

A live music performance on a stage. The background is a large, curved wall covered in a vibrant projection of pink and red flowers. Two musicians are visible: one on the left playing a keyboard and another on the right playing a saxophone. The stage is lit with warm, golden light. In the foreground, there is a black banner with white text.

CONCIERTO  
PRIVADO  
CANAL+

**CANAL+ HD**

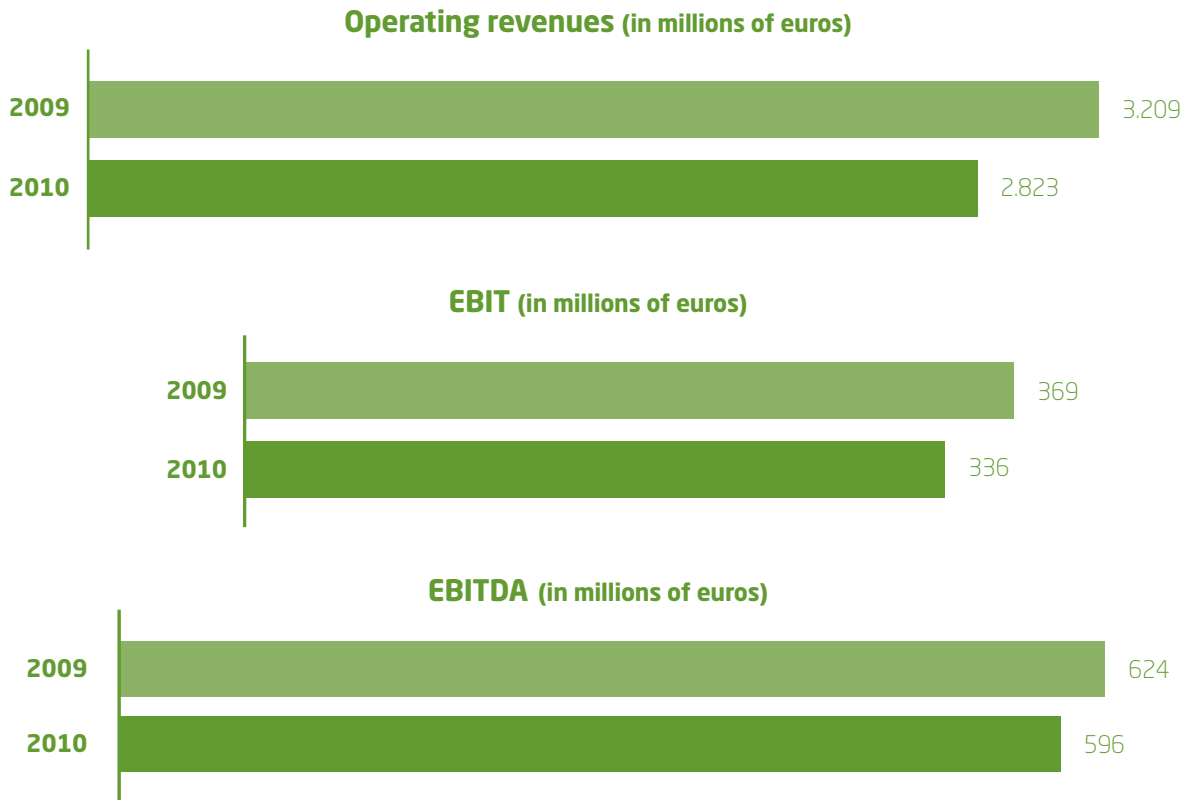
# Education, information and entertainment in transformation

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# Education, information and entertainment in transformation

In 2010, PRISA embarked on a new phase of development. The Group is committed to a modernization of its traditional business model that will transform it into a consumer-oriented company through the use of the most advanced technology. This process is taking place against the backdrop of the changes that are occurring in the media and content sectors. These rapid changes require the transformation of PRISA into a new company, focused not only on the production and distribution of content in Spanish and Portuguese, but also on building up a greater knowledge base of each of its stakeholders and on the increasing use of new technologies.



In 2010 PRISA implemented much of its financial restructuring plan, with the consolidation of all its companies with the exception of Cuatro. In fiscal year 2010, the Group reported revenues of EUR 2,822.73 million and EBITDA of 596.33 million. The consolidated EBIT was EUR 336.15 million. After dedicating more than 130 million euros to restructuring the balance, the net result was EUR -72.87 million. The Group ended the year having consolidated all its business areas in profit, despite the very adverse economic climate affecting the sector.

The divestment plan and the reinforcement of capital structure has seen a capital injection of nearly 2,000 million euros, which has enabled the Group to significantly reduce its debt, which now stands at 4.92 times EBITDA.

With 13,885 employees spread between Europe and the Americas, PRISA is configured into four major business areas: Publishing, Education, Press, Radio and Audiovisual, all of which are supported in their digital development by a transversal, cross-corporate division.

## The transformation of PRISA

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Since December 3, PRISA shares have been trading in Spain and in the USA, making the group an even more plural and international company with a new governance model and a majority of independent board members of major international importance. This ensures both the

effective governance and full transparency in all of the Group's activities required to face this new phase of growth.

As part of this transformation, in 2010 we created PRISA Brand Solutions, in order to provide specific solutions for advertising clients and their brands, that will maximize return and provide them with a greater degree of integration into our content. PBS was born from the merger of two of the group's advertising sales companies: Box Publicidad, responsible for managing advertising in print and online, and GDM, which was responsible for the marketing of advertising space on television and radio. The resulting company has almost 300 employees, eight offices and 350 million euros in annual turnover from 60 fully managed communication media. This is a new business model based on the strategy of differentiation, with the capacity to combine many different advertising channels and thus offer advertising solutions tailored to our customers' needs.

Currently, the company is focused on the transformation of its production model, on developing products based on consumer habits and needs, on the growth of our businesses, on international expansion and the promotion of cross-corporate synergies. This is a paradigm shift in the media and content-industry worldwide, caused chiefly by the impact of new technologies. This process directly affects PRISA, which has embarked upon a complete transformation of the entire organization in order to adapt to the new digital world.

In this regard, in 2010 the Group has advanced considerably along the path started in 2008 and 2009, whereby the former Prisacom, which had been in charge of the Group's digital operations, has gradually been ceding management of digital business to each of the respective offline brands to instead focus on its role in the areas of support and R & D. Since 2009, the editions of elpais.com, as.com, cincodias.com, cuatro.com, los40.com, etc., have all been fully integrated into their corresponding traditional media to better facilitate coordination and synergies between them, and thus enable the provision of integrated products that meet new customer demands. Thus, from each of the brands and business units, we develop content for all devices on the market, with the technical and strategic support of the digital area, whose current mission is aimed at:



Launching of Manuel Rivas' latest novel *Todo es silencio* (Everything is quiet), published by Alfaguara

- Providing a unified strategic and innovative vision for the Group's digital activity.
- Developing the necessary technological platforms to manage digital content.
- Developing and exploiting new digital products.

January 2010 saw the appointment of two senior executives at PRISA, Kamal M. Bherwani as Chief Digital Officer, and Andres Cardó, as director of Corporate Development and Marketing, which marked the start of a new business strategy for the Group, and a paradigm shift in its development. Bherwani is a senior executive with renowned worldwide experience, whose vision and strategy have transformed organizations and inspired teams in both the public and private sector.

As Chief Digital Officer (CDO) of PRISA, Bherwani is responsible for digital strategy and innovation, including PRISA's digital strategy in the area of sales, digital distribution, content management systems (CMS), internal technology and all technological alliances.

Andres Cardó will drive expansion of the business units with an emphasis on the U.S. and Brazilian markets, and



will be responsible for international organic growth and diversification into new businesses and cross-corporate projects. In the areas of Sales and Marketing, he will be responsible for the policies and business strategies of the business units, which include advertising, promotions and brand extension.

Bherwani and Cardó, in their respective fields, are set to transform the business model of PRISA, and will ensure that the group's businesses development within an advanced technological environment and that they are personalized to the individual needs of the millions of consumers of the Group's products.

From a product standpoint, the last quarter of 2009 saw the development of the Infometeo.es news channel, a new website produced by the weather channel at Digital+, which channels its information into the Group's other media. It is now the benchmark for Spanish-language weather information.

Moreover, we have developed an adaptation of the microsites tool plus.es that allows journalists to create websites and programs without involving technical teams.

# Santillana

## Quality and innovation at the service of education and culture

Santillana celebrated its 50th anniversary in 2010. Founded in 1960 with the aim of providing a successful and innovative model for educational publishing, Santillana is today a global publishing group in Spanish and Portuguese. The group is present in almost all Spanish-speaking countries, where it is leader in education. Santillana is also a significant player in other lines of business such as general-interest publishing, as well as in Portugal, United Kingdom, Brazil and the United States. Over 2010 Santillana added 6,000 new titles to its catalog of 31,000 titles.

Over the past fifty years, Santillana has built a cultural bridge between Spain and Latin America and has been instrumental in improving education. Santillana is committed to education and for three decades has sponsored school innovation awards and the annual events Spring Seminar and Monographic Education Week.

### Santillana Education

Despite adverse economic conditions, Santillana in 2010 reported record results, thus consolidating the company as a leader in products for all levels of education. With operating income of 642.25 million euros (4.1% more than in 2009), the group reported EBITDA of EUR 166.35

million (+9.4%). This excellent result was in part thanks to the strong growth experienced in Latin America, which saw a 12% increase in revenue and 15.7% in EBITDA. Among those countries seeing significant growth were Brazil (+38.9%), Mexico (+20%), Chile (+17.3%) and Argentina (+7.1%). The quality of our publications and our attention to the needs of teachers, students and general readers have strengthened our national and international leadership.

**Moderna**, our educational publishing house in Brazil since 2001, posted outstanding results, with net sales of 181 million euros, 37% more than in 2009. EBITDA reached 47 million euros (+50.7%). Moderna strengthened its lead in the private market, with an increase in sales of 42% compared to 2009. It now has a market share of 18% of business aimed at the state school sector, selling 27 million titles.

For the language-teaching sector, it has been a good year, with revenues up by of 9.7% and EBIT up 17% compared to 2009. **Richmond** has improved its position in the market for English-language education, consolidating its international image. In the French-language sector in Spain, Santillana Français leads at all levels of education from primary (with a 37.8% market share), Secondary (38.1%), to Bachillerato, where it has more than a 50% share.

In 2010 Santillana has accelerated its transformation into a technology and educational services company with





José Saramago

the goal of developing new content adapted to varied technological formats. This year the group launched *libroweb*, a digital textbook that became operational last September at some levels of ESO education in Catalonia. The group is also currently migrating works of reference and professional manuals from different fields to digital media.

In the educational field, Santillana, after three years of work, made a great impact with an initiative for primary and secondary students: the project Light Backpack. The group, in collaboration with the Kovacs Foundation, launched a new range of books divided up by sections, to reduce the excessive weight of school bags, with a campaign to promote healthy habits, chiefly in the area back-care awareness.

### PRISA Publishing

PRISA Publishing reported revenues of 147 million euros, and EBIT of 19 million euros (+34%).

The publishing year was marked by both sad and happy events. On June 18, Portuguese Nobel laureate Jose Saramago died in Lanzarote. Santillana, to celebrate its 50th anniversary, published a special edition, designed by Manuel Estrada, of *The Elephant's Journey*, by the late Nobel winner. A few months later, on October 7, the Swedish Academy announced that Mario Vargas Llosa had won the Nobel Prize for Literature. Much of the history of Alfaguara has been inextricably linked with the publication of the work of these two great authors. There was also a significant loss for the label Taurus, with the death of the acclaimed British essayist Tony Judt. Much of his work had been published by Taurus, including *Ill Fares the Land*, an impassioned call to revive collective values and political commitment.

It was a spectacular year for fiction, with significant growth. At **Alfaguara**, *The Siege* by Arturo Perez-Reverte was a bestseller at the Sant Jordi and Madrid book fairs. The announcement of the Nobel prize for Mario Vargas Llosa coincided with the publication of his new book, *The Dream of the Celt*, which as expected, was unanimously

acclaimed by the press and public. Also making the best-seller lists were the two novels by Daniel Glattauer, *Contra el viento del norte* and *Cada siete olas*. It was also a good year for **Suma de Letras**. Big hits included *Eat, Pray, Love* by Elizabeth Gilbert, the *True Blood* saga by Charlaine Harris, *Oscuro* by Guillermo del Toro and *Lo verdadero es un momento de lo falso* by Lucía Etxebarria.

**Alfaguara Infantil y Juvenil**, following on from the great success of the Twilight saga, published titles such as *Ghostgirl*, *Code Lyoko* and *Monster High*, all with significant growth potential. **Punto de Lectura**, the paperback label, added a number of blockbuster movie spin-offs to its catalog, such as *Eclipse*, *Sarah's Key* and *Eat, Pray, Love*, as well as TV series titles such as *True Blood*.

Nonfiction also fared well in 2010. Taurus illustrated the quality of its catalog with two works by Nobel Laureates in Economics, Amartya Sen (*The idea of Justice*) and Joseph Stiglitz (*Free Fall*). **Aguilar's** Alex Rovira titles, Elsa Punset and José Ramón de la Morena proved very popular with readers. And, while tourism is one of the sectors to be hardest hit by the crisis, **El Pais-Aguilar**, with its wide range of travel guides, maintained its lead in this important niche market.

Special mention should be made of awards won by our group. The Alfaguara Novel Prize, was won by Hernán Rivera Letelier for *El arte de la resurrección*, and the Isabel Polanco Essay Prize was awarded to Humberto López Morales for *La andadura del español por el mundo*, confirming the group's prestige and impact in the cultural field Spain and America.

2010 also saw the launch of Prisa Ediciones' digital offer via *Libranda*, the largest digital distribution platform of e-books in Spanish. The increasing catalog of available titles and the number of reading devices on the market mean that sales will grow significantly in the coming months.

### Executive Team

- Santillana Chairman: Emiliano Martínez
- Santillana CEO: Miguel Ángel Cayuela
- Santillana Chief Operating Officer: Federico Blanco
- Santillana Education General Manager: Francisco Cuadrado
- Santillana General Publishing Global Manager: Fernando Esteves
- Santillana Digital Business General Manager: Miguel Barrero



# PRISA News

**El País** closed 2010 with an unprecedented journalistic exclusive, in collaboration with four other major global titles - *The New York Times*, *The Guardian*, *Der Spiegel* and *Le Monde*- the WikiLeaks's papers, the greatest leak of classified documents in history. The impact on different countries that followed the revelations by *El País* and *elpais.com* resulted in significant circulation growth, especially among digital users, and sparked a passionate debate about journalism in the digital age.

In 2010 *El País* launched a new central news desk from which we publish the first digital news of the day. In addition, over the course of the year, we further developed the overall integration of the editorial process, which is expected to be finalized in 2011, with a single team of journalists developing all digital and analog products under the *El País* brand name in different media (print, web, mobile phones, tablets, etc.). 2010 also saw the launch of a new application, specifically designed for the iPad, the new Apple tablet. Within months of the launch, the application had clocked up over 100,000 downloads. There is huge potential here and the technology will be now be rolled out for tablets belonging to other brands and other technologies.

Another of the key strategies of the year was to take full advantage of the power that social networks have to project the *El País* image of quality. Throughout the year, the newspaper experienced strong growth on the social networks, giving our content a wider and broader reach. In 2010, the paper launched Eskup, which is simultaneously a network, a journalistic tool, a discussion forum and an open medium of communication.

2010 also witnessed the consolidation and expansion of the global edition of **El País**. The newspaper is printed and distributed in the Americas with our trademark standards and thus meets the demands of the most discerning readers on the continent. The newspaper expanded its distribution, with new deals in Chile joining joint venture agreements with newspapers in Mexico, Argentina and the Caribbean.



In 2010 **El País** maintained its lead among the general-interest press. Despite the crisis, the paper reported an average daily circulation of 370,080 copies, which increased the paper's lead over its closest competitor by more than 84,000 copies on average, according to data from the OJD pending audit. According to EGM data, *El País* once again had the top readership figure among the general-interest press, with 1,924 million readers per day between February and November, beating its nearest competitor by 624,000 readers. It was the only paper to report a net profit.

*Elpais.com* maintained and improved upon 2009's strong growth in 2010 and registered 6,596,000 unique users per month (according to Nielsen / Netview, which provides information on Spanish online audiences from home and work). The gap with its strongest competitor on the Internet has decreased to 144,000 unique users monthly.

*El País* marketing management organized and carried out in 2010 several branding campaigns within a framework of multimedia concepts and multi-format media plans.

To coincide with the first quarter audit by EGM, the paper launched a campaign for the weekly supplement *El País Semanal* with the slogan: "All you need in one place".

In the second quarter, we revived a very successful campaign of which we are especially proud: “*El País* is wherever you are,” with the Puerto Rican rap group Calle 13.

In the last quarter of the year, the newspaper made a huge impact with the release of the Wikileaks papers and we concentrated marketing activity on tactical actions: contests, prize draws and other activities aimed at fostering brand loyalty.

*El País* was also active in 2010 organizing a series of events under the brand *El País Encuentros*, among them one in May in Madrid with the then Brazilian President Luis Inacio Lula da Silva, another in June in Barcelona with the then president of the Catalan Regional Government, José Montilla, and the International Finance Meeting organized with Caja Madrid in November.

In 2010 we repeated the initiative “CEO for a day”, which gives 15 university students the opportunity to spend a day with the CEOs of top companies.

In addition, the newspaper collaborated with Endesa on the *El País* program for students, (*El País* de

los Estudiantes) with 45,000 students and nearly 7,000 teachers participating in this school newspaper project. And for another year running, the top prizes included trips to the Formula 1 Grand Prix in a contest organized with Banco Santander.

*El País* hit the newsstands at a number of sponsored events held in Mexico (International Book Fair of Guadalajara), Madrid (International Finance Meetings), Barcelona (the event titled *Catalonia’s response to the crisis*) and other cities. Our stand at the art fair ARCO in 2010 was designed by Alberto García-Alix.

In 2010, *El País* ran 68 promotions, including, in the field of education and training: the Microsoft Windows 7 course, the Student Encyclopedia and books for ESO level education; in cinema: science fiction, Premiere and Classic movie collections; in music, the release of the album *Cigala y Tango* by Diego El Cigala, the farewell album *Bye Bye Rios* by Miguel Ríos, and the complete discography of Camarón. And in other areas of culture and entertainment, the Pocoyo DVD, the *Adventures of Calliou* and Disney Classics.



**CincoDías**

DESAYUNOS DE REDACCIÓN DIGITALES



Sports daily **As** closed the year with an average daily circulation of 211,553 copies, with its readership reaching 1.395 million, according to the third quarter EGM figures - representing an increase of 89,000 readers over the previous year. The newspaper tops the league among the national sports media in Madrid and nine Spanish cities including Barcelona. And in 2010, coinciding with the World Cup, *As* achieved record sales figures, making it the top-selling paper nationwide for the four days with 885,844 copies sold on July 12 and 608,495 on July 15.

For the fourth consecutive year, on November 31, *As* brought together the public and leading sports stars for the fourth edition of its annual awards. The ceremony was held at Madrid's Congress and Exhibition Palace and was broadcast by TV channel Cuatro. This year's winners included the Spanish football team, the tennis player Rafael Nadal and the Moto GP rider Jorge Lorenzo, as well as Marc Marquez, the race driver, for most promising new career. There was a touching tribute to veteran Real Madrid player, Francisco Gento, who won six European Cups playing for his club.

**Cinco Días** was the only business and finance newspaper to see circulation up from the previous year despite the adverse economic climate. The paper closed the year with 68,000 daily readers, according to the third quarter EGM figures. 2010 was a year of consolidation for the *Cinco Días* Forum, with the celebration of 30 meetings which were attended by six regional government presidents (Patxi López, Alberto Núñez Feijoo, Paulino Rivero, Miguel Sanz Ses-

ma, Marcelino Iglesias and José Antonio Griñán) and five senior government officials (José Blanco, Manuel Chaves, Elena Salgado, Carlos Ocaña and José Manuel Campa), as well as national and international leaders of political parties, organizations and institutions. These included Angel Gurría, OECD Secretary General, Miguel Canalejo of Redtel, Jordi Hereu, Mayor of Barcelona, and Guillermo Montoro, the Partido Popular's spokesman on economic affairs.

On November 4, the third edition of the *Cinco Días* Business Innovation Awards was held, an event that brings together PRISA and leading figures from the business and finance world. The awards recognise the commitment of companies to society, new technologies and universities. 2010's awards went to BBVA, Panda Security and Saft Baterias.

PRISA Magazines, the company that publishes PRISA's magazines in Spain and Portugal, strengthened the editorial content of *Rolling Stone* and *Cinemanía* in 2010 with the addition of their respective websites. Thus, *Cinemanía* offers daily movie listings in Spain while *Rolling Stone* lists the most important concerts. November saw the awards ceremony of the second annual Rolling Stone Awards, organized by the magazine at the famous Pachá nightclub in Madrid. The gala brought together more than 700 people, including the winners Joaquín Sabina, Enrique Bunbury, Miguel Ríos, Ariel Rot, Luis Tosar, Love of Lesbian and Lori Meyers. Among the new projects launched by Progresa last year were the magazine *Paisajes*, published for national train company Renfe, and three corporate publications for the Post Office, Aena and Carrefour, as well as digital projects for La Caixa, Viajes Barceló and the City of Madrid .

### Executive Team

- PRISA News Executive Chairman and CEO of EL PAÍS: José Luis Sáinz
- PRISA News General Manager: Jesús Ceberio
- Press Area General Manager and CEO of PRISA Magazines: José Ángel García Olea
- *El País* Editor in Chief: Javier Moreno
- *As* Editor in Chief: Alfredo Relaño
- *Cinco Días* Editor in Chief: Jorge Rivera

# PRISA Radio

## Global communication in spanish

PRISA Radio is the world's largest Spanish-language radio group with nearly 26 million listeners and 1,238 stations either directly owned or associates, spread out over Spain, the US, México, Colombia, Costa Rica, Panama, Argentina and Chile, and franchised in Guatemala and Ecuador.

During 2010, PRISA Radio has introduced a management model aimed at revitalizing radio formats, technological innovation and the production and distribution of its content across all digital platforms. This model has been developed at a production level and in the areas of management, creating synergies among all the businesses which will lead to the commercial development of new formats and content at a local, national and global level.

All this has made PRISA Radio a benchmark in the Spanish-speaking world. This model, with its stress on PRISA Radio's international reach without losing sight of its local roots, allows us to optimize and boost the generation of value.

In this year of profound transformation, PRISA Radio has worked to shape a common global news and information discourse based on the different realities that shape the production facilities the company has in Spain and America. It has promoted the creation of common radio broadcasting products such as *Hora*

*25 global*, which traveled to Haiti 100 days after the earthquake to see how the country was reconstructing and was present at the Mar del Plata Summit of Heads of State in Argentina; we've had special programming to tie in with major events such as our news coverage during the World Cup in South Africa in 2010, and radio coverage of the earthquake in Chile in February and mining accident in San José, offered to all stations on both sides of the Atlantic.

In a constantly changing digital environment, a special emphasis has been placed on creating dynamic content for all platforms and to encourage interaction with the audience by exploiting the potential of social networks. The year 2010 was characterized by growth in the digital activity of PRISA Radio products, whose global audience (Spain and Latin America) has seen a growth of 22.2% compared to 2009. The average number of unique visitors per month has reached 12,660,690 and over 800,000 users have registered with the online communities.

Social networking activity has led to a significant increase in our brand presence among almost a million fans on Facebook and approximately 50,000 on Tuenti in a very short space of time. Our products can also be followed on Twitter.

Organizationally, there has been a major redistribution of resources in line with the transformation process within the Group. Thus we have set up the Corporate



Digital Area and Multimedia Production Desks, integrating production and editorial processes both on and off-line. PRISA Radio, through 40 Principales, involved listeners with Copa 40 and the Evento 40 and helped raise awareness among more than 6,000,000 listeners with social campaigns such as Art 40, and the 40 Principales Awards 2010. In addition, PRISA Radio has operated through all its stations, individually or jointly, as a promoter of social dynamics and cohesion between countries with a common language.

Strategically, PRISA Radio has been following corporate digital guidelines as set out by PRISA's Digital Division, with whom we work closely in order to carry out initiatives related to the evolution of digital products and in the field of innovation. Examples include the development and launch of mobile applications for different platforms, with over 500,000 downloads to date, or the adaptation of products for emerging media such as Connected-TV devices or games consoles.

### **PRISA Radio closed 2010 with 25,857,908 listeners**

In Spain, PRISA Radio closed 2010 with 12,063,000 listeners. Cadena SER enjoyed its seventeenth consecu-

tive year as market leader, with 4,247,000 listeners daily, Monday through Friday, according to data from the General Media Study (EGM). In addition, its programs were audience-share leaders in all time slots, and 24 hours a day, putting it way ahead of its competitors. 40 Principales, with 3,890,000 listeners, has been the No. 1 entertainment brand in Spain for more than four decades and, thanks to its expansion, also tops the charts among young people in those Latin American countries where it operates.

Radio Caracol, with nearly 9 million listeners and a share of 39.5%, remains the leading network in Colombia and one of the most prestigious in Latin America. It has thus become one of the pillars of PRISA Radio, both for its brilliant track record as well as its financial solvency. Caracol produces and distributes nine lines of programming in different formats of music and spoken-word radio, plus a further two radio formats distributed exclusively online.

In Chile, PRISA Radio is the undisputed radio market leader, with a 45.5% share of the audience. Of the eleven forms distributed, seven are among the top-ten ranking for audiences. Radio Corazon, yet again is the most popular radio station in the country with an audience that almost doubles that of its nearest competitor.



In the Mexican market, PRISA Radio operates through Radiópolis, owned 50% by Televisa, and to which PRISA Radio brings its extensive experience in the radio business. Radiópolis, through its 117 stations, and affiliates, distributes five lines of spoken-word and music programming.

In Argentina, PRISA Radio reached 1,225,510 listeners in October-November 2010, representing a 20.5% audience share. Radio Continental, which this year celebrated its 40th anniversary, continues to go from strength to strength on the Argentine radio scene. It received the Premio ETER award for best morning programming, and has seen its audience increase by 30%. Similarly, the 40 Principales music format, with 20% more listeners than a year ago, ranks as the second most popular radio station in its target audience. In addition, during 2010, the music radio portfolio in Argentina has grown with the addition of the radio format Imagina.

In the U.S., PRISA Radio operates two radio stations that broadcast in Spanish, one for the Los Angeles and southern California region, an area which encompasses more than 30% of the U.S. Hispanic population, and another broadcasting in Miami, where we are No. 1 in the Hispanic spoken-word radio sector. In addition, PRISA

Radio operates GLR Networks, a producer and distributor of programs and advertising space among 107 affiliated stations.

In Costa Rica, where PRISA Radio operates three radio formats through a company co-owned 50% by the group and *La Nación*, October saw the launch of ADN, a new spoken-word radio format that includes news, sports, music and magazine programs.

## Music

In 2010 we continued to promote our music business, with the full integration of Gran Vía Musical (GVM) into PRISA Radio to ensure its presence throughout the entire music value chain, and the development of the 40 Principales brand worldwide, transforming it from being a mere radio brand into an international multimedia firm with a total commitment to the digital world.

The development and implementation of the 40 Principales brand internationally was completed in 2010 with the development of a single digital platform to bring together all the content of the No. 1 Internet portal for Spanish-language music: [www.los40.com](http://www.los40.com). Content is developed locally in each of the countries where the brand is present. Similarly, products such as "Inter-night" or "Game 40", which bring together radio listeners and Internet radio have also been developed under the 40 Principales brand.

2010 was a successful year for performers represented by our management company RLM. Alejandro Sanz went on an extensive world tour, *Tour Paraíso*, which took him all over Latin America, Spain and the United States to sing before a total audience of 688,000 fans.

"Raphael 50 years later" reunited veteran Spanish singer and his fans. In Spain alone 44,000 people flocked to see Raphael on stage, and Madrid sold out 16 consecutive concerts.

Miguel Bosé and his *Cardio Tour* was another enormously successful tour, enjoyed by 253,000 fans throughout Latin America and Spain. His September 16 concert in Madrid was recorded for the live CD and DVD, released in March 2011.



Other successful tours included Marlango, Mala Rodríguez, David DeMaría, Melendi, Malú, The Cabriolets and Calle París.

The year 2010 was also a busy year for producer Planet Events, responsible for events and tours featuring performers such as Alejandro Fernández, Ana Carolina, Caetano Veloso, Calle 13, La Mala, Claudio Baglioni, David Bisbal, Diego Martín, Eros Ramazzotti, Franco De Vita, Millow, Paulina Rubio, The Australian, Pink Floyd, Tiziano Ferro and Tokio Hotel. Planet Events was also responsible for the success of the farewell tour of Miguel Ríos (*Bye Bye Ríos*), attended by around 100,000 fans.

Shakira's world tour touched down in Spain in November, with Planet Events -in partnership with Live Nation- producing her concerts in Madrid, Bilbao and Barcelona.

Planet Events was behind a number of other major events in 2010, including the 40 Principales Awards, the Cadena Dial Awards, the Premios Ondas Awards, the concert celebrating 100 years of the Madrid thoroughfare Gran Vía, the Moto GP championship concerts, the 40 Principales Primavera Pop Festival, the 40 stand at the the Rock in Rio Festival in Madrid, the Cultura Urbana Festival, the As Sports Awards, the Patito Feo concerts, the MoviStar concerts, and the M.I.A., Kesha, Dover, 84 and Pereza concerts. Among the events organized by the Universidad Europea de Madrid, Planet produced the ceremony marking the appointment of Nelson Mandela and the Prime Minister of Turkey (Recep Tayyip Erdogan) as Doctores Honoris Causa, as well as the American Business Council Summit (featuring Mariano Rajoy and media).

## New Businesses

In 2010, PRISA Radio's New Business Division continued working on venturing into new sectors such as:

- **Video games**, exporting the Game 40 radio model to all those countries in which the 40 brand operates, and expanding it to television and magazine publishing.

- **Musical theater:** after a successful first season in Madrid, *40 The Musical* had another run in the capital and debuted in Barcelona (more than 500,000 people have now seen the musical).
- **The world of fashion:** new seasonal collections as part of the deal signed with fashion house Adolfo Domínguez for the marketing of "Music Collection by 40 Principales".

40 Principales brand has also made forays into other areas of business, such as the 40 Principales Card, Spain's leading affinity card with more than 600,000 clients, 40 Viajes (the new online travel portal), 40 mobile, etc. Finally, the brand will have a high-street presence with the opening of Café 40, a leisure and entertainment hub with restaurant right on Gran Vía in Madrid.

The New Business Division also organized the farewell tour of Miguel Ríos throughout Spain, bringing the singer to 100,000 fans. *Bye Bye Ríos* was also released as a special edition CD launched with the newspaper *El País* and out of stock in a matter of weeks.

### Executive team

- PRISA Radio Chairman: Augusto Delkader.
- PRISA Radio CEO: Francisco Javier Pons.
- PRISA Radio General Manager: Javier Cortezón.
- PRISA Radio Communication Director: Josep M<sup>º</sup> Girona.
- PRISA Music General Manager: Luis Merino.
- PRISA Radio Director Spoken-word radio: Daniel Anido.
- PRISA Radio Business Director: Antonio Buades.
- PRISA Radio Chief Financial Officer: Francisco Vélez.
- PRISA Radio Director of Digital Radio: Javier Viroomal.

### Radio in Spain

- Cadena SER General Manager: Alejandro Nieto.
- News Editor: Antonio Hernández-Rodicio.
- Content Director: Luis Rodríguez Pi.

### International radio

- General Manager for South America: Ricardo Alarcón.

# PRISA TV

PRISA TV is Grupo PRISA's audiovisual holding and owner of Digital+. Once again, this year, it is the leading pay TV operator in Spain. With more than 1,800,000 subscribers, Digital+ has long been a pioneer in both digital high and definition television, 3D broadcasts and interactive services.

The platform features more than 150 channels with top-quality content produced both in-house and by other parties and Digital+ is committed to bringing all the latest technological advances to its content. The rapid changes affecting the sector have made Digital+ a global digital entertainment hub and its content is accessible today from any media device, allowing the viewer to shape their own programming according to their tastes.

In 2010 Digital+ signed agreements with other pay-TV operators (TeleCable, Orange TV and ONO) through whom it distributes its premium channel Canal+. In May 2010, an agreement was reached with Jazztel that offers subscribers a combined package of ADSL with phone calls and more than 30 Digital+ channels.

In 2010, PRISA TV had a turnover of 1372.40 billion euros, and EBITDA of 308.78 million euros.

PRISA's international expansion has made it market leader in the free-to-view sector in Portugal through the channel TVI, and has positioned it as one of the world's leading creators of content through its production company Plural Entertainment. Its international presence is boosted by VMe, the fourth largest network in the United States focused entirely on the Hispanic community.

2010 saw changes to the shareholding structure and composition of the company. It was decided to cease the production of CNN+ for reasons of profitability, the integration of Cuatro in Telecinco was completed in exchange for 17.3% of the new combined company, and the sale took place of two minority stakes in Digital+. Thus PRISA now holds 56% stake in Digital+, 22% is held by Telefónica Contenidos and another 22% by Gestevisión España.

## DIGITAL+

In 2010 Digital+ continued its commitment to technology, ushering in the start of a new model of entertainment in which the viewer programs his own television schedule. There has been an increase in the quality and quantity of content and, therefore, our level of commitment to subscribers. This dedication has paid off, with a net increase in the number of subscribers every month since September 2010.

Digital+ in 2010 generated revenues of EUR 1,133.99 million and EBITDA of 269.37 million.

Digital+'s future mission can be seen in its commitment to broadcasting the very best in content. Starting with the 2013 season, the UEFA Champions League returns to Digital+. The best European football will be offered exclusively on the PRISA TV platform, which will deploy all the latest image and sound technologies to bring the viewer a unique television experience. Digital+ is, without doubt, the best showcase for all major series. Our commitment is also reflected in the success of the TV Series Festival organized by Digital+ over the past three years. The 2011 edition is set to expand, with an increased number of venues, a spring edition at the Mostra de Valencia ahead of the main festival which will be held in Madrid in autumn, with the participation of all the major Hollywood distributors.

A key to our growth strategy in 2010 has been the iPlus, the platform's exclusive decoder, which offers more functions than any of its competitors on the market. The iPlus has changed the way people watch television, turning the TV into a digital entertainment center. It allows the viewer total control over programs, letting them freeze, fast forward or rewind. It is also the gateway to High Definition and 3D TV and comes equipped with a 500 GB hard drive that can record more than 80 hours of content.

iPlus is currently available in approximately 400,000 households and users have highly rated their experience with it, with Digital+ clients stating that the decoder allows them to make better use of television.



81% said that iPlus has changed the way they watch TV and 88% saw Digital+ as being at the cutting edge of pay TV thanks to iPlus.

Connected to the Internet, the iPlus provides access to two new services. Digital+ On Demand allows the downloading of content from the platform, that can then be stored on the hard disk of the iPlus and played whenever the viewer wants. The service is available 24 hours a day at no extra cost over the contracted commercial package. Digital+ On Demand commenced operations with an offer of Canal+ content covering various genres, and will grow to provide a catalog with thousands of titles. With Digital+ On Demand, viewers can also retrieve Canal+ content that is no longer being broadcast. The Videoclub service, meanwhile, works like a huge video library from which users can rent movies from all genres to enjoy on their TV or computer.

Digital+ On Demand and Videoclub are but two examples of the technological transformation that is underway and that is changing the concept of television. Channels with linear programming schedules are being replaced by channels which allow viewers to choose what to watch and when watch it on all types of screens. Digital+ is available for smart phones, computers, iPhones and iPads.

## CANAL+

Canal+ is the premium pay television brand in Spain, a family of 13 channels with the best content in sports, movies, series, documentaries and children's programs. All this, offered in the highest quality and via HD channels.

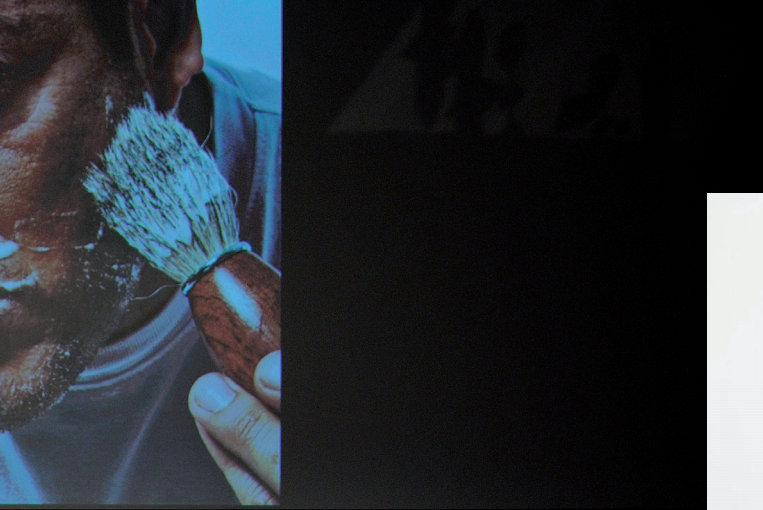
For yet another year, the channel has continued to offer its viewers the best in national and international sports: the Spanish soccer league in full, all the major leagues in the world, the World Cup, the NBA, the Australia Open, Wimbledon and U.S. Open, the NFL, the Super Bowl, Six Nations Rugby, all the major golf tournaments and the most important events of the bullfighting season. All with the Canal+ guarantee of quality, with broadcasts in HD and 3D that allow subscribers to enjoy quality that is unique in television in Spain.



In-house productions received a major boost in 2010. Under the new initiative Canal+ Originales, the channel premiered the series *¿Qué fue de Jorge Sanz?* (*Whatever happened to Jorge Sanz?*), starring the actor of the title and directed by David Trueba. In the first quarter of 2011, the channel broadcast *Crematorio*, a tale of corruption in Spain starring José Sancho and based on the novel by Rafael Chirles (National Critics Award 2008). Critics were quick to hail it as one of the best series in the history of television in Spain, and one that rivals the quality of a US production.

Other in-house productions have continued to gain in popularity on Canal+, such as *El Día Después* with Juanma Castaño and Santiago Canizares, *Fiebre Maldini* and *El Día del Fútbol*. The *Informe Robinson* dedicated to the Spanish team at the World Cup in South Africa, was awarded a Premios Ondas Award in 2010.

Canal+ Liga, with about one million subscribers, is the channel with the largest number of subscribers to the Digital+ platform. Canal+ Liga is dedicated exclusively to football, offering three premier league games every day,



one of which is always a Real Madrid or FC Barcelona match. It also broadcasts two second division matches daily, the Copa del Rey, the new UEFA Europa League and international football games.

Canal+ Golf celebrated its first birthday in 2010. Fans were invited to the American, European and Asian tournaments, the four Grand Slams, the Ryder Cup in Wales, the American and European Women's Tournaments, the Evian Masters, and soon.

The first quarter of the year saw the launch of Canal+ Toros, the only channel dedicated to the world of bullfighting. Subscribers can enjoy the biggest bullfighting *ferias* live, as well as the winter bullfighting seasons from the Americas. That's more than 130 live shows during the channel's first year on air, 365 days a year.

The Canal+ family has released all the big-screen hits, including blockbusters such as *Avatar* or *Alice in Wonderland*, the most successful Spanish productions for years such as *Celda 211* and *Agora*, and films that got people talking such as *Inglourious*

*Basterds* and *A Prophet*. The quality of TV series goes from strength to strength. A deal with HBO to exclusively broadcast in Spain all of the U.S. production company's groundbreaking hit series and top films, such as Martin Scorsese's *Boardwalk Empire* or *Game of Thrones*. means they can only be enjoyed in Spain on Canal+.

Our commitment to avant-garde and new trends in audiovisual production have led to the creation of Canal+ Xtra in 2010, a channel that showcases indie and alternative productions and cult series from all genres. Our use of social networks, allows Canal+ Xtra to keep in constant dialogue with our viewers.

## MEDIA CAPITAL

For the sixth year running, Media Capital, through TVI was once again audience-share leader in the free-to-view TV sector in Portugal, with audience figures that outperform its competitors in all time slots. It was also the top-ranking Portuguese channel in terms of advertising revenues.

In 2010, Media Capital had revenues of 249.01 million euros, and EBITDA of 48.04 million.

TVI Internacional, is TVI's general-interest international channel, created with the objective of building links between Portugal and other Portuguese-speaking countries worldwide. It began broadcasting in May 2010, with a wide range of programming based on news, TV series, major events and entertainment, and can be viewed in Angola and Mozambique through the ZAP platform.

TVI's programming strategy is focused on Portuguese-language content in all formats, from talk shows to news and drama. It also broadcasts international programs (series, movies and children's programs) and sports, with a special focus on football.

## PLURAL

PRISA's TV production company was founded in 2001 and is currently one of the largest companies in the audiovisual sector in Spain and Portugal. Plural Entertainment has offices in Spain (Madrid, Zaragoza, Canary Islands and Asturias), USA (Miami), Portugal (Lisbon), Argentina (Buenos Aires), Brazil (São Paulo) and Angola (Luanda).

In 2010 Plural Entertainment produced programs for all audiovisual genres: entertainment, drama, documentaries and advertising. Clients include the major national and regional Spanish television networks. It is the chief producer of programming for TVI, Portugal's leading broadcaster, and, from its offices in Miami, it provides television content for the U.S. Hispanic and Latin American markets.

Plural Entertainment has produced the widely acclaimed drama series *Hay alguien ahí* (Cuatro) and *Ángel o Demonio* (Telecinco). It also has extensive experience in lifestyle coaching TV show formats. It has produced three successful seasons of *Big Brother* (Cuatro), as well as *El Campamento* (Cuatro), *Hijos de Papá* (Cuatro) and *Operación Momotombo* (Antena 3).

In Portugal, it produces more than 1,200 hours of drama. Its products are consistently audience-share leaders and are distributed in more than 30 countries. In 2010 it won its first International Emmy for its Portuguese soap opera *Meu Amor*.

## V-me

V-me Media Inc. is the audiovisual production and distribution company behind the Spanish-language channel V-me, based in New York and in which PRISA has a 17% stake.

V-me is the fourth largest television channel aimed specifically at the U.S. Hispanic market. Its programming is based on entertainment, news, music, sport and film and the company is committed to education. V-me is the only channel in the country to broadcast a daily Spanish-language pre-school program, which it develops in association with public television.

The channel broadcasts in free-to-view, satellite and through American cable network operators DIRECTV,





DISH Network, Verizon FiOS and AT & T U-verse, allowing it to reach 80% of Hispanic households in the United States with televisions.

### Executive team

- PRISA TV Chairman: Manuel Polanco
- PRISA TV CEO: Pedro García Guillén
- General Manager for Audiovisual Content and Rights: Álex Martínez Roig
- General Manager for Pay TV Content: Manuel Mirat
- PRISA TV Chief Operating Officer: Domingo Nieto
- PRISA TV Chief Digital Officer: Stephen Dove
- Media Capital CEO: Bernardo Bairrão
- General Manager for Plural Entertainment Spain: Modesto Rubio

