, 2004, resolved to consider that the measures taken by the companies involved in the concentration process "guarantee the effective separation of the operating and economic management of Antena 3 de Radio, S.A. from SER" and that "neither Prisa or its group companies control Antena 3 de Radio, S.A.". Accordingly, the aforementioned body responsible for enforcing the decision referred to above considered its function to have been completed and remitted its Resolution to the Supreme Court. The

appellants instituted a new ancillary enforcement proceeding with respect to which a decision has not been handed down by the Supreme Court.

Notwithstanding the above, in September 2005 Unión Radio notified the Spanish Antitrust Authority of a new concentration plan consisting of taking exclusive control of Antena 3 de Radio, S.A. Through a capital increase agreed by the Shareholders' Meeting of Unión Radio, its shareholders –the Prisa Group and Grupo Godó de Comunicación, S.A.– will contribute to Unión Radio its holdings in SER and Antena 3 de Radio, S.A. Once this increase has been made, Unión Radio will become the direct owner of 99.99% of the S.E.R. and the indirect owner of 99.419% of Antena 3 de Radio, S.A.

The effectiveness of this transaction is subject to compliance with two conditions: the obtainment of the authorization of the antitrust authorities and of the authorizations envisaged by specific legislation in the radio broadcasting industry.

To date the first of the aforementioned two conditions has been complied with: on January 27, 2006, the Council of Ministers resolved to authorize the concentration transaction on the condition that the resulting company disposes of five radio stations.

The Company has an ownership interest through Promotora de Emisoras, S.A. in the capital stock of various local television companies. Law 62/2003 on Tax, Administrative, Labor and Social Security Measures introduced further amendments to the television legal system, whereby it is deemed compatible to simultaneously hold material ownership interests (of more than 5%) in national, autonomous community and local television license-holder companies. However, the Law also establishes certain restrictions regarding population coverage. Within this framework, Promotora de Emisoras de Televisión, S.A. intends to implement its plan to establish itself in the local and autonomous community television industry by submitting bids in tenders called for the awarding of licenses. Accordingly, as a result of the approval of the Local Digital Television Technical Plan by Royal Decree 439/2004 amended by Royal Decree 2268/2004, autonomous community governments are beginning to invite bids for the indirect management of local digital television services and the situation in the industry is in the process of being regularized. In 2005, through its various subsidiaries, Promotora de Emisoras de Televisión, S.A. participated in bids held by the Autonomous Communities of Madrid, Valencia, Galicia, Murcia and Asturias. The Galicia and Asturias bids have not yet been awarded. In Madrid and Murcia, the Company was not the successful bidder in any of the concessions and filed the related appeal in Madrid. In Valencia the Company was awarded a concession in Onteniente. In Murcia and Valencia the Company will file the related appeal for judicial review in the legally stipulated period.

Within the framework of this plan to obtain concessions, management of Grupo Promotora de Emisoras de Televisión, S.A., prepared a long-term Business Plan which it currently maintains up to date, in which matters relating to the Group's future strategy, compliance with legal conditions, and the experience acquired by the Group in other businesses relating to the media at local level were taken into consideration. The main conclusion of the aforementioned Business Plan, based on conservative assumptions, is that despite the fact that the Group incurred significant losses in 2004 and 2005, it will obtain income at medium

term which will enable the realization of its assets and the settlement of its liabilities for the amount at which they are recorded in the balance sheet.

22.- Guarantee commitments to third parties

Within the scope of the tender offer on the shares of Sogecable, S.A. (*see Note 7*), in order to guarantee compliance with the payment obligations which may arise for the Company to the shareholders of Sogecable, S.A. which accept this offer, the Company provided a bank guarantee amounting to €988,378 thousand to the CNMV.

Also, the Company guarantees bank loans and credits granted to Iberbanda, S.A and to Promotora de Emisoras de Televisión, S.A up to a maximum amount of €16,465 thousand and €22,500 thousand, respectively, and to WSUA Broadcasting Corp. amounting to US\$ 6,800 thousand.

In order for the LMDS broadcasting license to be awarded to the investee Iberbanda, S.A., Prisa provided a guarantee for the amount of the investment commitment made by this company, in proportion to its percentage of ownership and based on the terms and conditions in the tender specifications. As of December 31, 2005, the guarantees provided totaled €1,179 thousand.

In 2003 Sogecable, S.A. entered into a €1,350,000 thousand loan and syndicated credit facility agreement. Under this agreement, Prisa assumed a commitment to the syndicate of banks and credit institutions to contribute funds to make good the cash deficit, up to a maximum of €38,259 thousand, should Sogecable, S.A. be unable to meet or not meet the payment of the amounts owed under the senior bank debt, and undertook to contribute funds to restore the senior debt/EBITDA ratio in the event that the limits established in the loan and credit agreements be exceeded. As of June 30, 2005, the guarantees assumed by Prisa were released without giving rise to any payment obligation for the Company.

As of December 31, 2005, the Company had provided bank guarantees amounting to €11,285 thousand, mainly in relation to the tax assessments issued by the tax authorities that were signed under protest (*see Note 16*). Company management considers that the guarantees provided to cover the litigation will under no circumstances have a material effect on the accompanying consolidated statement of income.

Lastly, on December 23, 2003, Dédalo Grupo Gráfico, S.L. and a group of banks entered into a syndicated loan and credit agreement for a maximum amount of €125,000 thousand tied to Euribor, of which €36,147 thousand were repaid in 2004 and 2005 and whose partial objective is to refinance the debts of the investees. The aforementioned syndicated loan and credit agreement was also subscribed by Mateu Cromo Artes Gráficas, S.A., Dédalo Altamira, S.A., Mateu Liber, S.L., Macrolibros, S.A., Distribuciones Aliadas, S.A., Norprensa, S.A., Bidasoa Press, S.L., Dédalo Hispánica, S.A., Dédalo Heliocolor, S.L. and Gráficas Integradas, S.A., subsidiaries of Dédalo Grupo Gráfico, S.L. which acted as its guarantors. The pledge on the collection rights arising from the material contracts of these companies and the mortgage on certain assets were also included as guarantees.

Dédalo Grupo Gráfico, S.L. informed the financial institutions that at year-end it will not meet the conditions established by these institutions in the syndicated loan and credit agreements entered into. Consequently, Dédalo Grupo Gráfico, S.L., together with its shareholders and lending banks are analyzing various scenarios in order to establish new conditions to facilitate the continuity of the financing channels currently operative. As of December 31, 2005, this transaction did not give rise to any additional liability for the Group.

23.- Subsequent events

On January 23, 2006, the CNMV authorized the tender offer on the shares of Sogecable, S.A. submitted by the Company on November 2, 2005 (*see Note 7*). Also, on January 30, 2006, the Board of Directors of Sogecable, S.A. approved a favorable report on the transaction.

Also, in relation to the associated company Iberbanda, S.A., on May 19, 2005, this company signed a memorandum of understanding with a telecommunications services operator to become a reference shareholder of the company. This agreement defined a new business plan which gave rise to the restructuring and discontinuity of a part of Iberbanda, S.A.'s current business in order to optimize its capacities and focus its activities on complementing the infrastructures of the aforementioned telecommunications services operator. On January 27, 2006, the Council of Ministers resolved to declare unlawful the aforementioned economic concentration transaction. As of December 31, 2005, Prisa had provisioned in full its investment in Iberbanda, S.A. (*see Exhibit I*).

24.- Statements of changes in financial position

Following are the statements of changes in financial position of Promotora de Informaciones, S.A. for 2005 and 2004 (in thousands of euros)

25.- Explanation added for translation to English

These financial statements are presented on the basis of accounting principles generally accepted in Spain. Certain accounting practices applied by the Company that conform with generally accepted accounting principles in Spain may not conform with generally accepted accounting principles in other countries.

Statements of Changes in Financial Position for 2005 and 2004
(Thousands of Euros)

APPLICATION OF FUNDS	SOURCE OF FUNDS	
	2005	2004
1. FIXED ASSET ADDITIONS: Intangible assets Tangible fixed assets Long-term investments Group companies Associated companies Other investments	2,204	542
	699	7,327
	322,281	24,057
	99,947	125,886
	117,667	51,426
	3,716	420
	25,688	21,264
	1,382	1,382
2. TREASURY STOCK Acquisition of treasury stock	3,716	420
	25,688	21,264
3. DIVIDENDS PAID	1,382	1,382
4. DIRECTORS' COMPENSATION	79,003	2,307
5. REPAYMENT OR TRANSFER TO SHORT TERM OF LONG-TERM DEBT	-	470
6. INCREASE IN DEFERRED CHARGES	-	6
7. PROVISIONS FOR CONTINGENCIES AND EXPENSES	3,400	-
8. TRANSFER TO LONG-TERM INVESTMENTS OF SHORT-TERM LOANS	655,987	235,087
TOTAL FUNDS APPLIED	655,987	235,087
1. FUNDS OBTAINED FROM OPERATIONS Income for the year Depreciation and amortization expense Deferred charges taken to income Variation in investment valuation allowances Provisions to investment valuation allowances Period provisions for contingencies and expenses Amount used of investment valuation allowances Amount used of provisions for contingencies and expenses Gains on tangible fixed assets Losses on tangible fixed assets Deferred revenues taken to income	182,458	147,523
	109,743	62,434
	2,972	4,182
	745	746
	56,148	80,238
	16,685	2,846
	-	(1,281)
	(2,046)	(398)
(603)	(134)	
108	-	
(1,294)	(1,110)	
2. TREASURY STOCK Delivery of treasury stock Disposal of treasury stock	73	79
583	-	
99,953	35,699	
3. INCREASE IN LONG-TERM DEBT	1,140	113
4. FIXED ASSET DISPOSALS: Intangible assets Tangible fixed assets Long-term investments Group and associated companies Other investments	5,730	2,136
35,071	-	
57,524	5,204	
3,255	9,051	
5. TRANSFER TO SHORT TERM OF LONG-TERM ASSETS	385,787	199,805
TOTAL FUNDS OBTAINED	385,787	199,805
VARIATION IN WORKING CAPITAL (Increase)	270,200	35,282
VARIATION IN WORKING CAPITAL (Decrease)	270,200	35,282

Variation in 2005 and 2004 working capital
(Thousands of Euros)

	INCREASE		DECREASE	
	2005	2004	2005	2004
<i>Accounts receivable</i>	-	8,344	9,252	-
<i>Accounts payable</i>	131,257	-	-	290,528
<i>Short-term investments</i>	-	259,407	393,699	-
<i>Cash</i>	-	-	232	12,565
<i>Accrual accounts</i>	1,726	60	-	-
Total	132,983	267,811	403,183	303,093

VARIATION IN WORKING CAPITAL	-	-	270,200	35,282
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DIRECT HOLDINGS

		GROUP COMPANIES							
INVESTEE	ADDRESS	LINE OF BUSINESS	12/31/05 (Thousands of Euros)				INCOME (LOSS)	TAX GROUP	
			NET BOOK VALUE	% CAPITAL	CAPITAL STOCK	RESERVES			INTERIM DIVIDEND
Diario El País, S.L.	Miguel Yuste, 40 - Madrid	Publication and operation of the newspaper "El País"	18,030	99.99%	18,000	16,743	(20,000)	96,635	Yes
Diario El País México, S.A de C.V. (*)	Avda. de la Universidad, 767 - Mexico D.F.	Operation of the newspaper "El País" in Mexico	568	85.95%	510	62	-	90	No
Gerencia de Medios, S.A.	Gran Via, 32 - Madrid	Contracting of advertising exclusives	40,934	99.99%	800	2,083	-	5,335	Yes
Gran Via Musical de Ediciones, S.L.	Gran Via, 32 - Madrid	Provision of musical services	(10,216)	99.99%	3,000	(3,948)	-	(7,692)	Yes
Grupo Empresarial de Medios Impresos, S.L.	Gran Via, 32 - Madrid	Ownership of shareholdings in publishing companies	45,187	100.00%	875	39,709	-	4,603	No
Grupo Latino de Radio, S.L.(**)	Gran Via, 32 - Madrid	Development of Latin-American radio market	14,559	13.24	116,243	(18,037)	-	(11,923)	Yes
Grupo Santillana de Ediciones, S.L.	Torrelaguna, 60 - Madrid	Publishing	87,766	100.00%	12,018	51,783	-	8,031	Yes
Inversiones Grupo Multimedia de Comunicaciones, S.A. (***)	Federico Zuazo, 1598 - La Paz, Bolivia	Ownership of shareholdings	3,483	23.05	14,515	(2,218)	-	(774)	No
Oficina del Autor, S.A.	Gran Via, 32 - Madrid	Management of publishing rights and representation of authors	489	99.99%	1,200	(313)	-	(400)	Yes
Paltreva, S.A.	Gran Via, 32 - Madrid	Ownership of shareholdings in radio broadcasting companies	7,286	50.93	11,281	2,471	(4,372)	4,375	No
Plural Entertainment España, S.L.	Gran Via, 32 - Madrid	Production and distribution of audiovisual material	641	100.00%	3,000	(965)	-	(1,395)	Yes
Prisa División Inmobiliaria, S.L.	Gran Via, 32 - Madrid	Rental of commercial and industrial premises	71,912	99.99%	9,000	65,155	(6,000)	7,337	Yes
Prisa División Internacional, S.L.	Gran Via, 32 - Madrid	Ownership of foreign shareholdings	104,137	75.99	10,000	137,450	-	(10,428)	No
Prisa Finance (Netherlands) BV	Gran Via, 32 - Madrid	Ownership of shareholdings in and financing of companies	18	100.00%	18	-	-	-	No
Prisa Innova, S.L.(*)	Gran Via, 32 - Madrid	Management of products and promotional services	20	99.95	20	-	-	-	Yes
Prisacom, S.A.	Gran Via, 32 - Madrid	Internet service provider	(800)	99.99%	1,918	-	-	(2,718)	Yes
Prisaprint, S.L.	Gran Via, 32 - Madrid	Management of printing companies	31,176	99.99%	3,000	32,724	-	(1,162)	Yes
Promotora de Emisoras, S.L.	Gran Via, 32 - Madrid	Radio broadcasting service	(2,130)	99.99%	2,500	8,587	-	(13,217)	Yes
Redprensa, S.L.U.	Gran Via, 32 - Madrid	Ownership of shareholdings	150	100.00%	150	2,112	-	(2,721)	Yes
S. S. R. Unión Radio, S.L.	Gran Via, 32 - Madrid	Provision of services to radio broadcasting businesses	5,881	80.00%	301	10,132	-	1,768	Yes
Sociedad Española de Radiodifusión, S.A.	Gran Via, 32 - Madrid	Operation of radio broadcasting businesses	18,715	99.99%	6,700	18,921	(7,138)	24,730	Yes
Vertix, SCFS, S.A.	Rua de las Amoreiras, 107 - Lisbon, Portugal	Ownership of shareholdings	237,772	100.00%	51	43,467	-	(45)	No
Otras participaciones	-	-	-	-	-	-	-	-	No
Total			657,549						

(*) The total holding is 100%.

(**) The total holding is 79.18%.

(***) The total holding is 81.53%. Except for the net book value (expressed in thousand of euros), capital stock, reserves and income (loss) are expressed in thousands of US dollars.

		ASSOCIATED COMPANIES							
INVESTEE	ADDRESS	LINE OF BUSINESS	31-12-2005 (in thousands of euros)				INCOME (LOSS)	TAX GROUP	
			NET BOOK VALUE	% CAPITAL	CAPITAL STOCK	RESERVES			INTERIM DIVIDEND
Iberbanda, S.A.	Pso. Castellana, 110 - Madrid	Creation, development and management of communications networks	(5,287)	28.98%	106,595	(36,302)	-	(90,647)	No
Inversiones en Radiodifusión, S.A. (*)	Federico Zuazo, 1598 - La Paz, Bolivia	Operation of television broadcasting businesses in Bolivia	22	25.00%	9,145	(8,549)	-	(66)	No
Inversiones Códex, S.A.	Pelayo, 28 - Barcelona	Ownership of shareholdings	16,413	48.95%	5,698	1,184	(7,794)	7,795	No
Sogecable, S.A.	Avda. de los Artesanos, 6 - Tres Cantos - Madrid	Operation of television activities	396,361	25.00%	267,129	185,853	-	(42,158)	No
Total			407,509						

(*) Company figures in thousands of U.S. dollars.

INDIRECT HOLDINGS

EXHIBIT II

INVESTE	ADDRESS	LINE OF BUSINESS	12/31/05 (Thousands of Euros)		TAX GROUP	
			% CAPITAL	CAPITAL STOCK		
EL PAIS BUSINESS UNIT Diario El Pais Argentina, S.A. Diario El Pais Internacional, S.A. Diario El Pais México, S.A. de C.V.	Avda. Leandro N. Alem 720 - Ciudad Autónoma de Buenos Aires Miguel Yuste, 40 - Madrid Avda. de la Universidad, 767 - México D.F.	Operation of the newspaper "El País" in Argentina Inactive Operation of the newspaper "El País" in Mexico	99.99% 99.99% 100.00%	2,535 300 510	495 1,052 650	No Yes No
LIJURELAND ENTERTAINMENT BUSINESS UNIT Compañía Discográfica Muxic Records, S.A. Ediciones Musicales Horas, S.A. Eurotropical de Producciones Discográficas, S.L. Gran Via Musical Inc. Lines and Music, S.L. Media Festivals, S.A. Nova Ediciones Musicales, S.A. Planet Events, S.A. Plural Entertainment Canarias, S.L. Plural Entertainment Inc. Telesía Producciones Cinematográficas, S.L.	Gran Vía, 32 - Madrid Gran Vía, 32 - Madrid Gran Vía, 32 - Madrid 111 West, 57 th Street, NY - EE.UU. Camino Oliveras, 22 - Barcelona Gran Vía, 32 - Madrid Gran Vía, 32 - Madrid Gran Vía, 32 - Madrid Dársena Pesquera-Edif. Plató del Atlántico-San Andrés 38180 1680 Michigan Avenue, Suite 730 - Miami Beach - U.S.A. Gran Vía, 32 - Madrid	Production and recording of sound media Production and recording of sound media Production and recording of sound media Ownership of shareholdings Music publishing business Production and organization of shows, congresses and conferences Music publishing business Production and organization of shows and events Production and distribution of audiovisual material Production and distribution of audiovisual material Production and distribution of audiovisual material	100.00% 100.00% 100.00% 100.00% 100.00% 100.00% 100.00% 100.00% 100.00% 100.00% 100.00%	750 70 755 3,215 12 712 600 120 75 109 1,094	(2,036) 337 491 4 1,036 181 2,118 449 25 (2,386) 5,350	Yes Yes Yes No Yes Yes Yes No No No Yes
INTERNET BUSINESS UNIT Información, Telefonía y Comunicación, S.A. (*) Infotecnía 11824, S.L. Inversiones Digitales, S.A. (*) Sanitiliana en Red, S.L. Sistemtel Telecomunicaciones Bolivia, S.A. (*)	Argentina, 2057, La Paz, Bolivia Ronda de Poniente 7, Trescantos - Madrid Federico Zuazo, 1598, La Paz - Bolivia Ribera del Sena s/n, Edif. APOT, Madrid Argentina, 2057, La Paz, Bolivia	Provision of telecommunications services Provision of telecommunications services Ownership of shareholdings Multimedia publishing Provision of telecommunications services	50.07% 50.00% 50.00% 100.00% 50.01%	6 40 286 1,500 25	65 270 (139) (337) (11)	No No No Yes No
PRESS BUSINESS UNIT Box News Comunicación, S.L. Comercialización de Medios 2000, S.A. Diario As, S.L. Diario Jaén, S.A. Ediciones La Mirada, S.A. Editor, S.L. Eje de Editores Media, S.L. El Correo de Andalucía, S.L. El Correo de la Costa del Sol, S.L. Espacio Editorial Andaluza Holding, S.L. Estructura, Grupo de Estudios Económicos, S.A. Gestión de Medios de Prensa, S.A. Gráfico, S.A. Novotécnica, S.A. Odiel Press, S.L. Promotora General de Revistas, S.A. Servicom, S.L.	Américo Vespucio 63, Isla de la Cartuja-Sevilla Avda. de Montserrat, 46 - Almería Albasanz, 14 - Madrid Torreojimeno, 1, Pol. Los Olivares - Jaén Fuencarral, 6 - Madrid Avda. del Mediterráneo 150- Edificio Laura 1ª Planta - Almería Gran Vía, 32 - Madrid Avd. Dtor. Manuel Dominguez, 6 - Málaga Américo Vespucio 63 - Isla de la Cartuja-Sevilla Gran Vía, 32 - Madrid Gran Vía, 32 - Madrid Avda. del Mediterráneo 150- Edificio Laura 1ª Planta - Almería Avda. del Mediterráneo 150- Edificio Laura 1ª Planta - Almería Fuencarral, 6 - Madrid Avda. del Mediterráneo 150- Edificio Laura 1ª Planta - Almería	Publication, publishing, distribution and marketing of all manner of publications Printing of published materials Publication and operation of the newspaper "As" Publication and operation of the newspaper "Diario Jaén" Publication, management and operation of printed media Services for publishing companies Publication, sale and marketing of publications and contents Publication and operation of the newspaper "El Correo de Andalucía" Provision of services, counseling and performance of creative, consulting or executive activities Ownership of shareholdings in publishing companies Publication and operation of the newspaper "Cinco Días" Provision of common services for regional and local newspapers Printing of published materials Publication of the newspaper "La Voz de Almería" Publication and operation of the newspaper "Odiel Información" Publication, production and operation of magazines Distribution of published materials	100.00% 45.96% 75.00% 59.27% 100.00% 42.70% 50.00% 100.00% 100.00% 100.00% 52.44% 45.30% 31.89% 100.00% 100.00% 36.41%	60 60 1,400 214 300 6 10 1,192 4 8,501 1,802 83 90 348 905 1,500 10	375 687 11,468 1,059 247 193 560 71 (50) 1,037 (4,094) 93 246 16,384 269 2,721 531	Yes No Yes No Yes No No Yes Yes Yes Yes No No Yes Yes Yes No
MEDIA CAPITAL BUSINESS UNIT Media Capital, SCPS, S.A.	Rua Mário Castilhan 40, Queluz de Baixo, 2734-507 Barcarena (Portugal)	Production and distribution of TV and radio programs and magazines	33.00%	7,606	108,391	No

(*) Figures in thousands of U.S. dollars.

INVESTEE	ADDRESS	LINE OF BUSINESS	% CAPITAL	12/31/05 (Thousands of Euros)		TAX GROUP
				CAPITAL STOCK	SHAREHOLDERS' EQUITY	
RADIO BUSINESS UNITS						
Alparga, S.A.	García Lovera, 3 - Córdoba	Operation of radio broadcasting business	80.00%	60	950	Yes
Antena 3 de Radio, S.A.	Maria de Molino, 54 - Madrid	Operation of radio stations	49.35%	5,052	13,775	No
Antena 3 de Radio de Melilla, S.A.	Maria de Molino, 54 - Madrid	Operation of radio stations	49.35%	135	474	No
Avante Radio, S.A.	Gran Via, 32 - Madrid	Operation of radio broadcasting business	98.77%	60	454	Yes
Borjadama de Radio y Television, S.L.	Llido, 1-3 - Manresa	Operation of radio broadcasting business	99.31%	5	(208)	No
Catalana de Comunicació i Publicitat S.L.	Arganzuelo, 390 - Barcelona	Operation of radio broadcasting business	99.99%	30	(512)	No
Ciudad Real Noticias, S.A.	Plaza Cervantes 6 - Ciudad Real	Operation of radio broadcasting business	40.00%	72	80	No
Compañía Aragonesa de Radiodifusión, S.A.	Paseo de la Constitución, 21 - Zaragoza	Operation of radio broadcasting business	97.02%	66	2,871	Yes
Comunicación Radiotécnica, S.A.	Gran Via, 32 - Madrid	Operation of radio broadcasting business	99.37%	331	1,191	Yes
Corporación Canaria de Información y Radio, S.A.	General Balmis s/n - Las Palmas de Gran Canaria	Operation of radio broadcasting business	80.00%	60	504	Yes
Ediciones LM, S.L.	Plaza de Cervantes, 6 - Ciudad Real	Operation of radio broadcasting business	40.00%	213	2,990	No
Freycuencia del Principado, S.A.	Jovelaneros 1 - Gijón	Operation of radio broadcasting business	80.00%	60	57	Yes
Gremio de Radio, S.A.	Gran Via Jaime I - Girona	Operation of radio broadcasting business	99.99%	130	(994)	Yes
Iniciativas Radiofónicas, S.A.	Gran Via, 32 - Madrid	Operation of radio broadcasting business	93.41%	228	298	Yes
Iniciativas Radiofónicas de Castilla La Mancha, S.A.	Carreteras, 1 - Toledo	Operation of radio broadcasting business	56.00%	61	121	No
La Palma Difusión, S.A.	Almirante Díaz Pimienta, 10 - Los Llanos de Aridane	Operation of radio broadcasting business	49.35%	360	302	No
Onda Catalana, S.A.	Arganzuelo, 390 - Barcelona	Operation of radio broadcasting business	99.99%	1,200	(8,630)	No
Onda La Frigosa, S.A.	Limosna, 2 - Hinojosa del Duque - Córdoba	Operation of radio broadcasting business	80.00%	4	24	Yes
Onda Miscal, S.A.	Caspe, 6 - Barcelona	Operation of radio broadcasting business	99.99%	60	179	Yes
Ondas Galicia, S.A.	Oquendo 23 - Madrid	Operation of radio broadcasting business	49.82%	343	1,531	No
Radio 30, S.A.	San Pedro de Moredun, 3 - Santiago de Compostela	Operation of radio broadcasting business	42.42%	70	364	No
Radio Burgos, S.L.	Radio Murcia, 4 - Murcia	Operation of radio broadcasting business	83.32%	60	180	Yes
Radio Club Canarias, S.A.	Venerables 8 - Burgos	Operation of radio broadcasting business	99.99%	3	71	Yes
Radio Costa Brava, S.A.	Avenida Anaga, 35 - Santa Cruz de Tenerife	Operation of radio broadcasting business	94.98%	480	2,183	Yes
Radio España de Barcelona, S.A.	Didac Garrell, 102 - Palamós	Operation of radio broadcasting business	80.00%	120	(99)	No
Radio Jara, S.L.	Caspe, 6 - Barcelona	Operation of radio broadcasting business	99.31%	364	1,751	Yes
Radio La Cerdanya, S.A.	Santa Paula 2 - Granada	Operation of radio broadcasting business	99.99%	60	569	Yes
Radio Murcia, S.A.	Obispo Aguilar, 1 - Jara	Operation of radio broadcasting business	26.79%	563	1,462	No
Radio Zaratogosa, S.A.	Pla del Port, 2 - Puigcerdá	Operation of radio broadcasting business	13.97%	114	20	No
Radiodifusión Tenerife, S.A.	Radio Murcia, 4 - Murcia	Operation of radio broadcasting business	83.32%	120	2,312	Yes
Radiodifusión de Navarra, S.A.	Paseo de la Constitución, 21 - Zaragoza	Operation of radio broadcasting business	86.39%	183	2,935	Yes
Sociedad de Radiodifusión Aragonesa, S.A.	Avenida Anaga, 35 - Santa Cruz de Tenerife	Operation of radio broadcasting business	100.00%	60	165	Yes
Sociedad Independiente Comunicación Castilla La Mancha, S.A.	Poigono Plazaola, Manzana F - 2/A - Pamplona	Operation of radio broadcasting business	49.35%	66	1,337	No
Sociedad de Comunicación i Publicitat S.L.	Paseo de la Constitución, 5 Bajo - Albacete	Operation of radio stations	49.99%	62	93	No
Suprabre Mística, S.L.	Parc de la Mola, 10 Torr Caldera, 4º Escaldr - Engordany (Andorra)	Operation of radio broadcasting business	73.68%	874	971	No
Talavera Vision, S.L.	Gran Via, 32 - Madrid	Operation of radio broadcasting business	99.31%	30	(889)	No
Telecomunicaciones Empresariales del Sur, S.L.	Caldero de Bandalma, 5 - Arrecife	Creation, broadcasting, distribution and operation of television thematic channels	52.25%	1,202	2,674	No
Telecom Ciudad Real, S.L.	Avenida del Rey Santo, 8 - Ciudad Real	Operation of radio broadcasting business	24.68%	230	252	No
Teleradio Press, S.L.	Avenida del Rey Santo, 8 - Ciudad Real	Operation of radio broadcasting business	40.00%	192	210	No
Televisión Ciudad Real, S.L.	Avenida del Rey Santo, 8 - Ciudad Real	Operation of radio broadcasting business	32.80%	150	389	No
Unión Radio del Pirineo, S.A.	Avenida de la Estación, 5 Bajo - Albacete	Operation of radio broadcasting business	40.00%	180	1,149	No
Unión Radio Digital, S.A.	Gran Via, 32 - Madrid	Operation of radio broadcasting business	37.06%	150	216	No
Valdeperas Comunicación, S.L.	Plaza España, 2 - Ciudad Real	Production, broadcasting, editing and distribution of all manner of communications media and advertising activities.	71.63%	75	66	No
	Carrer Prat del Cruz, 32 - Andorra la Vella	Operation of radio broadcasting business	37.06%	150	5	No
	Gran Via, 32 - Madrid	Operation of DAB concession	26.40%	249	163	No
	Pza. de Cervantes, 6 - Ciudad Real	Operation of radio broadcasting business	79.73%	6,010	5,403	No
			40.00%	60	51	No

INVESTEE	ADDRESS	LINE OF BUSINESS	12/31/05 (Thousands of Euros)			TAX GROUP
			% CAPITAL	CAPITAL STOCK	SHAREHOLDERS' EQUITY	
LOCAL TELEVISION BUSINESS UNIT						
Albariza Comunicación, S.A.	Avda. del Membrillar s/n - Jerez de la Frontera, Cádiz	Production and broadcast of videos and television programs	37.50%	852	146	No
Axarquía Visión, S.A.	Paseo de Reding, 7 - Málaga	Provision of local television services	44.23%	60	(309)	No
Canal 4 Navarra, S.L.	Avda. Sancho el Fuerte, 18 - Pamplona	Production and broadcast of videos and television programs	75.00%	2,809	(2,905)	Yes
Canal 4 Navarra Digital, S.A.	Poliogono Industrial Cordovilla - Navarra	Provision of local television services	75.00%	2,000	2,023	Yes
Canal Bilbao, S.A.	Ribera Elorrieta, 3 - Bilbao	Provision of local television services	22.50%	1,467	1,811	No
Canal Gazteiz televisión, S.L.	Portal de Gamarra 23, pabellón A-01013 Gasteiz-Vitoria, Alava	Provision of local television services	22.50%	2,076	1,554	No
Chip Audiovisual, S.A.	Coso, 100 planta 3ª, puerta 4 - 50001 Zaragoza	Audiovisual productions for TV programming	18.75%	600	600	No
Collserola Audiovisual, S.L.	Pza. Narcís Oller N°6 1ª - 08006 Barcelona	Provision of local television services	69.38%	85	(2,958)	No
Compostela Visión, S.L.	Rúa Nova 32, 2ª planta 15705 Santiago de Compostela - La Coruña	Provision of local television services	24.52%	264	(82)	No
Comunicaciones y Medios Audiovisuales Tele Alcala, S.L.	Encomienda, 33 - Alcalá de Henares	Provision of local television services	72.75%	312	(1,174)	No
Ferrovisión, S.L.	Arce s/n, Ferrol	Provision of local television services	24.52%	90	(216)	No
Gipuzkoa Televisión, S.A.	Libertad, 17 - San Sebastián	Provision of local television services	22.50%	1,442	(447)	No
Grupo de Comunicación y Televisión Castilla La Mancha, S.A.	C/Pais Valenciano 5 - Ciudad Real	Provision of local television services	25.00%	300	441	No
Legal Affairs Consortium, S.L.	Pza. Narcís Oller N°6 1ª - 08006 Barcelona	Provision of local television services	75.00%	130	(2,662)	Yes
Localia TV Madrid, S.A.	Gran Via, 32 - Madrid	Provision of local television services	75.00%	6,000	1,419	Yes
Localia TV Valencia, S.A.	Don Juan de Austria 3 - 46002 Valencia	Provision of local television services	75.00%	190	(1,149)	Yes
Málaga Altavisión, S.A.	Paseo de Reding, 7 - Málaga	Production and broadcast of videos and television programs	55.29%	6,312	1,681	No
Marbella Digital de Televisión, S.A.	Paseo de Reding, 7 - Málaga	Provision of local television services	55.29%	174	(1,265)	No
Productora Asturiana de Televisión, S.A.	Asturias, 19 - Oviedo	Provision of local television services	44.99%	1,112	867	No
Productora Audiovisual de Badajoz, S.A.	Ramón Albarrán, 2 - Badajoz	Provision of local television services	38.25%	600	(137)	No
Productora Audiovisual de Mallorca, S.A.	Puerto Rico, 15 - Palma de Mallorca	Provision of local television services	74.88%	92	(1,025)	Yes
Productora Canaria de Programas, S.A.	Enrique Wolfson, 17 - S. C. de Tenerife	Development of a TV channel to promote the Canary Islands	40.00%	601	1,051	No
Productora de Comunicación Toledo, S.A.	Carreteros, 1 - Toledo	Provision of local television services	56.13%	1,283	160	No
Productora de Televisión de Almería, S.A.	Avda. del Mediterraneo 150 - Edificio Laura 1ª Planta - Almería	Provision of local television services	43.61%	3,344	1,512	No
Productora de Televisión de Córdoba, S.A.	Amalistas s/n, Pol. El Granadall - Córdoba	Provision of local television services	75.00%	90	(1,411)	Yes
Productora de Televisión de León, S.A.	República Argentina, 28 - León	Provision of local television services	24.25%	1,330	458	No
Productora de Televisión de Salamanca, S.A.	Arco, 16-20 - Salamanca	Provision of local television services	31.03%	824	(110)	No
Productora Digital de Medios Audiovisuales, S.A.	Juan de la Cierva, 72 - Pol. Ind. Prado Regordano - Móstoles	Provision of local television services	72.75%	1,803	(2,018)	No
Productora Extremeña de Televisión, S.A.	J. M. R. "Azorin", Ed. Zeus, Pol. La Corchera - Mérida, Badajoz	Provision of local television services	38.25%	1,202	1,046	No
Promoción de Actividades Audiovisuales en Canarias, S.A.	Avda. Anaga, 35 - Santa Cruz de Tenerife	Communication activities in television media in the Canary Islands	100.00%	1,052	3,117	Yes
Promociones Audiovisuales Sevillanas, S.A.	Rafael González Abreu, 3 - Sevilla	Production and broadcast of videos and television programs	41.25%	2,520	1,386	No
Promotora Audiovisual de Jaén, S.A.	Avda. del Ejército Español, 6 - Jaén	Provision of local television services	33.32%	657	489	No
Promotora Audiovisual de Zaragoza, S.L.	Emilia Pardo Bazán, 18 - Zaragoza	Provision of local television services	75.00%	120	(1,091)	Yes
Promotora de Emisoras de Televisión, S.A.	Gran Via, 32 - Madrid	Operation of television channels	75.00%	19,061	(13,134)	Yes
Radio Televisión Compostela, S.L.	Fuencarral, 123 - Madrid	Provision of local television services	24.52%	30	15	No
Riotedisa, S.A.	Avda. de Portugal, 12 - Logroño	Audiovisual productions for television programming	36.75%	1,203	294	No
Sociedad Canaria de Televisión Regional, S.A.	Avda. de Madrid s/n - Tenerife	Audiovisual productions for television programming	30.00%	6,010	7,241	No
Telecomunicación Antequera, S.A.	Aguadentros, 15 - Antequera, Málaga	Provision of local television services	51.42%	822	(148)	No
Televisión Alpujarra, S.L.	Pza. Zenete Nº11, El Ejido - Almería	Provision of local television services	27.34%	810	146	No
Televisión Bidasoa, S.L.	Señor Aranzate, 10 20304-Irun, Guipuzcoa	Provision of local television services	20.25%	54	(59)	No
Televisión Pontevedra S.A.	Castelao 3 B 1ª - Pontevedra	Provision of local television services	24.52%	270	(228)	No
Televisión, Medios y Publicidad, S.L.	Quilana, 38 - Alicante	Provision of television services	75.00%	132	(1,193)	Yes
TV Local Eivissa, S.L.	Avd. San Jordi s/n - Edificio Residencial - Ibiza	Provision of television services	67.39%	90	198	No
Unión de Televisiónes Gallegas, S.A.	Pza. de Orense, 3 - La Coruña	Operation of local audiovisual media	24.52%	9,600	4,350	No

INDIRECT HOLDINGS

EXHIBIT II

INVESTEE	ADDRESS	LINE OF BUSINESS	12/31/05 (Thousands of Euros)			TAX GROUP
			% CAPITAL	CAPITAL STOCK	SHAREHOLDERS' EQUITY	
PUBLISHING BUSINESS UNIT						
Aguilar A.T.A., S.A. de Ediciones	Leandro N. Alem 720 - Buenos Aires 1001, Argentina	Publishing	100.00%	1,595	1,837	No
Aguilar Chilena de Ediciones, S.A.	Dr. Aníbal Ariztia 1444, Providencia - Santiago de Chile, Chile	Publishing	100.00%	769	1,216	No
Canal de Editoriales, S.A.	Juan Bravo, 38 - Madrid	Retail sales	99.14%	1,686	2,381	Yes
Constancia Editores, S.A.	Estrada da Outorela 118, 2795 - Carnaxide Linda a Velha - Portugal	Publishing	100.00%	1,250	838	No
Distribuidora y Editora Aguilar, A.T.A., S.A. de C.V.	Calle 80, N 10-23 - Santa Fe de Bogotá, Colombia	Publishing	100.00%	358	752	No
Distribuidora y Editora Richmond, S.A.	Calle 80, N 10-13 - Santa Fe de Bogotá, Colombia	Publishing	100.00%	37	90	No
Ediciones Aguilar Venezolana, S.A.	Rómulo Callegos, Edif. Zulia 1º - Caracas, Venezuela	Publishing	100.00%	29	-	No
Ediciones Grazelema, S.A.	Rafael Beca Máticos, 3 - Seville	Publishing	100.00%	60	121	Yes
Ediciones Santillana Inc.	1506 Roosevelt Avenue, Guaynabo, Puerto Rico	Publishing	100.00%	1,065	4,345	No
Ediciones Santillana, S.A. (Argentina)	Leandro N. Alem 720 - Buenos Aires 1001, Argentina	Publishing	100.00%	9,801	7,547	No
Ediciones Santillana, S.A. (Uruguay)	Constitución, 1889 - 11800 - Montevideo, Uruguay	Publishing	100.00%	147	499	No
Edicions Obradoiro, S.A.	Via Pasteur, 44 Pol. Ind. Tambre - Santiago de Compostela	Publishing	100.00%	60	67	Yes
Editora Voramar, S.A.	Valencia, 44 - 46210 Pircaya - Valencia	Publishing	100.00%	60	77	Yes
Editora Moderna Ltda.	Rua Padre Adelino, 758 Belezinho, Sao Paulo - Brazil	Publishing	100.00%	15,203	27,436	No
Editora Objetiva Ltda.	Rua Cosme Velho, 103, Rio de Janeiro, Brazil	Publishing	75.00%	1,550	3,933	No
Editorial Nuevo México, S.A. de C.V.	Avda. Insurgentes Sur, 686 Mezz., Colonia del Valle. 30100 Mexico D.F.	Publishing	100.00%	65	826	No
Editorial Santillana S.A. (Colombia)	Calle 80, N 10-23 - Santa Fe de Bogotá, Colombia	Publishing	100.00%	675	5,457	No
Editorial Santillana S.A. (Guatemala)	7ª Avenida 11-11 zona 9, Guatemala, C.A.	Publishing	100.00%	71	834	No
Editorial Santillana, S.A. (Dominican Republic)	Juan Sánchez Ramírez, 9, Gazeuc, Santo Domingo, Dominican Republic	Publishing	100.00%	79	1,252	No
Editorial Santillana, S.A. (Venezuela)	Rómulo Callegos, Edif. Zulia 1º - Caracas, Venezuela	Publishing	100.00%	2,460	7,404	No
Editorial Santillana S.A. de C.V. (Mexico)	Avda. Universidad 767 Colonia del Valle - 03100 Mexico D.F., Mexico	Publishing	100.00%	3,467	20,730	No
Editorial Santillana S.A. de C.V. (El Salvador)	Siemens, 51 Zona Industrial Santa Elena - La Libertad, El Salvador	Publishing	100.00%	18	2,418	No
Grup Promotor D'Ensenyament i Difussió en Català, S.A.	Frederic Mompos, 11 - V. Olímpica, Barcelona	Publishing	100.00%	60	70	Yes
Grupo de Ediciones Santillana Ltda.	Rua Padre Adelino, 758 Belezinho, Sao Paulo - Brazil	Publishing	100.00%	37,575	36,285	No
Instituto Universitario de Postgrado, S.A.	Torrelaguna, 60 - Madrid	Teaching outside permanent establishment	52.00%	1,195	774	No
Itaco, S.L.	Torrelaguna, 60 - Madrid	Distribution of books	100.00%	408	6,176	Yes
Lanza, S.A. de C.V.	Avda. Universidad 767 Colonia del Valle - 03100 Mexico D.F., Mexico	Creation, promotion and administration of companies	100.00%	3,244	5,450	No
Librerías Crisol, S.A.	Av. Primavera 2160 - Santiago de Surco, Lima, Peru	Retail sales	94.90%	209	134	No
N. Editorial, S.L.	Juan Bravo, 38 - Madrid	Publishing	100.00%	60	32	Yes
Punto de Lectura, S.L.	Torrelaguna, 60 - Madrid	Publishing	100.00%	300	1,727	Yes
Punto de Lectura, S.A. de C.V.	Avda. Universidad 767 - Mexico D.F., Mexico	Publishing	100.00%	95	379	No
Richmond Publishing S.A. de C.V.	Avda. Universidad 767 Colonia del Valle. 30100 Mexico D.F.	Publishing	100.00%	4	2,602	No
Salamandra Editorial, Ltda.	Rua Padre Adelino, 758 Belezinho, Sao Paulo - Brazil	Publishing	100.00%	49	64	No
Santillana, S.A. (Costa Rica)	La Uruca, 100m Oeste de Migración - San José, Costa Rica	Publishing	100.00%	463	1,378	No
Santillana, S.A. (Ecuador)	Avda. Eloy Alfaro, 227 y 6 de diciembre - Quito, Ecuador	Publishing	100.00%	1,144	2,207	No
Santillana, S.A. (Paraguay)	Avda. Venezuela, 276 - Asunción, Paraguay	Publishing	100.00%	763	336	No
Santillana, S.A. (Peru)	Avda. San Felipe, 731, Jesús María - Lima, Peru	Publishing	95.00%	1,356	4,840	No
Santillana Canarias, S.A.	PG El Mayorazgo parcela 14 A, Santa Cruz de Tenerife, Spain	Publishing	100.00%	60	55	Yes
Santillana de Ediciones, S.A.	Avda. Arce, 2333 - 3953 La Paz, Bolivia	Publishing	100.00%	1,253	785	No
Santillana del Pacífico, S.A. de Ediciones (Chile)	Dr. Aníbal Ariztia 1444, Providencia - Santiago de Chile, Chile	Publishing	100.00%	402	3,641	No
Santillana Ediciones Generales, S.L.	Torrelaguna, 60 - Madrid	Publishing	100.00%	2,276	14,792	Yes
Santillana Ed. Generales, S.A. de C.V.	Avda. Universidad 767 Colonia del Valle - 03100 Mexico D.F., Mexico	Publishing	100.00%	4	2,658	No
Santillana Educación, S.L.	Torrelaguna, 60 - Madrid	Publishing	100.00%	7,747	77,919	Yes
Santillana Formación, S.L.	Torrelaguna, 60 - Madrid	Teaching outside permanent establishment	100.00%	1,000	265	Yes
Santillana USA Publishing Co. Inc.	2105 NW 86th Avenue - Miami, Florida, U.S.A.	Publishing	100.00%	40,569	2,427	No
Suma de Letras Argentina, S.A.	Leandro N. Alem 720 - Buenos Aires 1001, Argentina	Publishing	100.00%	467	264	No
Zulia Editorial, S.A.	Poi. Lezama Legutamon, c/ 31 - Etxebarri, Vizcaya	Publishing	100.00%	60	84	Yes

INDIRECT HOLDINGS

EXHIBIT II

INVESTE	ADDRESS	LINE OF BUSINESS	12/31/05 (Thousands of Euros)			TAX GROUP			
			% CAPITAL	CAPITAL STOCK	SHAREHOLDERS' EQUITY				
<u>PRINTING BUSINESS UNIT</u> Altamira Press, S.A. Bichasoa Press, S.L. Dédalo Altamira, S.A. Dédalo Grupo Gráfico, S.L. Dédalo Heliocolor, S.L. (formerly Polestar Heliocolor, S.L.) Dédalo Hispánica, S.A. (formerly Polestar Hispánica, S.A.) Distribuciones Aliadas, S.A. Ediciones Bidasoa, S.A. Gráficas Integradas, S.A. Macrolibros, S.A. Mateu Cromo Artes Gráficas, S.A. Mateu Liber, S.L. Norpremsa, S.A.	Ctra. de Pinto a Fuenlabrada, km. 20,8 - Madrid Gran Via, 32 - Madrid Ctra. de Pinto a Fuenlabrada, km. 20,8 - Madrid Ctra. de Pinto a Fuenlabrada, km. 20,8 - Madrid C/ Camino de los Alfigidos S/N - Alcala de Henares - Madrid C/ Camino de los Alfigidos S/N - Alcala de Henares - Madrid Gran Via, 32 - Madrid Gran Via, 32 - Madrid C/ Camino de los Alfigidos S/N - Alcala de Henares - Madrid C/ Vazquez de Menchaca, 9, Poligono Industrial Argales - Valladolid Ctra. de Pinto a Fuenlabrada, km. 20,8 - Madrid Ctra. de Pinto a Fuenlabrada, km. 20,8 - Madrid Gran Via, 32 - Madrid	Printing of published materials Printing of published materials Printing of published materials Printing of published materials Printing of published materials Printing of published materials Printing of published materials Printing of published materials Printing of published materials Printing of published materials Printing of published materials Printing of published materials Printing of published materials Printing of published materials Printing of published materials Printing of published materials	40.00%	5,384	470	No			
			40.00%	2,047	8,313	No			
			40.00%	6,000	(5,237)	No			
			40.00%	28,458	94,487	No			
			40.00%	8,458	(4,574)	No			
			40.00%	8,456	2,406	No			
			40.00%	2,100	9,434	No			
			100.00%	113	190	Yes			
			40.00%	601	1,828	No			
			40.00%	992	8,138	No			
			40.00%	4,000	(3,360)	No			
			40.00%	1,003	1,053	No			
			40.00%	1,800	4,651	No			
			<u>DISTRIBUTION BUSINESS UNIT</u> Beralán, S.L. Cinpress, S.L. Diserpe, S.R.L.U. Distribuidora Almeriense de Publicaciones, S.L. Distribuidora Cortobosa de Medios Editoriales, S.L. Distribuidora de Publicaciones Boreal, S.L. Distribuidora Extremeña de Publicaciones, S.L. Distribuidora Jienense de Publicaciones, S.L. Distribuidora, S.L. Gestión de Logística Editorial, S.L. Marina Press Distribuciones, S.L. Prensa Serviodiel, S.L. Souto, S.L. Suscripciones de Medios Editoriales, S.L. Trecerdis, S.L. Val Disme, S.L.	Avda. Ama Kandida, 21 - Guipuzcoa Autopista A8 Km 14.4 - Arribas, Asturias C/Dels Argemiers 4, P.I. Vara de Quart - 46014 Valencia Dtor. Ferrán s/n, Pol. Ind. El Montalbo - Carriajosa de la Sagrada, Salamanca Sierra Cabrera, 1. Pol. Ind. La Juatida - Viator, Almería Pol. Ind. Chinales, naves 7 y 8, parcela 29 - Córdoba Avenida de Fuentemar, 29 - Coslada, Madrid Ctra. N-5, Km. 397 - Badajoz Pol. Ind. Los Olivares, calle 5, parcela 526 - Jaén Agricultura, parcela D-10 (P. Empresarial) - Jerez, Cádiz Samaniego s/n, Pol. Las Mercedes - Madrid Pere IV, 467 - Barcelona Poligono Tartessos 309, Calle A - 21610 San Juan del Puerto (Huelva) Pol.Ind.Oceao./Da Industria,107. 27290.Lugo C/De la Agricultura, Parque Empresarial Parcela D1 - 11407 Jerez de la Frontera C/ Avenida de Bruselas,5. Arrollo de la Vega -28108 Alcobendas Trajiners, 3 - Valencia	Distribution of published materials Distribution of published materials Distribution of published materials Distribution of published materials Distribution of published materials Distribution of published materials Distribution of published materials Distribution of published materials Distribution of published materials Distribution of published materials Distribution of published materials Distribution of published materials Distribution of published materials Distribution of published materials Distribution of published materials Distribution of published materials	22.25%	218	2,197	No
						24.70%	14	677	No
						23.75%	3	446	No
						25.14%	39	457	No
34.09%	264	389				No			
20.30%	31	69				No			
29.00%	103	3,336				No			
20.30%	11	502				No			
29.00%	220	365				No			
29.00%	100	673				No			
50.00%	310	1,671				No			
30.00%	300	1,474				No			
20.30%	8	44				No			
34.09%	34	371				No			
29.00%	60	(46)				No			
20.46%	861	745				No			
23.75%	144	1,037				No			
<u>MEDIA ADVERTISING SALES BUSINESS UNIT</u> GDM Publicidad Electrónica, S.A. Solomercos, S.A.	Gran Via, 32 - Madrid Gran Via, 32 - Madrid	Design and development of image-based application Advertising management	51.00%	61	436	No			
			100.00%	180	1,264	Yes			

INDIRECT HOLDINGS

EXHIBIT II

INVESTEE	ADDRESS	LINE OF BUSINESS	12/31/05 (Thousands of Euros)			TAX GROUP
			% CAPITAL	CAPITAL STOCK	SHAREHOLDERS' EQUITY	
INTERNATIONAL RADIO BUSINESS UNIT						
Cadena Radiodifusora Mexicana, S.A. de C.V. Caracol, S.A.	Calzada de Tlalpan 3000 col Espartaco Mexico Distrito Federal 04870 Carrera, 39-A 1581 - Bogotá, Colombia	Operation of radio broadcasting business	35.59%	22	3,895	No
Caracol Broadcasting Inc.	2100 Coral Way - Miami 33145 - Florida, U.S.A.	Commercial radio broadcasting services	61.01%	12	26,983	No
Caracol Estéreo, S.A.	Carrera, 39-A 1581 - Bogotá, Colombia	Operation of radio broadcasting business	79.18%	215	3,026	No
CHR, Cadena Hispanoamericana de Radio, S.A.	Carrera, 39-A 1581 - Bogotá, Colombia	Commercial radio broadcasting services	61.00%	3	865	No
Compañía de Comunicaciones C.C.C. Ltda.	Carrera, 39-A 1581 - Bogotá, Colombia	Commercial radio broadcasting services	60.18%	384	1,051	No
Comunicaciones del Pacífico S.A.	Los Leones 2255 - Providencia, Santiago de Chile	Commercial radio broadcasting services	60.98%	27	1,194	No
Comunicaciones Santiago, S.A.	Los Leones 2255 - Providencia, Santiago de Chile	Operation and management of TV channels and radio broadcasters	79.18%	466	481	No
Consortio Radial de Chile, S.A.	Los Leones 2255 - Providencia, Santiago de Chile	Operation of radio broadcasting businesses	79.18%	110	(1,111)	No
Consortio Radial de Panamá, S.A. (*)	Urbanización Obarrío Calle 54, Edificio Caracol, Panamá	Operation of radio broadcasting businesses	79.18%	17,799	7,964	No
Corporación Argentina de Radiodifusión, S.A.	Bozaley, 3860 - Buenos Aires, Argentina	Advisory and marketing services and general products	79.18%	10	10	No
Ecos de la Montaña Cadena Radial Andina, S.A.	Carrera, 39-A 1581 - Bogotá, Colombia	Operation of radio broadcasting business	79.39%	2,504	3,811	No
El Dorado Broadcasting Corporation	2100 Coral Way - Miami, Florida, U.S.A.	Commercial radio broadcasting services	60.81%	-	315	No
Emisora Mil Veinte, S.A.	Carrera, 39-A 1581 - Bogotá, Colombia	Development of Latin-American radio market in USA	19.79%	196	(1,452)	No
Fast Net Comunicaciones, S.A.	Carrera, 39-A 1581 - Bogotá, Colombia	Commercial radio broadcasting services	59.95%	-	53	No
GLP Colombia Ltda	Los Leones 2255 - Providencia, Santiago de Chile	Operation of telecommunication and radio broadcasting services	79.18%	2	321	No
GLR Broadcasting, LLC	Carrera 9, 9907 oficina 1200, Bogotá, Colombia	Operation and marketing of advertising on any support	38.00%	253	586	No
GLR Chile Ltda	Baypoint Office Tower, 4770 Biscayne Blvd, Suite 700 Miami, FL 33137	Operation of radio broadcasting business	79.18%	1	(112)	No
GLR Costa Rica, S.A.	Los Leones 2255 - Providencia, Santiago de Chile	Operation of radio broadcasting businesses	79.18%	16,704	8,414	No
GLR Francia, S.A.R.L.	Llorente de Tibás, Edif. La Nación - San José, Costa Rica	Radio broadcasting	79.18%	1,020	900	No
GLR Midi France, S.A.R.L.	Immeuble Le Periscope, 83-87 Av d'Italie - Paris, France	Radio broadcasting	79.18%	8	(442)	No
GLR Networks, LLC	Immeuble Le Periscope, 83-87 Av d'Italie - Paris, France	Radio broadcasting	49.87%	40	35	No
GLR Services Inc.	Immeuble Le Periscope, 83-87 Av d'Italie - Paris, France	Provision of services to radio broadcasting businesses	79.18%	2,036	(4)	No
Green Emerald Business Inc.	Baypoint Office Tower, 4770 Biscayne Boulevard, Suite 700 - Miami (USA)	Provision of services to radio broadcasting businesses	79.18%	4	11,523	No
Grupo Latino de Radiodifusión LLC.	2100 Coral Way - Miami 33145 - Florida, U.S.A.	Development of Latin-American radio market in Panama	27.67%	3,986	(879)	No
La Voz de Colombia, S.A.	Calle 54 Obarrío N° 4, Ciudad de Panamá - Panamá	Development of Latin-American radio market in USA	59.90%	-	(25)	No
Multiservicios de Comunicación, S.A.	Villavicencio Calle 67 n°7-37-Piso 7, Ctra 31	Commercial radio broadcasting services	18.30%	1	506	No
Parisiennes Regie S.A.R.L.	Diagonal 108 n°1-23 Este	Commercial radio broadcasting services	79.18%	1	6	No
Prisa Inc.	Rue de Charonne 5, 75011 Paris (France)	Commercial radio broadcasting services	15.84%	12	12	No
Promotora de Publicidad Radial, S.A.	5300 First Union Financial Centre, Miami, Florida, U.S.A.	Management of businesses in USA and North America	76.00%	1,287	(284)	No
Promotora Radial del Llano Ltda.	Carrera, 39-A 1581 - Bogotá, Colombia	Commercial radio broadcasting services	61.00%	1	(30)	No
Publicitaria y Difusora del Norte Ltda.	Villavicencio Calle 67 n°7-37-Piso 7, Ctra 31	Commercial radio broadcasting services	30.50%	1	96	No
Radiodifusora Beehoven Valpariso Ltda.	Los Leones 2255 - Providencia, Santiago de Chile	Radio broadcasting	79.18%	65	(4,910)	No
Radio Comerciales, S.A. de C.V.	Los Leones 2255 - Providencia, Santiago de Chile	Operation of radio broadcasting business	79.18%	180	2,239	No
LS4 Radio Continental, S.A.	Rubén Darío n°158, Guadalupe - Mexico	Operation of radio broadcasting business	39.59%	397	1,647	No
Radio Estéreo, S.A.	Rivadavia 835 Ciudad Autónoma de Buenos Aires	Operation of radio broadcasting and advertising services	79.24%	3	(14)	No
Radio Melodía, S.A. de C.V.	Immeuble Le Periscope, 83-87 Av d'Italie - Paris, France	Radio broadcasting	61.44%	383	480	No
Radio Tapatia, S.A. de C.V.	Rubén Darío n°158, Guadalupe - Mexico	Operation of radio broadcasting businesses	39.59%	4	311	No
Sociedad Radiodifusora del Norte Ltda.	Carrera, 39-A 1581 - Bogotá, Colombia	Commercial radio broadcasting services	56.75%	325	449	No
Sociedad de Radiodifusión y Publicidad Exta Ltda.	Rubén Darío n°158, Guadalupe - Mexico	Operation of radio broadcasting businesses	39.59%	6	298	No
Radiotelvisora de Mexicali, S.A. de C.V.	Los Leones 2255 - Providencia, Santiago de Chile	Operation of radio broadcasting businesses	79.18%	3	(1,331)	No
Regie Musique Latine S.A.R.L.	Los Leones 2255 - Providencia, Santiago de Chile	Operation of radio broadcasting businesses	79.18%	14	55	No
Sistema Radiópolis, S.A. de C.V.	Av. Reforma 1270 Mexicali Baja California Norte	Operation of radio broadcasting businesses	39.59%	744	1,574	No
Trokar de Colombia, S.A.	Immeuble Le Periscope, 83-87 Av d'Italie - Paris, France	Development of Latin-American radio market in France	63.34%	813	1,497	No
WSUA Broadcasting Corporation	Av. Vasco de Quiroga 2000, Mexico D.F.	Operation of radio broadcasting businesses	39.59%	15,758	31,059	No
Xexxa, S.A. de C.V.	Carrera, 39-A 1581 - Bogotá, Colombia	Retail and wholesale trade	55.56%	-	(2,689)	No
	2100 Coral Way - Miami, Florida, U.S.A.	Radio broadcasting	19.79%	587	(3,104)	No
	Rubén Darío n°158, Guadalupe - Mexico	Operation of radio broadcasting businesses	39.59%	4	130	No
INTERNATIONAL PRESS BUSINESS UNIT						
Comunicaciones El País, S.A. (*)	Colinas de Santa Rita, La Paz, Bolivia	Publishing	77.31%	2,727	2,563	No
Editorial Ananecor, S.A. (*)	Cristo Redentor 3355, Santa Cruz - Bolivia	Publishing	77.44%	556	(1,593)	No
Información Extra, S.A. (*)	Avda. Argentina, 2057, La Paz, Bolivia	Publishing	81.51%	107	(299)	No
INTERNATIONAL TELEVISION BUSINESS UNIT						
ATB Ilimani de Comunicaciones y Asociados del Valle, S.A. (*)	Tupiza, 1140 - Recoleta, San Benito - Bolivia	Operation of TV and radio programs	15.00%	1,162	494	No
ATB Santa Cruz Televisión, S.A. (*)	Avda. Cristo Redentor, 33-55 - Santa Cruz, Bolivia	Operation of TV and radio programs	18.63%	3,044	28	No
Ilimani de Comunicaciones, S.A. (*)	Avda. Argentina, 2057 - La Paz, Bolivia	Operation of TV and radio programs	18.75%	8,170	444	No

INDIRECT HOLDINGS

EXHIBIT II

INVESTEES	ADDRESS	LINE OF BUSINESS	12/31/05 (Thousands of Euros)			TAX GROUP
			% CAPITAL	CAPITAL STOCK	SHAREHOLDERS' EQUITY	
SOGECABLE BUSINESS UNIT						
Audiovisual Sport, S.L.	Diagonal, 477 Barcelona	Management and distribution of audiovisual rights	19.60%	6,220	(29,137)	No
Canal Club de Distribución de Ocio y Cultura, S.A.	C/ Hermosilla, 112 - Madrid	Catalog sales	6.13%	3,907	4,248	No
Canal + Investment Inc.	Beverly Hills, California, U.S.A.	Film production	14.70%	111,752	22,673	No
Canal Satellite Digital, S.L.	Avda. de los Artesanos, 6 - Tres Cantos - Madrid	Television services	20.95%	159,196	224,409	No
Centro de Asistencia Telefónica, S.A.	Avda. de los Artesanos, 6 - Tres Cantos - Madrid	Provision of services	24.50%	3,077	4,882	No
Compañía Independiente de Noticias de TV, S.L.	Pablo Ruiz Picasso, s/n - MADRID	Television services	12.25%	1,442	(4,049)	No
Compañía Independiente de Televisión, S.L.	Avda. de los Artesanos, 6 - Tres Cantos - Madrid	Management and operation of audiovisual rights	24.50%	601	15,797	No
Cinemanía, S.L.	Avda. de los Artesanos, 6 - Tres Cantos - Madrid	Operation of theme channels	22.05%	601	4,990	No
DTS, Distribuidora de Televisión Digital, S.A.	Avda. de los Artesanos, 6 - Tres Cantos - Madrid	Television services	24.50%	346,169	252,905	No
Jetix España, S.L. (previously Fox Kids España, S.L.)	Avda. de los Artesanos, 6 - Tres Cantos - Madrid	Operation of theme channels	12.25%	301	2,877	No
Sociedad General de Cine, S.A.	Avda. de los Artesanos, 6 - Tres Cantos - Madrid	Production and management of audiovisual rights	24.50%	6,010	21,362	No
Sogecable Media, S.L.	Avda. de los Artesanos, 6 - Tres Cantos - Madrid	Marketing of advertising slots	43.38%	3	(587)	No
Sogecable Editorial, S.L.	Avda. de los Artesanos, 6 - Tres Cantos - Madrid	Management of intellectual property rights	24.50%	3	3	No
Sogepaq, S.A.	Avda. de los Artesanos, 6 - Tres Cantos - Madrid	Management and distribution of audiovisual rights	24.50%	18,030	15,942	No
Via Atención Comunicación, S.L.	Alcalá, 506 - Madrid	Provision of digital television services	24.50%	4	(109)	No
Warner Sogefilms, A.I.E.	Cardenal Marcelo Spinola, 8 - Madrid	Movie distribution	12.25%	60	60	No

VARIATIONS IN EQUITY ACCOUNTS IN 2005
(Thousands of Euros)

EXHIBIT III

	Capital Stock	Additional Paid-in Capital	1983 Revaluation Reserves	Revaluation Reserves RDL 7/1996	Legal Reserve	Reserves for Treasury Stock	Bylaw Reserves	Reserve for Retired Capital	Other Reserves	Income for the Year	Total Shareholders' Equity
Balance at December 31, 2004	21,881	108,369	3,289	10,650	4,376	29,706	10,941	1,373	394,426	62,434	647,445
Transfer - reserves due to delivery of treasury stock						(73)			73		-
Transfer - reserves due to the acquisition of treasury stock						3,716			(3,716)		-
Transfer - reserves due to the sale of treasury stock						(583)			583		-
Distribution of 2004 income:											
- Directors' compensation										(1,382)	(1,382)
- Dividends										(25,688)	(25,688)
- Reserves									35,364	(35,364)	-
Income for the year										109,743	109,743
Balance at December 31, 2005	21,881	108,369	3,289	10,650	4,376	32,766	10,941	1,373	426,730	109,743	730,118

PROMOTORA DE INFORMACIONES, S.A. (PRISA)

2005 Individual Management Report

*Translation of a report originally issued in Spanish. In the event of a discrepancy,
the Spanish-language version prevails*

**PROMOTORA DE INFORMACIONES, S.A. (PRISA)
2005 DIRECTORS' REPORT**

1. Business performance

Promotora de Informaciones, S.A. (Prisa) is the company which heads the Grupo Prisa. Its function within the Group is to develop central corporate services, act as the Group's financing center in Spain and engage in other activities relating to the development and expansion of the Group.

Results and profitability-

Prisa's results depend directly on the performance of the various business units composing the Group. Its income is determined mainly by the dividends it receives from its subsidiaries and its expenses, relating mainly to personnel and the services it commissions. The variations in the net worth position of its subsidiaries also give rise to increases and decreases in the value of its investment portfolio.

The income obtained in 2005 consolidates the growth trend, outperforming the market that the Grupo Prisa has sustained in recent years. With respect to 2004, the Group's net income rose by 25%, revenues increased by over 9% and operating income by 28%. This excellent performance in results was boosted by a rise in the operating profit margin to 15% in 2005, two percentage points above that of 2004, which clearly reflects the stringency in the efficient management of resources in all the businesses.

Investment activities-

In 2005 Prisa acquired an additional 1.50% holding in Sogecable, S.A. Also, on November 2, 2005, it submitted a tender offer on a maximum of 20% of the shares of Sogecable, S.A. to the Spanish National Securities Market Commission, which granted authorization on January 23, 2006. If the Company were to acquire all the shares it is targeting it would have a 44.50% ownership interest in Sogecable, S.A.

By increasing its ownership interest through this tender offer Prisa aims to shape the shareholder structure at Sogecable, S.A. in which its holding exceeds substantially that of the other reference shareholders, with a view to contributing to Sogecable, S.A. by providing it with stable management and helping it implement its business plan.

Also in 2005, Prisa consolidated its presence in the Portuguese market by acquiring a 33% ownership interest in the capital stock of Grupo Media Capital SGPS, S.A., a company listed on the Eurolist of Euronext Lisbon.

By means of these transactions Prisa intends to expand and strengthen its presence in the audiovisual area, a fast-expanding market. This will also give rise to changes in the Group's size and will entail the diversification of its business portfolio and source of revenues, making its activity less dependent on the advertising cycle, by counterbalancing the volume of advertising revenues (currently the Group's principal revenues) with other more stable and permanent sources of earnings.

In 2005 Prisa also acquired a 15% ownership interest in Le Monde, S.A., which has long been a benchmark in the French media industry.

Financing activities-

The transactions performed in 2005 were financed by drawing down the credit facilities and loans that had already been arranged by the Group. To finance its payment of the tender offer on 20% of the shares of Sogecable, S.A., Prisa obtained a bridge loan for €988,378 thousand.

2. Subsequent events

On January 23, 2006, the National Securities Markets Commission authorized the tender offer submitted by the Company on the shares of Sogecable, S.A. on November 2, 2005, while on January 30, 2006, the Board of Directors of Sogecable, S.A. approved a favorable report on the projected transaction.

Also, on May 19, 2005, the associated company Iberbanda, S.A. signed a memorandum of understanding with a telecommunication services operator, to become a reference shareholder of the company. This agreement defined a new business plan which gave rise to the restructuring and discontinuity of a part of Iberbanda, S.A.'s current business in order to optimize its capacities and focus its activities on complementing the infrastructures of the aforementioned telecommunications services operator. On January 27, 2006, the Council of Ministers resolved to declare unlawful the aforementioned economic concentration transaction. As of December 31, 2005, Prisa had provisioned in full its investment in Iberbanda, S.A.

3. Principal risks associated with the business

As head of the Group, the risks to which Prisa is exposed are directly linked to those of its subsidiaries.

The activities of the Group subsidiaries and therefore their transactions and results are exposed to risks in the scenario in which they are carried on and also to outside factors, such as the macroeconomic situation, the performance of its markets (advertising, publishing, etc.) and legislative amendments, as well as the entry of new competitors and their performance. The activities carried on by the business units abroad, mainly in Latin America, are exposed to additional risks associated with exchange rate changes and the economic and political situation of the country in question.

The risk associated with changes in exchange rates, assumed by the Group, relates mainly to the following transactions:

- Debt denominated in foreign currency: 12% of the Group's total bank financing as of December 31, 2005 is arranged in foreign currency.
- Results from activities carried on in other countries outside the euro area are dependent on the fluctuations of the respective currencies: around 16% of the Group's results (before minority interests and taxes) as of December 31, 2005 derived from South America.
- Financial investments made to acquire ownership interests in foreign companies: these are long-term investments with a view to maintaining stable shareholder status, although such investments are exposed to variations in equity, not only as a result of the activity, but also due to changes in exchange rates.

In managing and monitoring risk the Group classifies its main exposure in the following categories:

- a. Strategic risks
- b. Business process risk
- c. Risks relating to financial management
- d. Risks arising from the reliability of financial information
- e. Technological risks

The Corporate Governance Report provides greater details on each of these risk categories and the bodies and specific actions in place to detect, measure, control and manage them.

4. Use of financial instruments

Prisa arranges exchange rate and interest rate hedge contracts, where this is advisable in view of the outlook for market performance. As of December 31, 2005 it had no exchange rate hedge contracts, but had arranged contracts to hedge Euribor interest rates, designed to hedge a maximum rate. The nominal amount of these contracts is €150,000 thousand, with half-yearly settlements and final maturity in 2007.

5. Treasury stock

As of December 31, 2005, Promotora de Informaciones, S.A. held 10,940,625 shares of treasury stock, which represents 5% of capital stock, with a total cost of €32,766 thousand and a cost per share of €2.99.

The Company plans to use all the shares of treasury stock held by it to cover the exchangeable bond issue launched in 2003 through its subsidiary Prisa Finance (Netherlands) B.V.

6. Stock market performance

Prisa's shares-

Prisa's shares closed 2005 at a price of €14.40 per share, with stock market capitalization as of December 31, 2005 of €3,150 million. Prisa's shares are listed on the Madrid, Barcelona, Bilbao and Valencia stock markets. The Company forms part of the Ibex-35 index.

Number of shares:	218,812,500
Free-float:	30.6%
Treasury stock*:	10,940,625
Earnings per share**:	0.74
Dividend yield***:	0.78%

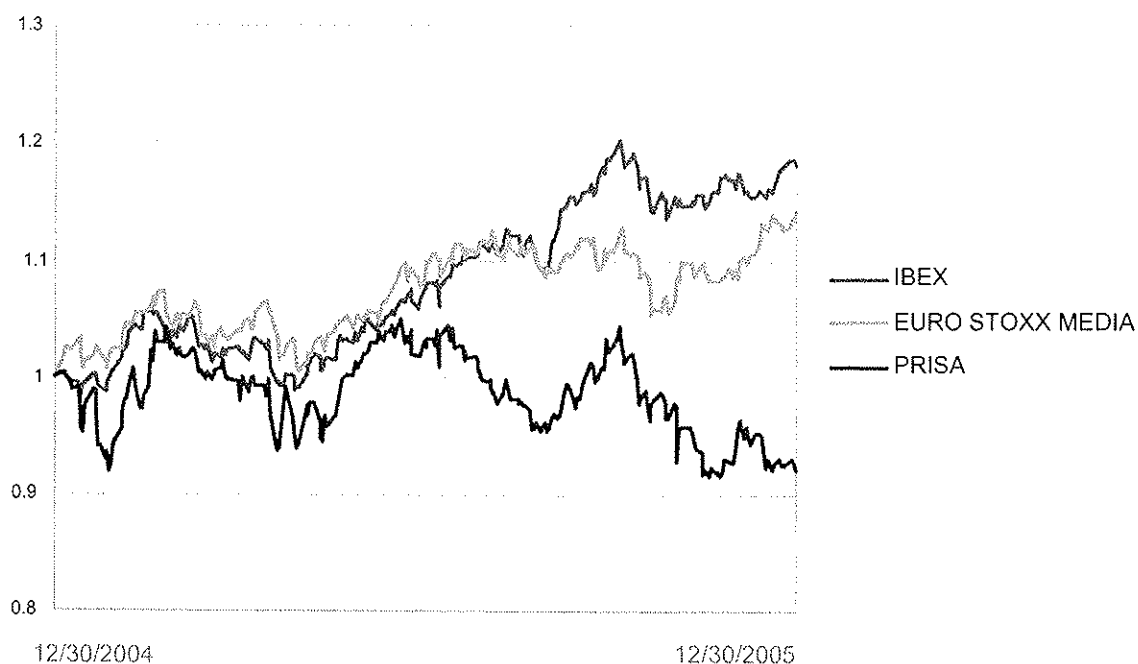
* Treasury stock securing the exchangeable bond issue launched in 2003

** Without calculating treasury stock of 10,940,625 shares

*** Calculation based on average share price in 2005

Price performance-

The market performance of the Ibex, Euro Stoxx Media and Prisa from December 30, 2004 through December 30, 2005 was as follows:



Share price 2005

Opening (12/30/04)	15.62
Maximum	16.41
Minimum	14.29
Average	15.40
Closing (12/30/05)	14.40

7. Outlook

Looking ahead to 2006, the various business units through which Prisa operates are expected to perform well. The projections for the coming year point to growth in Prisa's revenues and its share of the advertising market, good prospects in the circulation of our newspapers and magazines and an improvement in the economic performance in Latin American countries. Lastly, the outlook for the new businesses is that efficiency and results will improve. The across-the-board approach of the Group's various business units will be marked by the ongoing adaptation of our resources to the opportunities and challenges offered by the new technologies.

As regards financing activities, the Group's intention is to rethink its financing structure in 2006, with a view to adapting it to its new situation, from the standpoint of terms and costs, once all the acquisition transactions that are planned have been completed.