



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

**ANNUAL REPORT ON COMPLIANCE WITH THE COMPANY'S
RULES OF CORPORATE GOVERNANCE
(Article 25.b, Section 9 of the Board of Directors Regulation)**

**CORPORATE GOVERNANCE, APPOINTMENTS
AND REMUNERATION COMMITTEE**

2007

Madrid, February 2008

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2007

I.- INTRODUCTION

The Corporate Governance, Appointments and Remuneration Committee of PROMOTORA DE INFORMACIONES, S.A. (hereinafter, PRISA or GRUPO PRISA, where applicable) was created in July, 2001 (under the name of "Remuneration and Appointments Committee").

Subsequent to the January 18, 2007 amendment of the Board of Directors Regulation, the committee's name was changed to the present "Corporate Governance, Appointments and Remuneration Committee", upon assuming powers in the area of internal regulation and compliance formerly exercised by the Audit Committee.

This committee is governed by PRISA's Board of Directors Regulation approved on June 21, 2001 and amended on July 17, 2003; March 18, 2004; January 18, 2007 and October 18, 2007.

Con formato: Inglés (Estados Unidos)

The Corporate Governance, Appointments and Remuneration Committee issues this report to examine compliance with the company's rules of corporate governance during the 2007 financial year, in accordance with the provisions of Article 25.b, Section 9 of the Board of Directors Regulation.

II.- COMPOSITION AND ACTIVITIES DURING 2007

a) Composition:

The Corporate Governance, Appointments and Remuneration Committee includes the following members:

Chairman: Mr. Gregorio Marañón y Bertrán de Lis – External Independent Director

Members:

Mr. José Buenaventura Terceiro Lomba – External Independent Director
Mr. Adolfo Valero Cascante – External Director (representing significant shareholdings)
Mr. Diego Hidalgo Schnur – External Director (representing significant shareholdings)

Secretary: Mr. Miguel Satrustegui Gil-Delgado, Non-Member Secretary of the Board of Directors

On December 20, 2007 the Board of Directors resolved to remove Ms. Agnès Noguera from the committee, thanking her for her services, and appointed Mr. José Buenaventura Terceiro Lomba to replace her.

Article 25 of the Board of Directors Regulation provides that the Corporate Governance, Appointments and Remuneration Committee shall be composed exclusively of external directors and that its president shall be an independent director, which is, in fact, the case.

The committee's secretary is the secretary to the Board of Directors, in accordance with the provisions of Article 23 of the Board of Directors Regulation.

b) Activities:

In accordance with the provisions of Article 25 of the Board of Directors Regulation, the Corporate Governance, Appointments and Remuneration Committee has the following basic responsibilities:

- 1) To issue opinions concerning proposals for the appointment of directors and to propose the appointment of independent directors.
- 2) To issue opinions on the proposal for the appointment of the Secretary to the Board.
- 3) To make proposals to the Board concerning: i) general remuneration policies affecting directors and senior management and ii) the individual remuneration of executive directors and other conditions set forth in their contracts.
- 4) To ensure compliance with the company's remuneration policies
- 5) To approve standard senior management contracts.
- 6) To issue opinions on the proposals for the appointment of the members of the other committees of the Board of Directors.

7) To propose the Annual Report on Corporate Governance to the Board of Directors.

8) To present a report to the Board of Directors, evaluating the performance and composition of the Board.

9) To verify compliance with the Internal Code of Conduct concerning securities markets, this Regulation and, in general, the Company's rules of governance, and to make the proposals required to ensure such compliance. In that regard it shall be the duty of the Corporate Governance, Appointments and Remuneration Committee to receive information and, if warranted, to issue reports concerning disciplinary measures taken with respect to senior management.

10) To exercise such other powers granted to the committee in this Regulation.

During 2007 the Committee met six times and, among others, addressed the following matters that fall within its powers:

Appointments:

- i) In accordance with the provisions of Article 25.b.1 of the Board of Directors Regulation, the Committee issued a favorable opinion with respect to the proposals to reelect as director Ms. Isabel Polanco Moreno and to ratify the appointment by cooptation of Ms. Agnès Noguera Borel, both of which were approved by the shareholders at the meeting held on March 22, 2007. The status of these directors was explained at the Annual Shareholders Meeting where their appointments were made and ratified in accordance with the provisions of Article 8.3 of the Board of Directors Regulation.
- ii) After the death of Mr. Jesús de Polanco Gutierrez, the Committee issued a favorable opinion with respect to the proposed appointment as new Chairman of the Board of Mr. Ignacio Polanco Moreno, who until that moment held the post of Deputy Chairman, in implementation of the rule for succession provided in Article 12.3 of the Board of Directors Regulation.
- iii) In accordance with the provisions of Article 25.b.6 of the Board of Directors Regulation and in view of Mr. José Buenaventura Terceiro Lomba's resignation from his post as chairman of the Audit Committee, the Committee issued a favorable opinion concerning the proposed appointment of Mr. Matías Cortés Domínguez as chairman of the Audit Committee. The Committee likewise issued favorable opinions concerning the following proposals: appointment of Ms. Agnès Noguera Borel and Mr. Ramón Mendoza Solano as members of the Audit Committee (in view of the removal of Messrs. Adolfo Valero Cascante and José Buenaventura Terceiro Lomba), and appointment of Mr. José Buenaventura Terceiro Lomba as

member of the Corporate Governance, Appointments and Remuneration Committee in view of the removal of Ms. Agnès Noguera Borel.

- iv) In compliance with Article 25.b.6 of the Board of Directors Regulation, the Committee issued a favorable opinion with respect with the proposal to appoint the following directors to the Executive Committee: Messrs. Ignacio Polanco Moreno, Juan Luis Cebrián Echarri, Matías Cortés Domínguez, Diego Hidalgo Schnur, Gregorio Marañón y Bertrán de Lis, Adolfo Valero Cascante and Ms. Agnès Noguera Borel.

In the composition of the Executive Committee the rules provided in Article 14 of the Board of Directors Regulation were taken into account, namely: i) the Chairman, Chief Executive Officer, Chairman of the Audit Committee and Chairman of the Corporate Governance, Appointments and Remuneration Committee shall be members of the Executive Committee and ii) the qualitative composition of the Executive Committee with regard to the type of directors who are members shall be similar to that of the Board of Directors.

- v) Finally, it should be underscored that in compliance with the provisions of Article 8.3 of the Board of Directors Regulation, the status of each director was explained in the 2006 Annual Report on Corporate Governance, after having been verified by the Corporate Governance, Appointments and Remuneration Committee. This will be done again in the 2007 Annual Report on Corporate Governance.

Remuneration Policy:

In accordance with the Board of Directors Regulation, the Corporate Governance, Appointments and Remuneration Committee has taken the following measures with respect to the remuneration of directors and senior management:

- i) Pursuant to Article 28 of the Company Bylaws and Articles 5 and 25 of the Board of Directors Regulation, the Committee made its proposals to the Board of Directors concerning remuneration for executive directors for 2007. It likewise approved compensation for senior management and other key managers of the Group.
- ii) The Committee proposed its Report on the Annual Remuneration Policy of the Board of Directors and Management Team for 2007 which was submitted for approval at the Annual Shareholders Meeting as an integral part of the Management Report concerning the annual consolidated accounts for 2006.
- ii) Exercising powers delegated to it in that regard by the Board of Directors, the Committee determined the number of shares to be delivered to participants in the stock option plan that was implemented in March, 2007.

- iii) The Committee set up certain rules of procedure for implementing the compensation package consisting in stock options in Prisa shares, intended for executive directors and managers of Grupo Prisa, which was approved at the 2004 Annual Shareholders Meeting and whose exercise period extends from July 31, 2007 and January 31, 2008.
- iv) The Committee proposed to the Board new remuneration for directors as well as per diem compensation for attendance at meetings of members of the Board of Directors, Executive Committee, Audit Committee and Corporate Governance, Appointments and Remuneration Committee, applicable from January 1, 2008.

Annual Report on Corporate Governance:

In accordance with the provisions of Article 25.b.7 of the Board of Directors Regulation, the Committee offered its 2006 Report on Corporate Governance to the Board of Directors for its approval.

Likewise on that same date the Committee will offer its 2007 Report on Corporate Governance to the Board of Directors.

Report on the Evaluation of the Operations and Composition of the Board

In accordance with Article 25.b.8 of the Board of Directors Regulation, the Committee has submitted to the Board a report to evaluate the operations and composition of the Board of Directors.

Amendments to the Board of Directors Regulation

In accordance with the provisions of Article 25.b.9 of the Board of Directors Regulation, the Committee proposed to the Board the amendments to the Board of Directors Regulation approved on October 18, 2007.

Related-Party Operations:

The Committee examined certain operations with related parties, in accordance with the provisions of the Board of Directors Regulation.

IV.- COMPANY COMPLIANCE WITH RULES OF CORPORATE GOVERNANCE

The Corporate Governance, Appointments and Remuneration Committee has examined compliance with the company's rules and procedures of corporate governance during the 2007 financial year.

More specifically, the Committee underscores that the following measures were taken in that area:

a) Operations of the Board of Directors, Executive Committee and Audit Committee.

During 2007 the Board of Directors held 12 meetings, one per month, with the exception of July (when two meetings were held) and August, in which there was none, and has carried out the functions attributed it in the Company Bylaws and in its regulation.

At its extraordinary meeting of July 23 and in view of the death of its chairman, Mr. Jesús de Polanco Gutiérrez, in accordance with the resolution passed at its meeting of November 16, 2006 and the provisions of Article 12.3 of the Board of Directors Regulation, the Board resolved to appoint as chairman Mr. Ignacio Polanco Moreno, who previously had held the post of Deputy Chairman.

With a view to improving the efficiency of the operations of the board of directors of the company, at its meeting of October 18, 2007 the Board resolved to create an Executive Committee with delegated powers, as provided for in Article 17 of the Company Bylaws. The Executive Committee did not meet during the 2007 financial year.

On February 7, 2008 the Board of Directors approved a report evaluating its composition and operations, in accordance with the provisions of Article 5 of its Regulation.

The Audit Committee held six meetings and its composition was amended by the Board of Directors in the following terms: i) On October 18 the Board accepted the resignation of Mr. José Buenaventura Terceiro Lomba as chairman of that committee and appointed as new chairman Mr. Matías Cortés Domínguez; and ii) On December 20 the Board resolved to remove Mr. Adolfo Valero Cascante from the Audit Committee, thanking him for his services and appointing as new members of that committee Ms. Agnès Noguera Borel and Mr. Ramón Mendoza Solano. The Audit Committee issued a report verifying the correct compliance with its functions during 2007.

b) Amendment of the Internal Rules of the Company

Company Bylaws and Shareholders Meeting Regulation

At the proposal of the Board of Directors and the Audit Committee (the committee which at that time exercised these powers), the shareholders at their annual meeting amended: i) Article 21 bis of the Company Bylaws in order to change the former name "Audit and Compliance Committee" to "Audit Committee", ii) Article 19.4 of the Shareholders Meeting Regulation to adapt it in that regard, and iii) Article 20 of the Shareholders Meeting Regulation through the addition of a new Section 20.9, to expressly allow split voting for those who appear as shareholders on the shareholder register, but who act on behalf of others, so that they may cast their votes in accordance with the other person's instructions.

Likewise, and given the introduction in Spain of the Electronic National Identity Card (DNIe), a document that affords a guarantee of authenticity and the identification of its holders, after receiving a favorable opinion from the Corporate Governance, Appointments and Remuneration Committee, the Board of Directors resolved to amend the Rules of Interpretation and Application of the Shareholders Meeting Regulation of Promotora de Informaciones, S.A with a view to permitting the use of electronic identity cards issued by the Directorate General of the Police of the Spanish Interior Ministry for shareholders who vote, exercise their rights to access information or grant proxy by electronic distance communications means.

Board of Directors Regulation

As mentioned previously in this Report, the Board of Directors Regulation was amended on January 18, 2007 in order to, among others, adapt the regulation to comply with certain recommendations in the area of corporate governance.

The Board of Directors Regulation was also amended by the Board on October 18, 2007, after receiving the favorable opinion of the Corporate Governance, Appointments and Remuneration Committee, in order to improve the efficiency of the operations of the company's governing body by creating an Executive Committee having delegated powers, as provided for in Article 17 of the Company Bylaws. This amendment likewise took into account certain recommendations in the area of corporate governance.

After these amendments, the consolidated text of the Board of Directors Regulation was made public to the National Securities Market Commission and was entered on the Companies Register in Madrid on November 27, 2007, and is likewise available on the company's webpage.

b) Disclosure of Information

Among the measures adopted by the company to achieve a more efficient disclosure of company information, the following should be underscored:

i) In compliance with applicable securities laws and the company's Internal Code of Conduct, the company duly notifies the National Securities Market Commission of all relevant information. These notices are available on the Commission's webpage and on our corporate website (www.prisa.es).

In compliance with legislation currently in force, during 2007 the company issued its periodic public earnings reports on the following dates:

- o 15.02.07.: The company issued its earnings report for the 2006 financial year.
- o 19.04.07.: The company issued its earnings report for the first quarter of 2007.
- o 19.07.07.: The company issued its 2007 half-year earnings report.
- o 22.10.07.: The company issued its earnings report for the third quarter of 2007 (with the results of the first nine months of the year).

During 2007 the company likewise forwarded to the National Securities Market Commission announcements of relevant information concerning the following matters:

- Amendments to the Board of Directors Regulation.
- 2006 Annual Report on Corporate Governance.
- Notice of meeting, shareholders meeting as held, and related documents.
- Announcement of dividend payment
- Implementation of a stock option plan for Grupo Prisa's executive directors and managers.
- Share capital increase through the issue of redeemable shares, to provide coverage for the stock option plan for Grupo Prisa's executive directors and managers.
- Appointment of Mr. Ignacio Polanco Moreno as Chairman of the Board of Directors, subsequent to the death of Mr. Jesús de Polanco Gutierrez.
- Resignation of Mr. José Buenaventura Terceiro Lomba from his post as Chairman of the Audit Committee and appointment of Mr. Matias Cortés Domínguez as chairman of the Audit Committee.
- Creation of an Executive Committee to which all of the powers of the Board of Directors that may be delegated pursuant to the bylaws have been delegated, except those that by law cannot be delegated, and appointment of the following directors as members of that committee: Messrs. Ignacio Polanco Moreno, Juan Luis Cebrián Echarri, Matías Cortés Domínguez, Diego Hidalgo Schnur, Gregorio Marañón y Bertrán de Lis, Adolfo Valero Cascante and Ms. Agnés Noguera Borel.
- Sale of 100% of the share capital of El Correo de Andalucía, S.L. (publisher of the daily "El Correo de Andalucía") and 59.27% of the share capital of Diario Jaén, S.A. (publisher of the daily "Jaén"). The price of the joint operation was 19 million euro.
- Sale of a share (31.89%) in Novotécnica, S.A. (publisher of "La Voz de Almería") as well as the rest of the holdings in several companies in which Novotécnica held interests. The total price of the operation was 10 million euro.
- Signing of the acquisition through Grupo Latino de Radiodifusión Chile (subsidiary of Unión Radio) of the stock in Iberoamerican Radio Chile, S.A. (IARC), Chile's leading radio broadcasting group. The price of the operation was 74.6 million euro.
- Information issued concerning voluntary and obligatory takeover bids to acquire 100% of the stock in Grupo Media Capital, SGPS, S.A., filed with the Portuguese Securities Market Commission, after which PRISA acquired 94.39% of that company's share capital.
- Information issued concerning the complaint filed by PRISA against the Portuguese government and against the Portuguese Securities Market Commission in the administrative and tax courts of Portugal.
- Clarification concerning statements made by PRISA's Chief Executive Officer about Sogecable and Unión Radio.
- Legal actions taken by PRISA against The Nielsen Company in the United States.

- Contract between the Portuguese company Grupo Media Capital SGPS and Dali Invest Outdoor, SA (wholly-owned by Fundo Explorer II Capital de Risco) to sell all of its share capital and voting rights in Media Capital Outdoor-Publicidade, SA for a total of Euro 47,000,000.00, including the acquisition of shares, shareholder loans (*prestaciones suplementaires*) and repayment of all current debt.
- Irrevocable agreement reached between Prisa and Eventos, S.A., owner of 2.94% of Sogecable's Class A shares, whereby Eventos undertakes to sell and transfer to Prisa its holdings in Sogecable within the framework of Prisa's takeover bid. This agreement ensures that Prisa will achieve over half of Sogecable capital and guarantees Eventos, S.A. the sale of its shares at that price. As a result of the foregoing, PRISA's Board of Directors resolved to launch a bid to acquire all Sogecable stock, applying for authorization to do so and filing its prospectus at the National Securities Market Commission.
- Letter of intent entered into by Prisa and Grupo Godó de Comunicación, S.A. (Godó) and its subsidiary Sociedad de Servicios Radiofónicos Unión Radio, S.L. (Unión Radio) with 3i Europe plc, funds manager within the important European venture capital firm 3i Group plc, whereby the latter will acquire a minority stake in Unión Radio. 3i Group plc's total investment will be 225 million euro, representing a share of approximately 16.2%, achieved through share purchases from Prisa and Godó and through future capital increases in Unión Radio, to be used to finance its investment plans.
- Changes in the composition of board committees.
- Presentations about the company and information released concerning meetings with analysts and investors.

In addition, the following announcements were made by third parties:

- Rucandio, S.A. announced a shareholders agreement signed by its shareholders with respect to shares they hold in that company that affect PRISA.

ii) In compliance with Article 36 of the Board of Directors Regulations, mechanisms have been set up to provide regular non-privileged information to the company's institutional investors, by remitting to the National Securities Exchange Commission reports and presentations on the company, and by publicizing information of interest to those investors on the corporate webpage

d) Compliance with the Internal Code of Conduct Relating to the Securities Markets.

In compliance with the Internal Code of Conduct, the following actions were taken during the financial year 2007:

- i) The General Secretary has continually updated the list of persons subject to this Internal Code of Conduct.

In that regard, all persons included in that list have been informed of the Internal Code of Conduct.

ii) The General Secretary has received notice from all persons subject to the Internal Code of Conduct who have participated in transactions involving the purchase or sale of Prisa shares.

iii) The General Secretary of Grupo Prisa has maintained a Central Register of Insider Information in which, with regard to legal or financial operations that may significantly influence the quotation of company securities, contains an up-to-date list of persons with access to such information.

This report was approved in Madrid at the meeting of the Corporate Governance, Appointments and Remuneration Committee held on February 7, 2008.