

**PROMOTORA DE INFORMACIONES, S.A.
(PRISA)**

AUDIT COMMITTEE

**ANNUAL REPORT
2008**

Madrid, March, 2009

I.- INTRODUCTION

The Audit Committee of PROMOTORA DE INFORMACIONES, S.A. (hereinafter PRISA or GRUPO PRISA where applicable) issues this report to enable the Board of Directors to make available to shareholders information concerning the Committee's operations and activities during the 2008 financial year.

The Audit Committee was set up in 2001 (under the name "Audit and Compliance Committee") and has progressively adapted its operations and composition to the rules and codes which have since then been published with a view to achieving maximum efficiency and transparency for listed companies.

PRISA'S Audit Committee is governed by the Eighteenth Additional Provision of the Securities Market Law, by Article 21bis of the Company Bylaws and by the Regulation of the Board of Directors of PRISA passed on June 21, 2001 and amended on July 17, 2003; March 18, 2004; January 18, 2007 and October 18, 2007.

II.- COMPOSITION

The composition of the Audit Committee is as follows:

Chairman: Mr. Matias Cortes Dominguez - Independent External Director

Members: Mr. Ramon Mendoza Solano – External Director (representing a significant shareholding).
Ms. Agnes Noguera Borel – External Director (representing a significant shareholding)
Mr. Borja Jesus Perez Arauna – External Director (representing a significant shareholding)
Mr. D. Juan Salvat Dalmau – Independent External Director

Secretary: Mr. Iñigo Dago Elorza, Non-Member Secretary of the Board of Directors

At December 31, 2008 the secretary of the Audit Committee was Mr. Miguel Satrústegui Gil Delgado, who resigned as Secretary General and Secretary to the Board of Directors on February 19, 2009.

III.- FUNCTIONS AND POWERS

Pursuant to the provisions of the Board of Directors Regulation, the main function of the Audit Committee is to support the Board of Directors in its supervisory and management tasks.

As established by the mentioned Regulation, the Audit Committee has the following basic responsibilities:

- a) Within the scope of its powers, to report at annual shareholders meetings on issues raised by shareholders, pursuant to the provisions of the Law and the Shareholders Meeting Regulation.
- b) To propose to the Board of Directors the appointment of external account auditors pursuant to Section 204 of the consolidated text of the Corporations Law, to be submitted at the annual shareholders meeting.
- c) To supervise internal auditing services.
- d) To supervise the Company's financial information process and internal monitoring systems.
- e) To maintain contact with the external auditors in order to receive information on those issues that could compromise their independence and any others related to the accounts auditing process, together with any other communication provided for in accounts auditing legislation and rules.

In addition, and regardless of other tasks that may be assigned it by the Board of Directors, the Audit Committee shall have the following powers:

- a) To advise and make proposals to the Board of Directors concerning the auditors' contract conditions, the scope of professional their mandate and, if warranted, the revocation or non-renewal of the external auditors, as well as supervising their performance of audit contract obligations;
- b) To propose the selection, appointment, reappointment or removal of the person in charge of the company's internal audit service.
- c) To review the company accounts, oversee compliance with legal requirements and the proper application of generally accepted accounting principles, as well as to issue opinions on proposals to amend accounting principles and criteria suggested by the management;
- d) To review the issue prospectuses and information concerning the quarterly and half-yearly financial statements that the Board must provide the markets and their supervisory bodies;

- e) To analyze and issue opinions concerning specific investment transactions when, owing to their importance, the Board so requests;
- f) To issue opinions concerning the creation or acquisition of interests in entities domiciled in countries or territories considered as tax havens.
- g) To exercise all other powers granted the committee in the Regulation.

In accordance with the provisions of the Board of Directors Regulation, the Audit Committee may seek external advice when it deems it warranted when carrying out its functions.

IV.- MEETINGS

Pursuant to the Board of Directors Regulation, the Audit Committee shall meet periodically as required and at least four (4) times a year.

The meetings held and principal matters discussed during 2008 were the following:

Meeting held on January 17, 2008

The proposed professional fees for 2007 for the external auditors were discussed.

It was resolved to extend the appointment of the present auditors DELOITTE, S.L., as auditors of the accounts of the company and its consolidated group, for a period of one year to audit the 2008 financial statements.

A favorable opinion was issued with regard to the section concerning risk control in the 2007 Corporate Governance Report.

The external auditor presented a preliminary report on the most significant aspects of the 2007 accounts audit conducted thus far.

Meeting held on February 7, 2008

The external auditor presented his final conclusions concerning the most significant aspects of the 2007 external accounts audit, reporting at that time on the reservations that will be included in PRISA's individual accounts:

"As parent of the Group, PROMOTORA DE INFORMACIONES, S.A. (PRISA) submits annual consolidated accounts in accordance with the International Financial Reporting

Standards adopted by the European Union (IFRS-EU). On this same date we are issuing our audit report concerning the aforementioned annual consolidated accounts for 2007 for which we express a favorable opinion. In accordance with the content of those consolidated annual accounts prepared pursuant to IFRS-EU, total net consolidated assets amount to 1,353,547,000 euro, the consolidated profit for the year is 191,973,000 euro and the total volume of assets and sales amounts to 6,526,360,000 euro and 3,696,028,000 euro, respectively. In other respects and as is explained in Note 4-d of the attached report, company directors value holdings in the capital of the group and its subsidiaries as the lesser of their acquisition cost and their corrected theoretical book value, if warranted, for the amounts assigned goodwill subsisting at December 31, 2007 in the Group's annual consolidated accounts prepared in accordance with the International Financial Reporting Standards adopted by the European Union, considering that in both the individual and the consolidated financial statements of this Group this affords a more accurate reflection of the value of the capital holdings. However, the Company should have valued those holdings in accordance with the criteria set forth in the General Accounting Plan and in specific Spanish accounting rules to reflect in the valuation of holdings recorded under the heading "Financial Fixed Assets" the effect of the amortization of goodwill remaining at the end of the financial year. If those criteria had been followed, the balance in the profit and loss account for 2007 under the heading "Variation in Provisions for Securities" would have been increased by 59,122,000 euro and the heading in that same account "Extraordinary Expenses—Expenses and Losses from Previous Years" would have increased by 82,799,000 euro."

However, the Audit Committee believes that the sole objective of the criterion adopted by the Company is to reflect the value of those holdings in both the individual and consolidated financial statements of the Group in an accurate and consistent manner. The discrepancies existing in 2007 between the Spanish General Accounting Plan and International Financial Reporting Standards with respect to goodwill will be corrected in the new General Accounting Plan, whose application is mandatory commencing on January 1, 2008 pursuant to Law 16/2007 of July 4 on the reform and adaptation of corporate accounting legislation and its international harmonization based on European Union legislation. This new law allows the same valuation criterion to be applied in consolidated and individual financial statements, according to which the amounts reflecting goodwill are not amortized, without prejudice, if applicable, to the evaluation of impairment in its impact at the end of each financial year. Thus, it is the opinion of the Committee that this new legislation supports the criterion applied by the Company in its 2005 and 2006 accounts, and deems that it should continue to be applied in 2007, since in addition to providing a consistent valuation of its holdings in the individual and consolidated financial statements, it reflects the true value of those holdings in the Group and its subsidiaries.

The Audit Committee Report for 2007 was likewise approved.

And, finally, there was a review of the financial information for the second semester 2007, to be released to the markets.

Meeting held on April 17, 2008

A review was conducted of the financial information for the first quarter of 2008, to be made public to the markets.

New requirements for the periodic disclosure of financial information were discussed.

The Internal Audit Director presented a general summary of the internal audits conducted during 2007.

Meeting held on July 23, 2008

Discussion of the fees paid to the external auditor for auditing the accounts of Grupo Prisa companies in the 2008 first semester.

The external auditor explained the scope of the audits carried out for the 2008 first semester financial report.

Review of the first semester 2008 financial information to be made public to the markets.

Meeting held on October 16, 2008

The external auditor explained the scope of the audits conducted with respect to the merger balance sheet as per September 30, 2008. This balance sheet will be used by PRISA for the merger with SOGECABLE, S.A. Unipersonal.

Review of the third quarter 2008 financial information to be made public to the markets.

The Internal Audit Director presented a report concerning the Internal Audit Plan for 2008.

V.- EXTERNAL AUDITORS

5.1. Relations with the External Auditors

The Audit Committee proposed that the Board of Directors extend the appointment of DELOITTE, S.L. as auditors of the accounts of the Company and

its Consolidated Group for the term of one year. Based on the Board of Directors' proposal, the shareholders present at the General Shareholders' Meeting of PRISA on March 13, 2008 passed a resolution to appoint that firm to audit the financial statements corresponding to the 2008 financial year.

With regard to the presence of the external auditor at the meetings of the Audit Committee, it was underscored that Mr. Luis Jimenez Guerrero, partner of DELOITTE, S.L., in charge of the external audit of the Company and its Consolidated Group, attended the meetings held on January 17, 2008, February 7, 2008, July 23, 2008 and October 16, 2008, in which he informed the committee of the most relevant aspects of the external auditor's work.

Fees for DELOITTE, S.L. and its affiliates for auditing the 2008 accounts and intermediate financial statements at June 30, 2008 of Grupo PRISA companies and their subsidiaries amounted to 2,868,000 euro, 638,000 euro of which were for services rendered to PRISA. Likewise, fees for other auditors participating in audits of Group companies totaled 328,000 euros.

In other respects, the fees for other professional services provided to Group companies by the principal auditors and its associate companies during 2008 amounted to 1,483,000 euro, of which 231,000 euro were for services provided to PRISA, while other professional services provided by other auditors participating in the audits of various Group companies amounted to 733,000 euro.

The foregoing information concerning professional fees shall be included in PRISA's individual annual report and in the consolidated annual report of GRUPO PRISA for the 2008 financial year.

5.2. External Audit Reports

Earnings Report for the First Semester 2008

For the first time the company has had the external auditor audit its semester financial report that includes:

- i) PRISA's intermediate financial statements for the first semester of 2008, including the balance sheet at June 30, 2008 and the profit and loss account, statement of changes in equity, cash flow statement and explanatory notes for the period ending on that date.
- ii) the summarized consolidated intermediate financial statements for the first semester of 2008, including the consolidated balance sheet at June 30, 2008 and the consolidated profit and loss account, statement of changes in net consolidated equity, consolidated cash flow statement and explanatory

notes for the period ending on that date, all of which are summarized and included in the first semester earnings report for PRISA and its subsidiary companies.

These financial statements were prepared by the Board of Directors at its meeting of July 23, 2008 and, as previously indicated, during the Audit Committee meeting held on that same date the external auditor explained the scope of the audits conducted.

The aforementioned financial statements and their corresponding audit reports were duly disclosed to the National Securities Market Commission and are likewise available on the Company's webpage (www.prisa.com).

Merger Balance Sheet at September 30, 2008, concerning the merger of SOGECABLE, S.A. Unipersonal (merged company) into PROMOTORA DE INFORMACIONES, S.A. (surviving company)

The merger of Sogecable, S.A. Unipersonal (merged company) into Promotora de Informaciones, S.A. (surviving company) was approved by the shareholders at PRISA's extraordinary shareholders meeting of December 5, 2008. The Company's external auditor Deloitte, S.L. verified the merger balance sheet presented by the Board of Directors at its meeting of October 16, 2008.

As indicated previously, during the Audit Committee meeting held on October 16, 2008, the external auditor explained the scope of the audits conducted with respect to the merger balance sheet.

The merger balance sheet was then approved at the shareholders meeting held on December 5, 2008 and is available on the Company's webpage (www.prisa.com).

2008 Annual Accounts

During the Audit Committee meeting held on March 31, 2009 the external auditors presented their final conclusions concerning the audit of the 2008 annual consolidated accounts of Promotora de Informaciones, S.A., which in all significant aspects represent a true and fair view of the assets, financial position and earnings, changes in consolidated net equity and consolidated cash flow for the year ending December 31, 2008, with the exception of the effects that may derive from the situation described in the following paragraph, which shall be included in the audit report of the 2008 annual accounts:

"As indicated in Note 1 of the attached consolidated annual report, during 2008 the Group increased and reinforced its presence in the audiovisual sector through asset acquisitions, a strategy that has had a

significant impact on the Group's dimension and on its short-term financial indebtedness.

In the debt restructuring process initiated by its directors, the Group has negotiated with the majority of financial entities that granted it a bridge loan (1,836,000,000 euros, see Note 12) an extension of that loan until March 31, 2010, and it is doing the same with the remaining lenders. At the date of this report it is not possible to estimate when this final agreement will be formalized and, in consequence, the effects and circumstances that may derive therefrom."

The report of the audit of Prisa's annual individual accounts for 2008 will likewise include a paragraph in the same terms describing the annual consolidated accounts.

In that regard, it is the opinion of the Audit Committee that Prisa will soon successfully complete the agreement to extend the bridge loan until March 31, 2010, and the situation described in the individual and consolidated audit reports for 2008 will cease to exist.

VI.- INTERNAL AUDIT

The principal objective of the Internal Audit Department is to provide GRUPO PRISA management and the Audit Committee with the reasonable assurance that the environment and systems of internal control in place in the Group companies have been correctly designed and managed.

To achieve that objective, the Department carries out the functions it has been assigned, which include:

- ii) Reviewing operations with a view to verifying whether the results achieved meet the established objectives and goals, and to ensure that operations and programs are being implemented or carried out as planned.
- iii) Providing independent opinions and observations with respect to the interpretation and application of current legislation in the area of accounting.
- iv) Evaluating the efficiency with which Group resources are used.
- v) Reviewing measures to safeguard assets and verify their existence.
- vi) Reviewing the feasibility and integrity of the Group companies' operational and financial information, and the means used to identify, evaluate, classify and disseminate that information.

The Internal Audit Director designs an Annual Internal Auditing Activities Plan based on the identification and evaluation of risks inherent in the activities carried out by Grupo Prisa's business units, in order to determine priorities with

respect to internal auditing activities that are consistent with the goals defined by the Organization.

The Annual Internal Auditing Activities Plan reflects all of the activities that the Internal Auditors plan to carry out during the financial year. The plan specifically sets forth the activities and projects to be undertaken, the nature of the tasks involved, and the resources available to the Internal Audit Department.

The most significant projects carried out by the Internal Audit Department during the 2008 financial year include:

- i. Review of the degree of compliance with the valuation and accounting standards adopted by GRUPO PRISA, and evaluation of the level of appropriateness and effectiveness of the internal control environment in Santillana Ediciones Generales, S.L. and Punto de Lectura, S.A., and in the Grupo Santillana companies located in Ecuador, the Dominican Republic and Argentina.
- ii. Review of the accuracy and integrity of financial information disclosed to GRUPO PRISA by the Unión Radio companies located in Colombia and Chile.
- iii. Review of the degree of compliance with the valuation and accounting standards adopted by GRUPO PRISA, and evaluation of the level of appropriateness and effectiveness of the internal control environment in Diario El País, S.L.; Promotora General de Revistas, S.A. and Prisa Innova, S.L.
- iv. Analysis of the effectiveness and suitability of the system of internal control of the distribution process carried out by Grupo Gelesa companies.
- v. Review of the degree of compliance with the valuation and accounting standards adopted by GRUPO PRISA, and evaluation of the level of appropriateness and effectiveness of the internal control environment in Televisión Independiente, S.A. (TVI), a Grupo Media Capital, SGPS, S.A. company.
- vi. Supervision of compliance with the National Securities Market Commission's new requirements concerning the Group's periodic disclosure of financial information.

The director of the Internal Audit Department attended all of the Audit Committee's meetings in 2008, specifically informing the Committee about the activities of the Internal Audit Department and the progress of the activities carried out with respect to the Annual Internal Auditing Activities Plan.

VII.- EVALUATION OF THE AUDIT COMMITTEE

To contribute to the Board's evaluation, pursuant to Article 5 of the Board of Directors Regulation the Audit Committee members have evaluated its composition and operations and have submitted to the Board their partial report to be included in the general one to be submitted to the Board for its approval.

Madrid, March 31, 2009