



ANNUAL REPORT 2011

The complete ANNUAL REPORT 2011 is available at www.prisa.com/en



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01

PRISA, a global group

PRISA is the world's leading Spanish and Portuguese-language media group in the fields of education, information and entertainment, thanks to its multi-channel offer of high-quality consumer-focused products.



Present in 22 countries, it reaches more than 50 million users through its global brands *El País*, 40 Principales, Santillana and Alfaguara. As market leader in general-interest press, free-to-view and pay TV, spoken-word and music radio, education and publishing, it is one of the world's most profitable media groups and possesses an extraordinary portfolio of assets. Its presence in Brazil and Portugal and among the growing Hispanic community in the US has given the group an Ibero-American dimension and has opened up a potential global market of 700 million people.

With more than 250 websites, visited monthly by 52 million unique users, PRISA is at the forefront of multi-channel and multi-platform content distribution, offering products and services adapted to users' consumer habits through mobile phone devices, iPads, e-books and PSP games consoles. PRISA has its own Research and Development division, which is backed by the world's leading software developers and operators.



Corporate governance

Board of Directors

Chairman

Ignacio Polanco Moreno

Chief Executive Officer and Chairman of the Executive Committee of the Board

Juan Luis Cebrián Echarri

Members:

Juan Arena de la Mora

Nicolas Berggruen

Matías Cortés Domínguez

Martin E. Franklin

Diego Hidalgo Schnur

Gregorio Marañón y Bertrán de Lis

Alain Minc

Agnès Noguera Borel

Borja Pérez Arauna

Manuel Polanco Moreno

Emmanuel Roman

Harry E. Sloan

Ernesto Zedillo Ponce de León

Secretary non Director

Iñigo Dago Elorza

Executive Committee of the Board

Chairman

Juan Luis Cebrián Echarri

Matías Cortés Domínguez
Martin E. Franklin
Gregorio Marañón y Bertrán de Lis
Alain Minc
Manuel Polanco Moreno
Emmanuel Roman

Audit Committee

Chairman

Juan Arena de la Mora

Agnès Noguera Borel
Alain Minc
Emmanuel Roman

Corporate Governance, Appointments and Remuneration Committee

Chairman

Gregorio Marañón y Bertrán de Lis

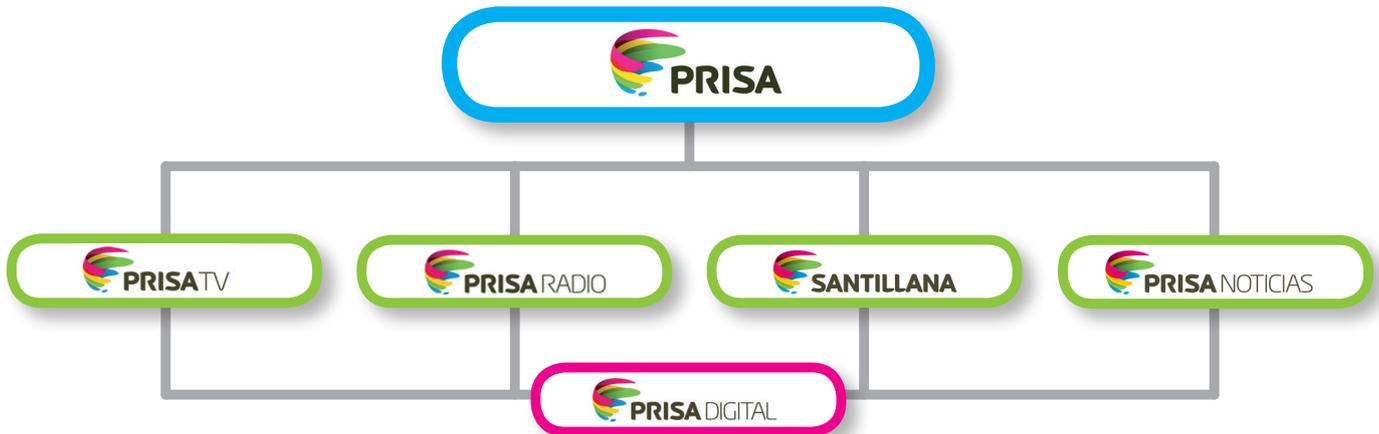
Diego Hidalgo Schnur
Borja Pérez Arauna
Harry E. Sloan

Education, information and entertainment in transformation

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.

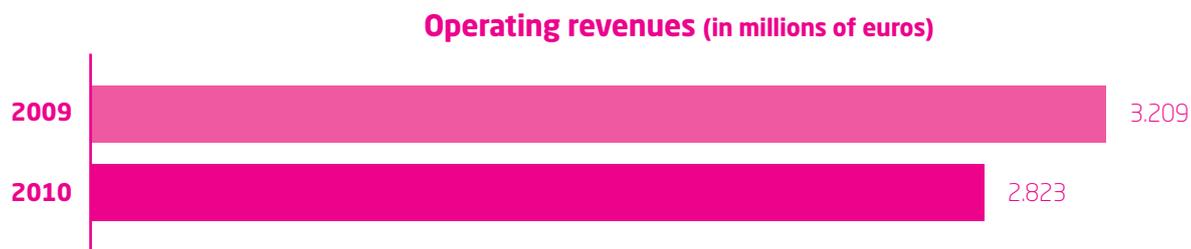
The divestment plan and the reinforcement of capital structure has seen a capital injection of nearly 2,000 million euros, which has enabled the Group to significantly reduce its debt, which now stands at 4.92 times EBITDA.

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.

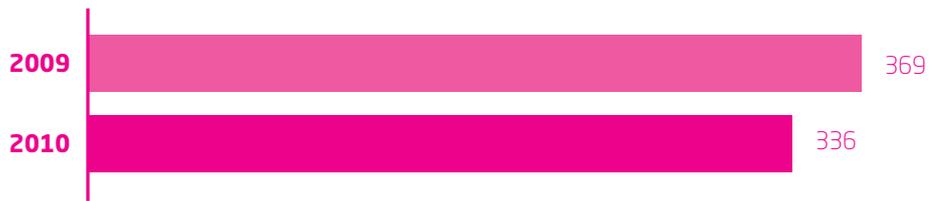


This process is taking place against the backdrop of the changes that are occurring in the media and content sectors. These rapid changes require the transformation of PRISA into a new company, focused not only on the production and distribution of content in Spanish and Portuguese, but also on building up a greater knowledge base of each of its stakeholders and on the increasing use of new technologies.

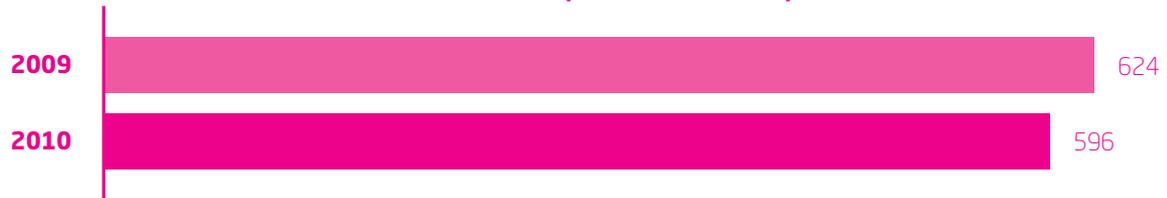
Since December 2010, PRISA shares have been trading in Spain and in the U.S., making the group an even more plural and international company with a new governance model and a majority of independent board members of major international importance. This ensures both the effective governance and full transparency in all of the group's activities.



EBIT (in millions of euros)

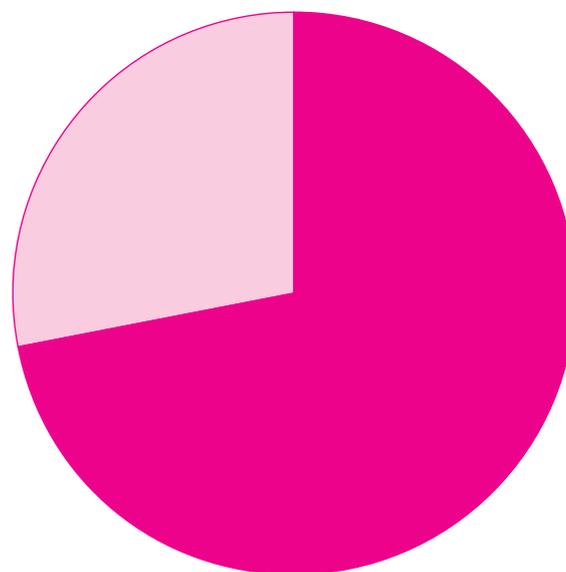


EBITDA (in millions of euros)



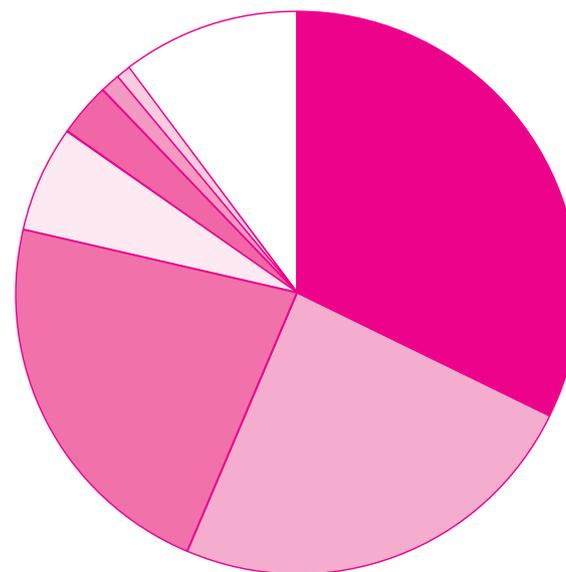
Revenue source by geographic region

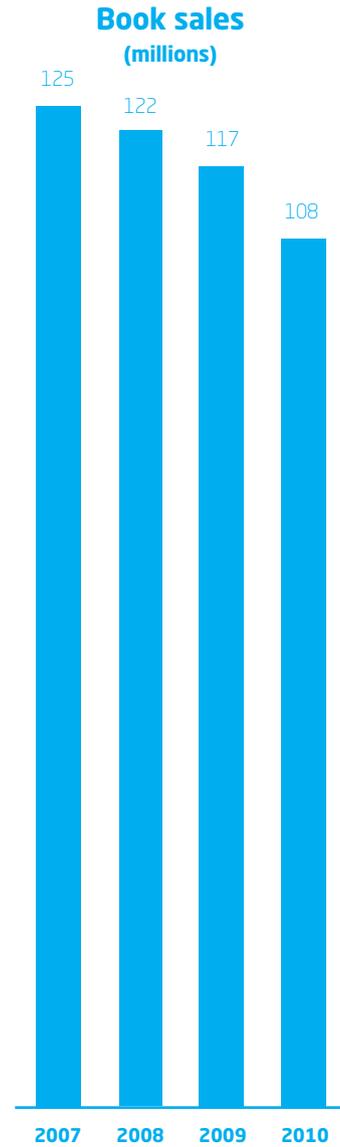
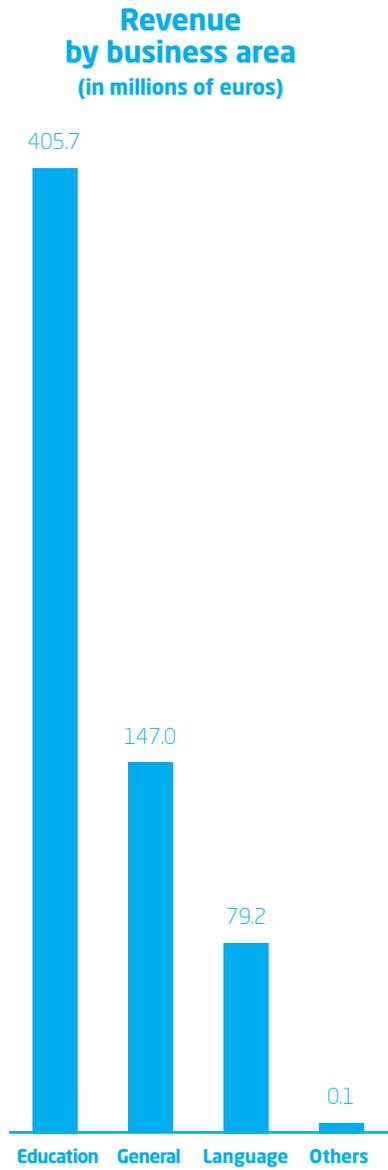
	Amount	Contribución
■ Spain	2.030	72%
■ International	792	28%



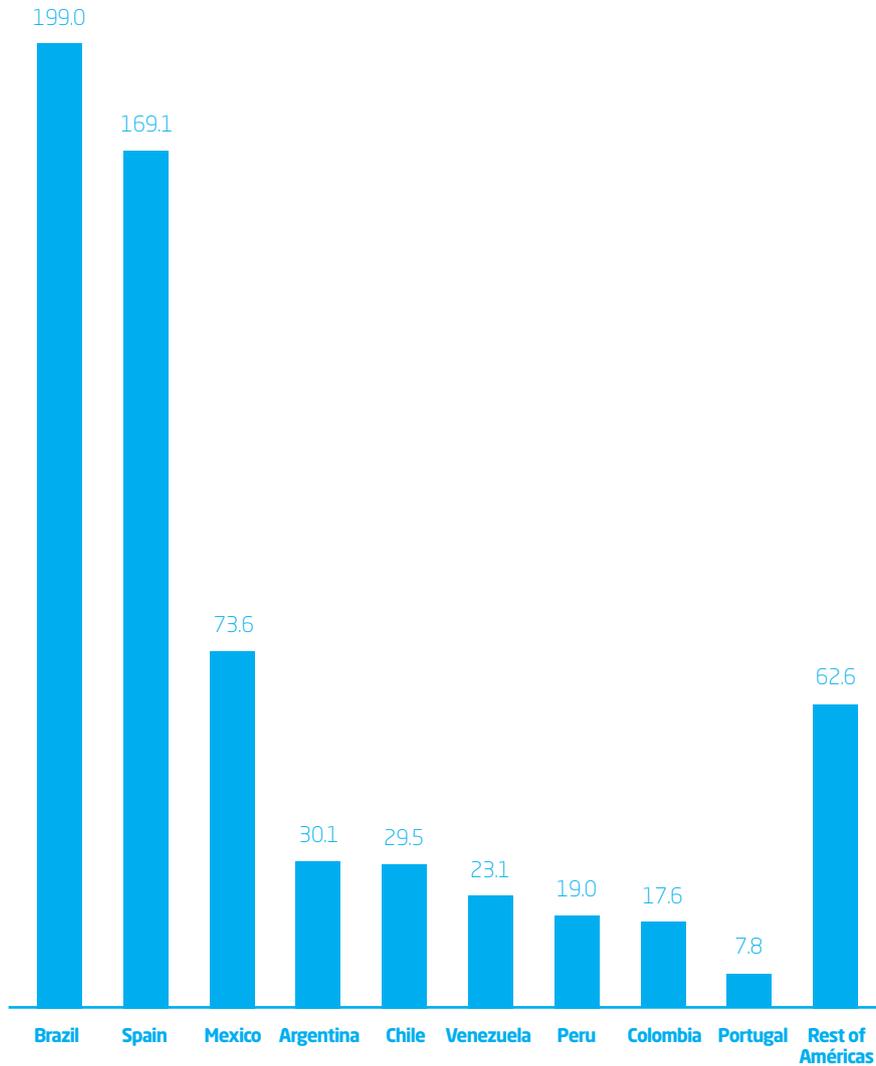
Contribution to revenue by business area

■ Pay TV subscriptions	32%
■ Advertising	24%
■ Books and education	22%
□ Magazine and newspaper sales	6%
■ Audiovisual and program rights	3%
■ Special promotions	1%
■ Profits on fixed assets	1%
□ Other revenue	10%

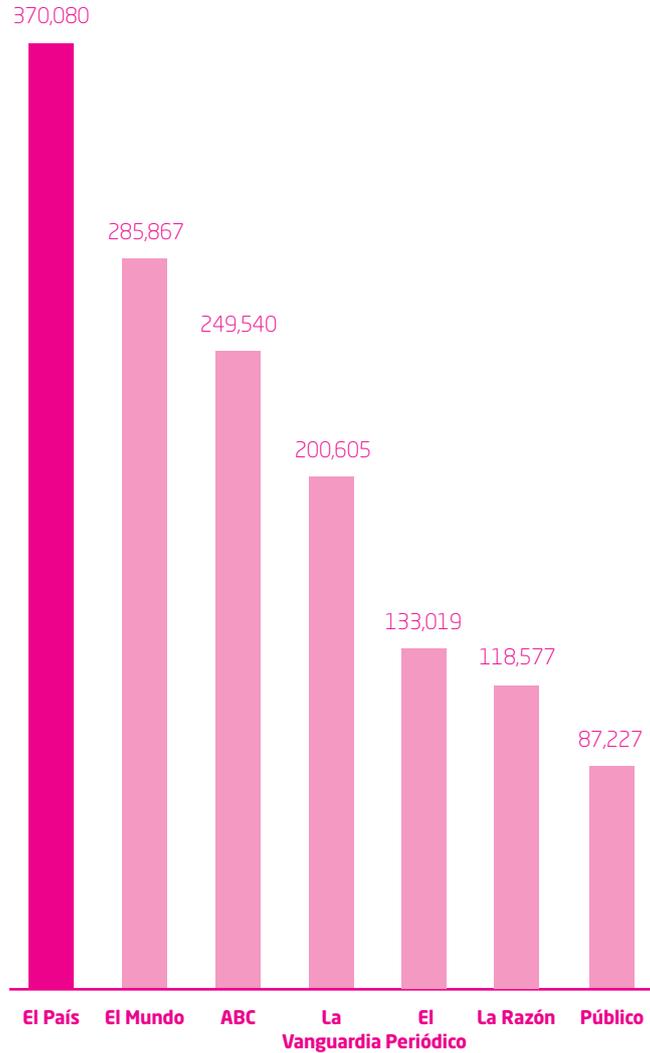




Revenue by geographic region (in millions of euros)



Circulation figures for leading general-interest newspapers
(Source: OJD)



Evolution of specialist newspapers

PRISA

As



Competitors

Marca



Cinco Días



Expansión



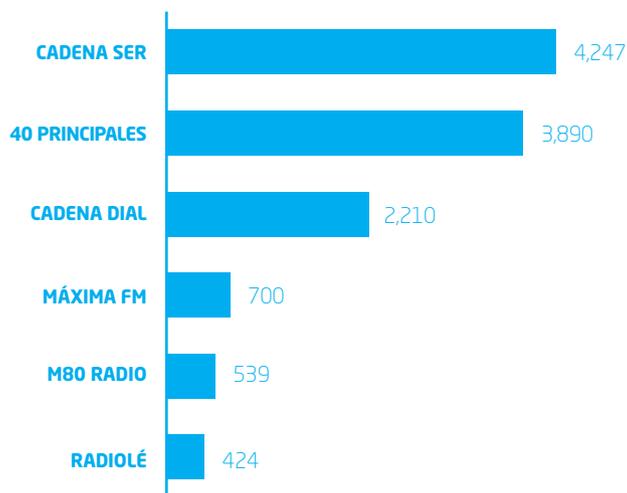
Number of iPad and iPhone downloads in 2010

	El País	Diario As	Cinco Días
IPAD	63,000	29,000	7,000
IPHONE	346,000	173,000	12,000

PRISA Radio audience by country

	Source	Accumulated audience	Market ranking
Spain	EGM 3ª Ola 2010	12,063	1ª
LatAm		13,704	
Colombia	ECAR 2010	8,874	1ª
Chile	IPSOS Chile 2010	1,932	1ª
Argentina	IBOPE Argentina	1,226	4ª
Mexico	INRA . Audiencia México DF,2010	1,170	3ª
USA	Arbitron	320	3ª
Costa Rica	IBOPE	182	
Portugal	Grupo Marktest	1,488	2ª
TOTAL RADIO		27,201	

PRISA Radio audience in Spain (in thousands of listeners)



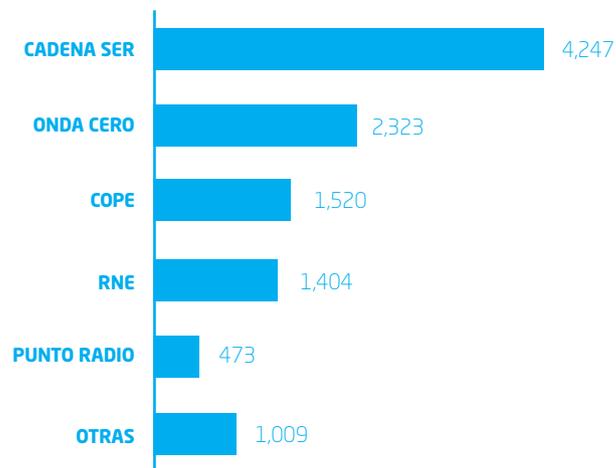
Audience share for general-interest radio (Spain)

Cadena SER	37.6 %
Onda Cero	20.6 %
Cope	13.5 %
RNE	12.4 %
Punto Radio	4.2 %
Otras	9 %

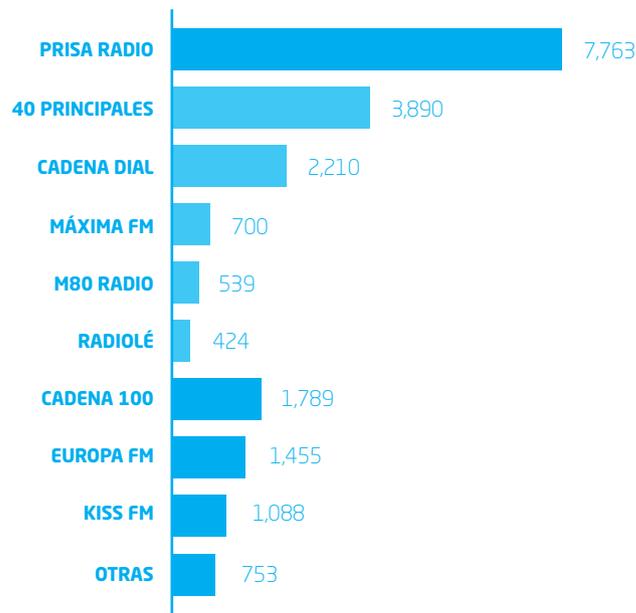
Audience share for music radio (Spain)

40 Principales	1 ^a
Cadena DIAL	2 ^a
Cadena 100	3 ^a
Europa FM	4 ^a
Kiss FM	5 ^a

Audience for general-interest radio (Spain) (in thousands of listeners)



Audience for music radio (Spain) (in thousands of listeners)



Source: EGM 3^o Ola 2010

TELEVISION (SPAIN)

Digital+. Number of subscribers

	Dec 2010
Subscribers Digital+ dth	1,772,856
Subscribers Digital+ dtc	950
Subscribers Digital+ other platforms*	10,768
Total subscribers	1,784,574

*Distribution deals with other operators

	TOTAL	PENETRATION
IPLUS	305,379	17.2 %
MULTIPLUS	165,153	9.3 %

Digital+. Average revenue per subscriber per month

	Euros
Annual ARPU	41.7

Digital+. Cancellation rate

	Dic 2009	Dic 2010
CHURN AT YEAR END (%)	18.2	15.8

Audiovisual production
PLURAL ENTERTAINMENT (Hours produced)

Portuguese



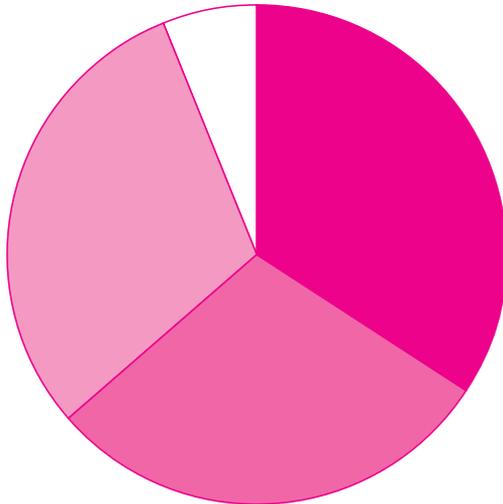
Spanish



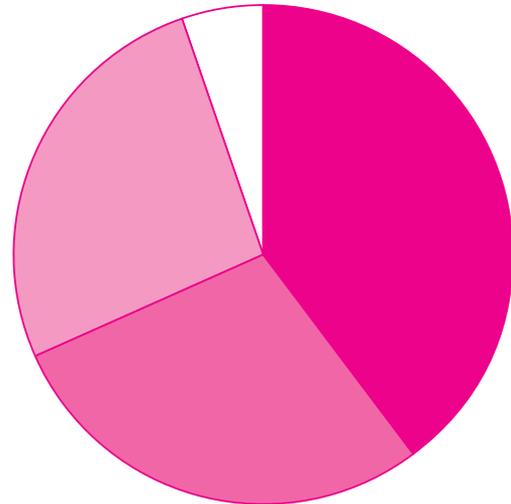
TELEVISION (PORTUGAL) January to December

	24 HOURS	PRIME TIME
■ TVI	34.2%	39.2%
■ SIC	29.1%	28.8%
■ RTP1	30.1%	26.4%
□ RTP2	6.6%	5.5%

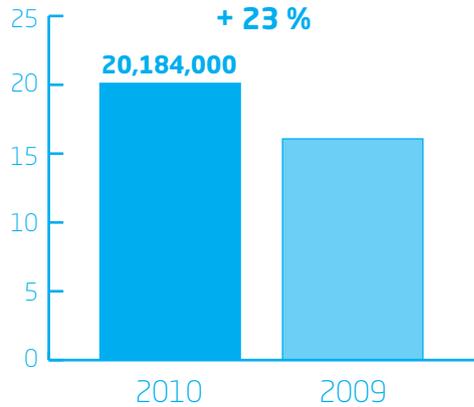
24 hours



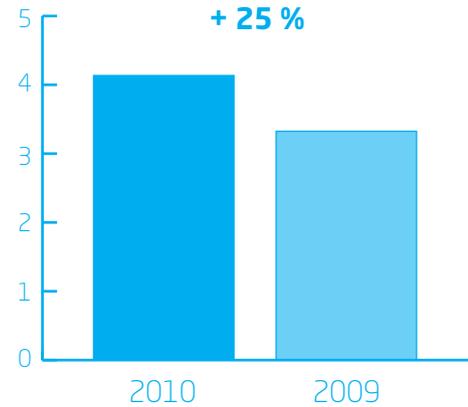
Prime time



PRISA's world audience (millions)

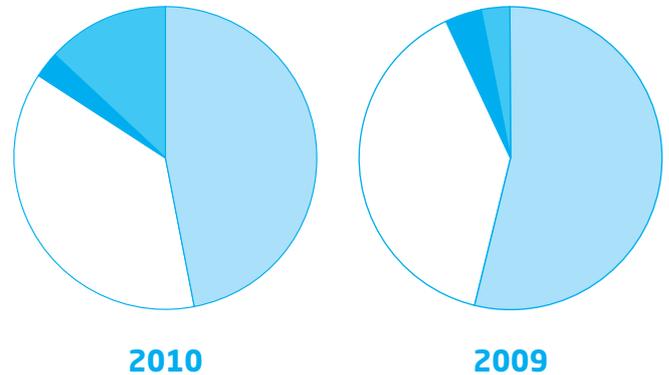


Average length of visit (minutes)



Traffic by region. Growth of world audiences

	2010	2009
Spain	47 %	54 %
LatAm	37 %	39 %
USA	3 %	4 %
Other	13 %	3 %



Data: Comscore Media Metrix

04 Timeline

JANUARY

- PRISA and Indra sign strategic partnership aimed at enhancing the Group's technologies.
- *El País* closes the year as absolute market leader with average circulation at 391,816 copies.
- Santillana and Hispanic Communications Network announce new strategic content alliance aimed at offering free and exclusive content to the US Spanish-speaking public.

FEBRUARY

- Javier Pons is named deputy managing director of Unión Radio.
- Elpais.com, second most mentioned brand among Internet users.

MARCH

- PRISA signs deal with Liberty: the Group will receive up to 900 million dollars.
- CANAL+ to broadcast World Cup in 3D via DIGITAL+.
- PRISA against climate change. All the Group's companies support the WWF's *Earth Hour*.
- PRISA wins the football wars. Mediapro is ordered to compensate Sogecable to the tune of 105 million euros.
- Hernán Rivera Letelier wins the 13th Annual Alfaguara Literary Prize for his *El arte de la resurrección*.
- As.com becomes first sports site to launch an Android app.

APRIL

- PRISA and Telecinco sign deal on Cuatro merger and the acquisition of a 22% stake in Digital+ by Mediaset.
- Spain's Competition Commission finds in favor of PRISA TV's football broadcast model.
- Alfaguara to co-publish the digital edition of the winner of the II Premio Bubok de Creación Literaria 2010.
- *El País* editorial team, Judith Torrea, Jean Daniel and José Cendón win the Ortega y Gasset Awards for Journalism 2010.
- PRISA signs refinancing deal with its banks.
- PRISA earns 279 million euros from the sale of 25% of Santillana to DLJ South American Partners.

MAY

- Cuatro wins three awards at the New York Festival 2010.
- SER and *El País*, Spain's favorite media outlets, according to CIS.
- Santillana launches web book for high school students.
- Canal + broadcasts the first ever 3D bullfight.
- CANAL+ wins four Laus prizes.

JUNE

- Cincodias.com sees a record 43% growth in May.
- Cuatro wins the Gold Laus Prize.
- Caracol Radio consolidates its lead in Colombia with 8,826,600 listeners, according to second quarter ECAR figures.
- As becomes first sports site available on iPad.
- Canal + wins the prize for best company advertiser at the 2010 Publifestival.

JULY

- PRISA maintains its membership in the FTSE4Good IBEX, the index of socially responsible companies.
- The Jesús de Polanco Academic Chair launches a master's program in Human Rights.
- Santillana enters digital publishing with Libranda.
- The *New Grammar of the Spanish Language* and writer Juan Goytisolo win the International Don Quixote de la Mancha Award 2010.

SEPTEMBER

- Grupo Santillana reorganizes management to strengthen its lead and commitment to digital businesses.
- Carrusel Deportivo wins the Academia de la Radio's special award.

OCTOBER

- Mario Vargas Llosa wins 2010 Nobel Prize in Literature.
- As.com wins best news design award 2010.
- Caracol Radio wins two Simon Bolivar Journalism awards.
- Humberto Lopez Morales wins the II annual Isabel Polanco International Essay Prize.
- BBVA, Panda Security and Saft win the Cinco Días Awards for Business Innovation 2010.
- Francisco Pérez González, honorary Director of PRISA, dies.

NOVEMBER

- *El País* signs distribution deal with Chile's *La Tercera*.
- PRISA signs deal which may see it join controlling stakeholders of *Le Monde*.
- The educational community celebrates 50 years of Santillana.
- The Fundación General of the UIMP, the Monterrey Tech and the Fundación Santillana create an open, educational space for the Spanish-speaking world.
- Telefónica and Telecinco get green light for DIGITAL+ deal.
- El País launches online edition in English.
- Plural Entertainment's *Meu Amor* wins Emmy for best soap opera.
- New PRISA Board of Directors. The Board welcomes seven new members.
- Green light for the combination of PRISA and LIBERTY.
- The UN congratulates PRISA for its Global Compact Progress Report.
- PRISA unveils new corporate image, symbolizing its transformation into a new consumer-focused technology company.

DECEMBER

- As pays tribute to the year of wonders at its annual sports awards. The Spanish national football team, Nadal, Lorenzo, Marquez, Gento and Forlan, are among those honored.
- Cadena SER is in the lead once again with 4,247,000 listeners. All the network's programs are clear audience share leaders.
- PRISA'S new shares start trading in New York.
- PRISA TV opts to cease producing CNN+ and create a global news channel instead.
- PRISA, Telecinco and Telefónica confirm their alliance.
- PRISA TV sells headquarters. The Group banks 80 million euros in the deal and signs a 20-year leaseback on the property.

Gran Via 32, PRISA's headquarters in Madrid



The Canal+ team



Santillana launches the Mochila Ligera (Lighter Backpacks for schoolchildren) campaign





2010's Nobel Prize for Literature winner Mario Vargas Llosa



The late Francisco Pérez González



The Prince and Princess of Asturias join Santillana for its 50th anniversary celebrations



PRISA

**The future
is here**



El País is a huge succes on the iPad with 63,000 downloads in 2010



Social responsibility

Promoting arts and culture

From the very outset, PRISA has worked actively to promote the arts, culture and journalism by honoring excellence with some of the world's most prestigious prizes and awards. In the field of journalism, PRISA holds the Premios Ondas Awards and the Ortega y Gasset Awards for Journalism that pay tribute to the best professionals and productions in radio, television, online, in music and advertising. In the publishing world, PRISA honors literary creativity in Spanish with the Alfaguara Book Prize and the Isabel Polanco International Essay Prize.

Education as the engine of social development

PRISA's operations are permanently geared towards fostering ethical and civic values. Grupo PRISA is active in the defense and promotion of education and social and cultural initiatives in the regions where it operates in order to promote the development of fairer, freer and more tolerant societies. These aims are at the core of Santillana's strategy, and all the company's projects and operations are geared towards ensuring we meet these goals while at the same time guaranteeing quality, respect for our users, and the growth of both our presence and lead in all regions where we operate.

Fundación Santillana

The Fundación Santillana was established in 1979 to promote educational and cultural projects, to foster the active exchange of knowledge between Spain and Latin American countries, to organize forums for the exchange of ideas and to sponsor initiatives related to the world of publishing, information and education. The Foundation strives to foster and promote a process of ongoing and permanent education in those countries where it operates (Spain, Colombia, Brazil and Argentina), a process we see as beginning in the school room and continuing far beyond the university campus to embrace lifelong learning.

Over the course of 2010, the Foundation has continued to run and support its well-established initiatives: the 25th Annual Monographic Education Week, the 4th Annual Lessons and Masters Seminar, the 3rd Annual Formentor Literary Conversations Seminar, which paid tribute to Jose Saramago and Miguel Delibes, and the 3rd Annual International Don Quijote de la Mancha Award, which honored Juan Goytisolo and the Association of Academies of the Spanish Language. 2010 saw the launch of the Seminar on Narrative and Journalism at the International University Menéndez Pelayo, the Forum on Spanish-language cultural industries: USA and Spain, and the Masters in Governance and Human Rights under the auspices of the Jesús de Polanco Memorial Chair for Ibero-American Studies and the Universidad Autonoma de Madrid (UAM). A number of collaboration agreements were signed with institutions such as FUNGLODE (the Global Foundation for Democracy and Development) for the the development of social and cultural research projects in the Dominican Republic and Spain.

Championing human development

PRISA's media have long championed campaigns in favor of human rights and development as promoted by NGOs such as Intermón Oxfam, Ayuda en Acción, Red Cross, UNICEF, Medicos sin Fronteras, Save the Children and the UNHCR. Support is offered through habitual reporting and specific sponsorship or promotion deals. Each of our companies collaborates at an individual level and on occasions we act in a coordinated fashion across a number of companies or as a Group as a whole. Throughout 2010, Grupo PRISA has continued its tradition of fostering and promoting social solidarity, human rights and the environment in order to raise awareness among readers, viewers, listeners and users.

Self-regulation and ethical codes

In keeping with a commitment to an ongoing exchange of ideas in their relevant sectors, PRISA companies are active members of different professional associations and organizations. PRISA is a member of the European Publishers Council, has been instrumental in the success of the Foro Iberoamérica and actively collaborates with the Inter American Press Association (IAPA/SIP). It is also an active member of the Conseil de Coopération Economique (CCE) and collaborates with the Paley Center for Media in New York and Los Angeles. In Spain, Santillana is member of the National Book Editors Association (ANELE), the Federation of Publishers' Guilds (FGEE) as well as other educational organizations with common values such as quality and responsibility in teaching.

SER is a member of the Asociación Española de Radiodifusión Comercial (Association of Spanish Commercial Radio Broadcasters). In the audiovisual sector, PRISA TV represents the Group in UTECA (TV and Audiovisual Content Union). The Group's newspapers are members of AEDE (Spanish Newspaper Editors Association). All the Group's media in Spain are signed up to the Association for Self-regulation in Commercial Media (Autocontrol). In Portugal, Grupo Media Capital is a member of the Portuguese Social Media Confederation, which brings together more than 600 companies from the media sector.

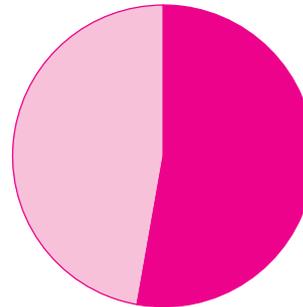
Human resources

Our Human Resources policies are a reflection of our conviction that our human capital is our best tool to meet our commitments to society. Working at PRISA means joining a team of professionals in an environment that favors innovation, creativity and teamwork. Through integrated and effective management of people, we foster both the personal and professional development of our employees.

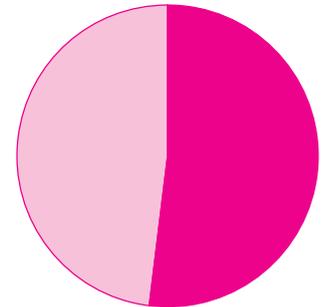


Workforce by sex

	2010	2009
■ Male	7,335 (53%)	7,799 (52%)
■ Female	6,550 (47%)	7,188 (48%)



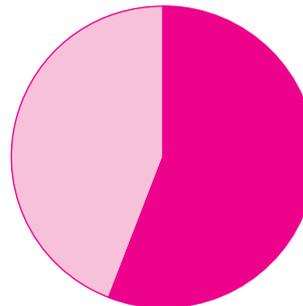
2010



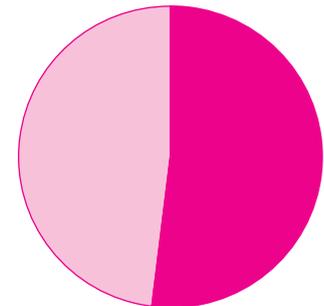
2009

Workforce by geographic region

	2010	2009
■ Spain	7,750 (56%)	8,044 (52%)
■ International	6,135 (44%)	6,943 (48%)



2010



2009

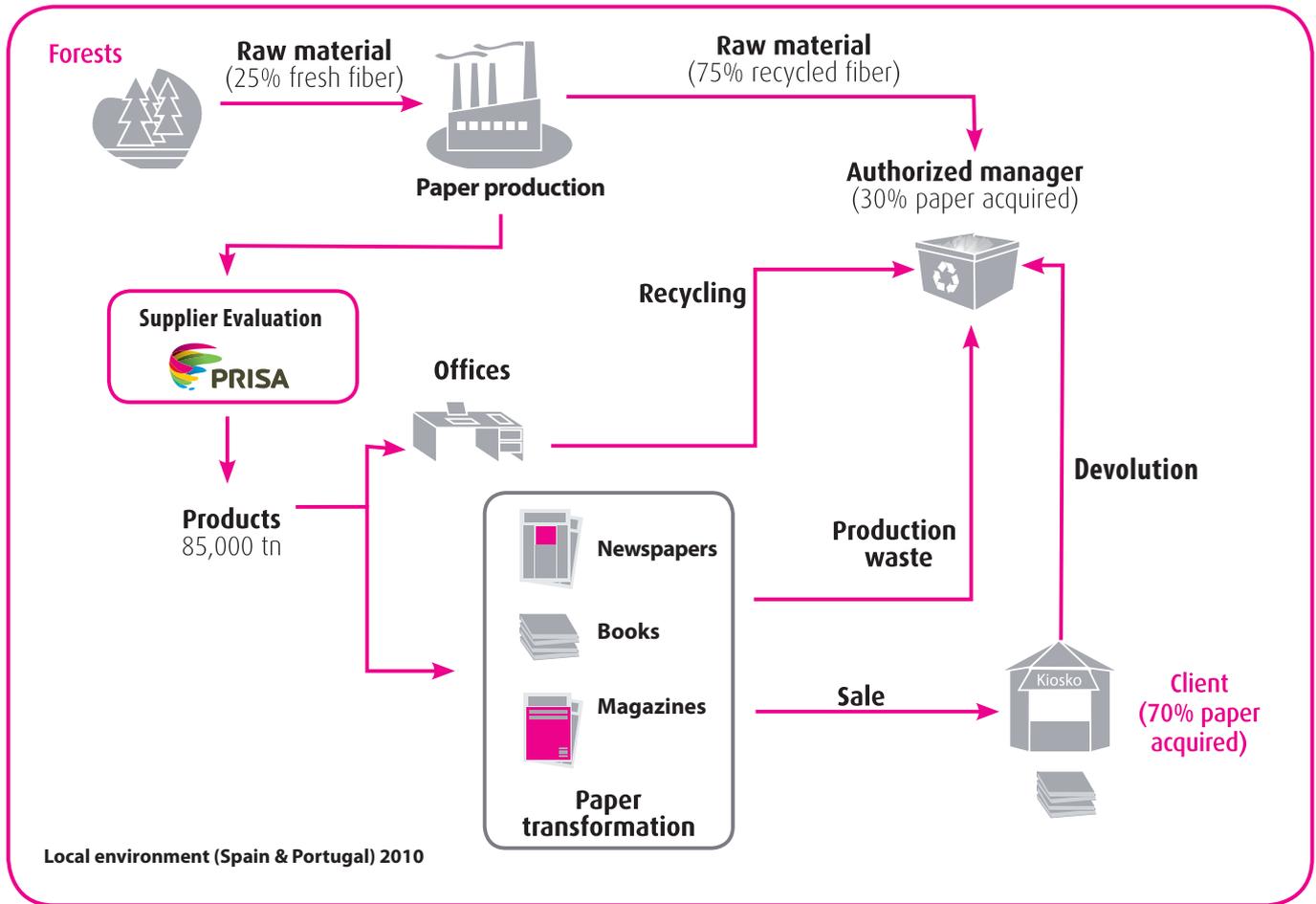
Our commitment to the environment

Our purchasing and suppliers policy sees the supplier as a fundamental stakeholder and is based on criteria of efficiency, transparency, equal opportunities and respect for the rule of law. We believe that our relationships with our suppliers are key to our mission to act responsibly. Through all our suppliers we foster a distribution of wealth and the creation of real socioeconomic and technological value. That's why our Suppliers Policy takes into account not just factors regarding pricing, quality and geographical reach, but also issues such as the supplier's social commitment, particularly in the areas of taxation, workers' rights, human rights and the environment.

PRISA is seen by the public and by its stakeholders as a responsible and sustainable company. To meet our CSR goals, the department of Corporate Purchases pays special attention to three areas in its operations:

- Selection and management of suppliers – these are seen as crucial stakeholders in the company's day-to-day operations.
- Paper management as our most important prime material.
- To determine new areas where we can improve identification, measurement and management of the company's environmental impact.

Paper life Cycle in The PRISA Group



Commitments and future challenges

A commitment to society and stakeholders, internal and external, is at the very core of all PRISA's operations. From the very beginning, the Group has made every effort to perfect and reconceive all those aspects that might improve its products and how its companies perform. Since the outset, PRISA has shown clearly its commitment to quality, innovation, service and rigor across all its products.

Testament to our commitment was the recognition Grupo PRISA received this year from the United Nations Global Compact. PRISA has been signed up to the compact since 2008 and in November 2010 presented its progress report, a document in which adherents demonstrate their commitment to aligning their operations and strategies with *Ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption*, as outlined by Kofi Annan in 1999. PRISA's companies were congratulated for the quality of the information supplied, the initiatives undertaken by the Group and the high level of implementation of corporate social responsibility policies.

Meanwhile, since PRISA went public, the Group has adopted a permanent commitment to generate value for its shareholders, to grow as a company, to improve content, to maintain the optimum levels of quality and service in its products and to seek out and expand into new markets. This is why the company has been included on the international index for corporate social responsibility, the FTSE4Good. FTSE4Good is a package of indices aimed at measuring the efforts of companies to meet globally recognized corporate responsibility standards. For the second year running, in June 2010, PRISA made it on to the index in recognition of its Corporate Social Responsibility policies.



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