



Annual Report
2013



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01

The year in review

01

The year in review



JANUARY

- PRISA signs a new agreement with its creditor banks, who fully support the transformation process.
- President Ollanta Humala and Luis de Guindos participate in the debate "Investing in Peru", organized by *El País* and the Peruvian newspaper *La República*, and which brought together leading experts to analyze business opportunities there.
- UNESCO and SANTILLANA broaden the scope of their collaboration on education. The agreement includes technical assistance and event organization in Latin America.

FEBRUARY

- *El País* completes its process of renewal and unveils a website that looks to the future.

- SANTILLANA USA registers record sales of ebooks in Spanish, with growth of 78 % from November 2011 to January 2012 in the United States and Puerto Rico.
- The Argentinian writer Leopoldo Brizuela wins the Alfaguara Prize 2012 for his novel *Una misma noche*.

MARCH

- SANTILLANA presents the report *Programme for International Student Assessment (PISA)* developed by the OECD and published by Santillana, at the Museum of Art of El Salvador.
- PRISA and Microsoft sign an agreement that will include the contents of *As*, *Cinco Días*, *Cinemanía* and *Meristation* on the MSN portal.

APRIL

- The European Promax Awards honor Canal+ for best sound design for the "Avance Series 2012" promotion.
- PRISA and the Paley Center for Media, the U.S.'s foremost independent forum for the media industry, organize in Madrid a summit on the future of news and information.
- PRISA Radio interviews Barack Obama within the framework of the Sixth Summit of the Americas.

MAY

- The Royal Spanish Academy and the Association of Spanish Language Academies celebrate the fiftieth anniversary of Alfaguara's *La ciudad y los perros* (*The Time of the Hero*) by Mario Vargas Llosa, by publishing a special commemorative edition.
- Humberto Padgett, Carmela Rios, Carlos Jacobo Mendez and Sir Harold Evans are honored with the Ortega y Gasset Prize for Journalism 2012.
- Cadena SER brings together leading experts and NGOs to discuss world hunger at the event Encuentros por.com

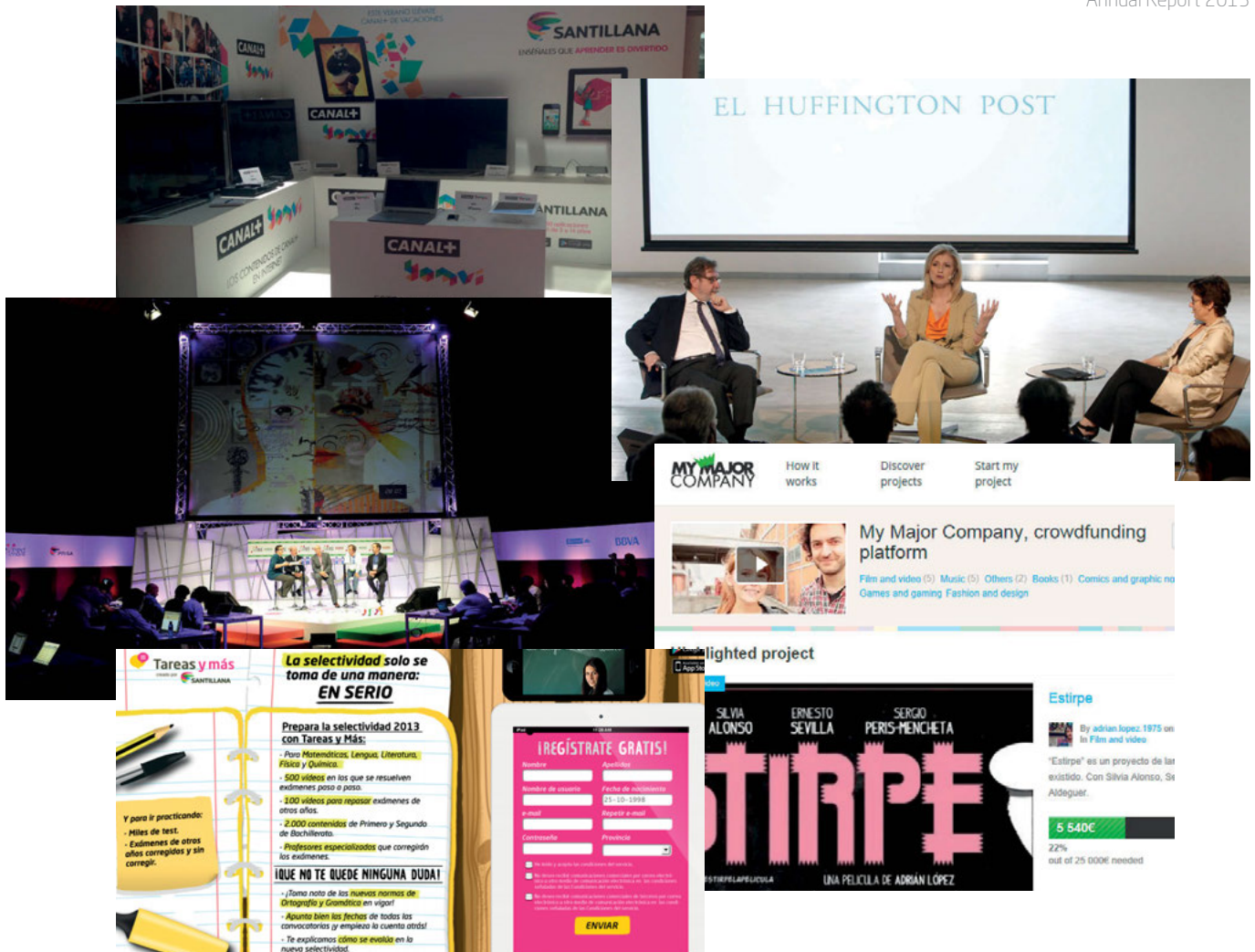
JUNE

- PRISA collaborates by second consecutive year with the leading congress on technology and the digital economy, *Red Innova*, as global sponsor, and as media partner through all its media outlets.
- *El País* strengthens its commitment to news and information in Latin America and launches a new online section dedicated to Mexico.
- Launch of *El Huffington Post*, the Spanish-language version of the popular U.S. news and views website, created by Arianna Huffington, with Montserrat Domínguez as editor-in-chief.

JULY

- The travel portal *El viajero* is given a revamp and strengthens its content in collaboration with *El País*, El País-Aguilar and Canal Viajar.
- Juan Luis Cebrian is appointed executive chairman of PRISA, Ignacio Polanco as honorary president, Fernando Abril-Martorell as CEO, and Manuel Polanco as vice president.
- Tribute to Carlos Fuentes, who died in May aged 83, organized by the International University Menéndez Pelayo (UIMP) and Fundación Santillana.





AUGUST

- Canal+ scores the best football package ever thanks to the deal with Mediapro, which gives the channel TV broadcast rights for the Liga BBVA First Division for the next three seasons.
- TVI presents the new entertainment channel +TVI, which will be distributed exclusively through cable operator ZON.

SEPTEMBER

- Kiosko y Más, the leading multi-format digital newsstand in Spain, with a catalog of more than 300 titles, wins the Publishing Platform of the Year.
- Launch of *Tareas y más*, the first study-aid website created by SANTILLANA, with more 6,000 resources created by the publisher and offering a personalized service to students aged 10 to 18.
- Cadena SER, in collaboration with My Word, presents the study *El ObSERvatorio*, a comprehensive review of the state of Spanish society.

OCTOBER

- José Luis Sainz is appointed CEO of PRISA Radio and Cadena SER by the Boards of Directors of both companies.
- The *El País* website receives the Premio ÑH award for best digital design, plus a total of three gold medals, one silver and eight special mentions.
- Media Capital launches the channel TVI Ficción, dedicated 100 % to Portuguese soap operas, sitcoms, drama and series, developed by TVI and Plural, and distributed exclusively by the platform MEO.
- The Canal+ YOMVI app becomes most downloaded free app for iPad at the Apple Store.
- PRISA Radio launches *Mymajorcompany.es*, a commitment to crowdfunding for up and coming artists and projects.

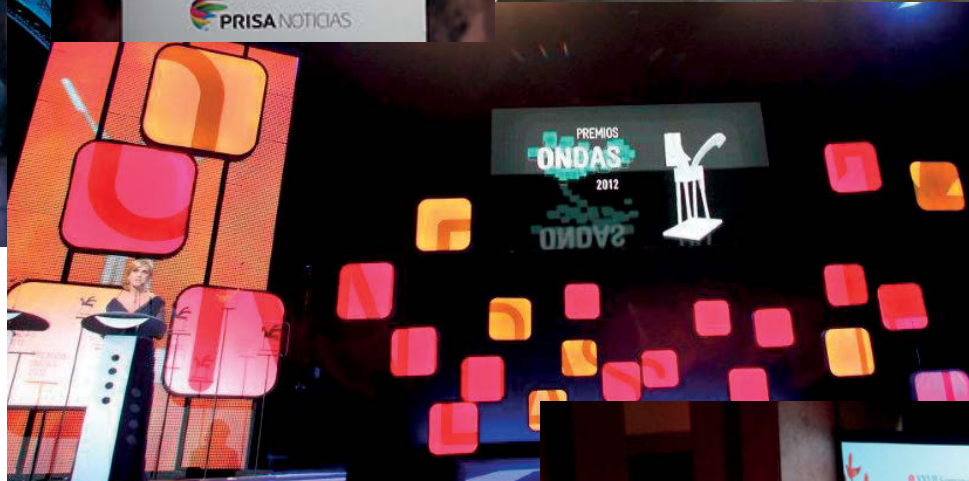


NOVEMBER

- President Dilma Rousseff participates in the forum "Brazil on the path to growth" organized by *El País* and held at the Teatro Real in Madrid.
- The *Cinco Días Awards* for Business Innovation 2012 go to Mutua Madrileña, Tecnalia and Santander CRUE CEPYME.
- The Fundación Santillana celebrates XXVII Education Week with the theme *Education: The key to growth in Ibero-America*, with the participation of Spain's Minister for Education, José Ignacio Wert, and Iberoamerican Secretary General, Enrique Iglesias.
- PRISA acts as Global Partner for the second edition of EmTech Spain 2012, Europe's most important conference on emerging technologies.
- Arturo Perez-Reverte publishes his new novel, *El tango de la Guardia Vieja* (Alfaguara).
- The Premios Ondas Awards pay tribute to the long careers of radio professionals on both sides of the Atlantic.

DECEMBER

- SANTILLANA launches Edusfera, the first online store for educational content as well as a social network to foster learning.
- The As Sports Awards honor the best athletes of 2012 and the career of Vicente del Bosque.
- The TV premiere of *Falcon*, a new, original production from Canal+ in co-production with ZDF and Sky Atlantic.
- SANTILLANA launches *Pupitre*, a clear commitment to developing the full educational potential of tablets, a device whose use is increasingly widespread among children.
- 40 Principales expands its presence in Latin America and lands in the Dominican Republic. The 40 Principales Awards also cross the Atlantic, celebrating the first edition of the Premios 40 América in Veracruz (Mexico).







02

PRISA, a global group

02

PRISA, a global group

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



Present in 22 countries, PRISA reaches more than 52 million users through its global brands *El País*, 40 Principales, SANTILLANA and Alfaguara. As market leader in general-interest press, commercial and Pay TV, spoken-word and music radio, education and publishing, it is one of the Spanish-speaking world's largest 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 33 million unique users* (72 million unique browsers) worldwide, PRISA is at the forefront of multi-channel and multi-device content distribution. The Group has

embarked on an ambitious strategy of content distribution, offering products and services adapted to users' changing consumer habits through mobile phone devices, tablets, smart TVs, e-books and PSP games consoles. PRISA has its own Research and Development division, which is backed by the world's leading software operators.

* (Source: comScore, Dec 2012)

Mission, vision and values

A **commitment to society** is at the very core of PRISA. From the very beginning, the founders and promoters of *El País* have been committed to Spanish society, to defending and expanding democratic liberties, equality and civil rights for all. All too aware of this responsibility, three decades on, this commitment remains as strong and vital as ever and now embraces Ibero-America.

This vision is shared by all those who work in our organization and is evident in the work and in the day-to-day operations of all those who work for PRISA.

- Independence and rigor in our role as informers, educators and communicators.
- Responsibility, intellectual honesty and transparency.
- Pluralism and respect for all ideas, cultures and people.
- Defense of freedom, peace and the protection of the environment.
- Self-criticism aimed at achieving personal and business improvement.
- Creativity and innovation in the development of business.
- Attention to the demands and concerns of society at all times.
- Responsible, efficient and sustainable management, which generates added value for both the shareholder and for society as a whole.

These values have always been embraced by the teams of professionals working at *El País* and have subsequently been taken on board by all the Group's companies as they strive to be both socially responsible and world leaders in the fields of education, news and entertainment in the Spanish and Portuguese-speaking

El País Editorial Code

"El País is an independent newspaper with a clear international vocation and a defender of plural democracy based on liberal and social principles. It is committed to the defense of the democratic and legal order established by the Constitution. Within this framework, it embraces all tendencies, with the exception of those seeking to achieve their ends through violence (...) the paper is dedicated to providing daily accurate, complete and high quality information of interest to the public, thus enabling the reader to comprehend reality and form their own opinion of the world".

"El País should be a liberal, independent, socially responsible, national and European newspaper, attentive to the changes taking place in Western society".

"Liberal, to my understanding, means two things: to be willing to understand and listen to those holding different views and to reject the idea that the end justifies the means. In our times, liberal also implies the belief in popular sovereignty, that is, in the equal rights of each and every individual citizen".

"We must therefore defend plural democracy, exercised through universal suffrage, as the least bad mechanism invented for the exercise of this sovereignty. We must recognize the fundamental rights of all people, while denouncing all types of totalitarianism, as the inescapable consequence of these beliefs".

"El País must also be an independent newspaper, not party to or mouthpiece for political, financial or cultural organizations or groups, and, while it defends free enterprise and depends on revenues from its advertisers, the newspaper rejects all conditions from economic pressure groups".

"El País must also champion solidarity, as in today's world, at least in Western countries, every member of society is a participant in the general welfare. For this reason, it must defend the establishment and proper administration of a Social Security system and a fair and just sharing of wealth through the proper imposition of taxation without inhibiting individual growth. It must also defend the environment, as the patrimony of all humanity; it must defend civic virtues, and endeavor to combat all corruption, fraud or abuse, and private and state monopolies. The solidarity of all Citizens before the law is also its mission, for which reason we consider the independence of the judiciary to be fundamental".

José Ortega Spottorno
March 5, 1977



markets. We are thus responsive to the needs and expectations of a free, responsible, respectful and sustainable society.

Meanwhile, the rapid changes taking place in the media sector have spurred PRISA's transformation into a "new company", focused not only on the production and distribution of content in Spanish and Portuguese, but also on learning more about each of our stakeholder groups, as well as on the use of new technologies.

This shift in business model has been accompanied by a new approach to corporate identity, specifically, repositioning and a new image, that requires us to update and reassess our mission, vision and values to enable the Group to better face the challenges ahead without losing sight of our core principles.

PRISA's **positioning** entails being the world's leading creator and provider of Spanish and Portuguese-language content in the fields of education, news and information and entertainment, thanks to its consumer-oriented multi-channel offer of high-quality products. **Our mission** is to improve people's quality of life and to contribute to the progress of society by offering goods and services that will enrich the lives of all consumers of our news and information, educational and entertainment products.

Our vision is to set the standard worldwide in matters of culture and education in Spanish and Portuguese.

In short, we remain as committed as ever to our values.

- *People*: Everything we do revolves around people.
- *Creativity*: Creativity is our most basic tool in our ongoing drive to innovate.
- *Dedication*: Our dedication guarantees value, quality and excellence.

- *Integrity*: We see integrity as encompassing honesty, rigor, self-criticism, responsibility, independence and impartiality.
- *Pluralism*: We see pluralism as embracing freedom of expression, transparency and diversity.
- *Connectivity*: We are aware of the importance of being connected and being accessible in order to share and collaborate.
- *Security*: The new digital paradigm requires us to guarantee a secure environment in order to maintain our users' trust.

Social responsibility at PRISA

At PRISA we believe that our very business operations play a significant social role in the development of a democratic and sustainable society. That's why the Company has always focused on developing the best possible teams of professionals and on championing quality and credibility across all our products within the same ethical framework under which *El País* was founded: that is to say, solidarity, transparency, independence and the protection of the environment.

As a large media and publishing group, we take our responsibilities seriously, not merely in how we manage our businesses but also through our products and content-through which we strive to raise awareness and inform the public of the issues facing society.

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 socio-economic and technological value. That's why our Suppliers Policy takes into account not only 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's social commitments may be grouped into four main areas.

- Informing responsibly.
- Commitment to education.
- Responsible entertainment.
- Responsible management across the value chain.

Informing responsibly

The chief social responsibility of any media group is to defend and practice honestly and vigorously the right to information and freedom of expression.

In this way we contribute to the growth and development of a democratic society everywhere we operate, and where our media outlets are clear leaders.

With a view to guaranteeing the fulfillment of these duties, *El País* was a pioneer from the very outset in adopting a series of professional and ethical frameworks such as the *Editorial Code*, *Style Book* and *Readers' Editor*, which have been subsequently embraced by all the businesses across the Group.

These ethical standards have fostered the growth of a business culture that is rigorous, critical and of high quality and that has set the standard in Spain and in the Americas. In the audiovisual sector, PRISA's companies have signed up to a number of codes that guarantee the quality of their news services. These include a code for self-regulation of television content for children.

Our credibility and prestige are among our greatest assets but this is not the only reason why every day millions of people read, watch, tune in, or log on to our services in search of information and news. Since the very outset, PRISA has played the role of responsible opinion leader and watchdog, working in defense of pluralist democracy, creating awareness around the issues that affect us. Our media have spoken loudly and eloquently –either through special coverage or by providing free advertising spaces for NGOs– on a number of campaigns and in defense of human rights.

Commitment to Education

PRISA's operations include a wide range of products and services that foster the development of individuals, teachers and companies, from children's education to executive training programs.

As the world's largest educational publishing group in Spanish and Portuguese, PRISA, through the publishing brand SANTILLANA, plays its role of leadership responsibly. We believe that education is a vital tool for the social, political and economic development of the societies in which we operate. As well as our commitment to quality, innovation and service, we have contributed over the decades to improving educational practice and have facilitated public debate on the future of the education systems in Spain and the Americas.

PRISA is also committed to promoting Spanish language and culture worldwide.

Responsible Entertainment

Every day, more than 52 million people in Europe and Latin America choose our TV channels, read our books, and tune in to our radio stations for leisure and entertainment.

All too aware of the influence that our content might have on children, teenagers and adults, PRISA has set itself certain criteria governing integrity, quality and adaptation of content.

All our media outlets are signed up to a *Code for self-regulation of televisual content for children*. The Group also supports an *Agreement on self-regulation of television advertising*.

We have shown that raising awareness of social and environmental issues can go hand-in-hand with entertainment, through programs that educate and inform, while also providing entertainment at the same time.

Our music stations avoid subjects that might prove offensive to listeners, particularly during time slots when children might be listening.

Responsible management of the value chain

Providing guarantees to our stakeholders with respect to our duties and obligations as a business is an important part of our responsibility as an organization.

We believe that our relationship with our suppliers is a key factor in acting responsibly.

Using our *Guide to Relations with suppliers*, we evaluate not only economic, geographic and product and service-related factors, but also the suppliers' integrity and their degree of commitment to tax, labor, human rights and environmental obligations.

Our commitment to sustainable development has meant we've made significant headway in environmentally

sound management across all our companies, worldwide. Paper and cardboard, in different formats, is the consumer good used by the Group that has most potential environmental impact. We carefully manage the use of paper right across its lifecycle: from production to recycling.

Our commitment

Our commitment to society

PRISA has been signed up to the **UN Global Compact** since 2008, and is member of the Global Compact Spanish Network since May 2013. This initiative demonstrates the Group's commitment, in both its operations and general strategies, to the Compact's ten principles in the areas of human rights, labor, the environment and anti-corruption. In 2010 and 2011, the Spanish Network for the UN Global Compact paid tribute to the high level of implementation at PRISA of the Ten Principles that the UN Compact outlines for the advancement and integration of Corporate Social Responsibility policies in the management of companies. Our commitment remained as strong as ever in 2012 and we expect to continue receiving a positive evaluation from the organization.

Investors, meanwhile, recognize that PRISA is a company with responsible practices in terms of sustainability which is why the Company has been included in the **FT-SE4Good** since 2008, the international index aimed at measuring the performance of companies (30 in Spain) that meet globally recognized corporate responsibility standards. Once again this year, PRISA made it onto the index in recognition of its Corporate Social Responsibility policies in the areas of human rights, labor, the environment and anti-corruption.

Main achievements

Project Toyoutome

The most prominent initiative of 2012 has been the consolidation of the project **Toyoutome** as the framework concept encompassing a number of internal communication initiatives to integrate all business units, thus fostering entrepreneurial culture and a sense of belonging. This is a new, far-reaching initiative that completely changes the way people work at PRISA. The new organizational design promoted by the Group

requires a level of coordination and communication that is only possible thanks to the project **Toyoutome**, our way of understanding internal communication that is articulated through various communication components. These include a global communications platform, a digital trends blog and a daily tweet, an internal social network, a club providing advantages and benefits for employees, training on our own campus, an internal jobs portal, to name but a few.

The first phase, completed in 2011, was to launch the new intranet or global platform, which began operating in December 2011. The PRISA Communications Department has succeeded in bringing the corporate intranet to encompass all business units and Group companies, making it the “mother” platform that houses all existing internal spaces and channels, and thereby making it the main channel of PRISA’s internal communications.

During the first half of 2012 we focused on improving the performance and overall functionality of Toyoutome, and now, for the first time, the Group has a global collaborative work environment that acts as a channel of communication and interaction, and as a tool that brings people closer together.

Corporate Center has created a team composed of intranet managers from each of the Group companies, together with cross-departmental HR, ICT and Change Management teams, with the aim of working together to permanently identify synergies and exploit opportunities for collaboration in the field of internal communication, all coordinated with the heads of communication at the different PRISA units.

Internal audit on corporate social responsibility

We continue to forge ahead with our action plans based on ongoing assessment and follow-up. Thus, in 2012, PRISA oversaw significant initiatives across three general fields of CSR: social, economic and environmental.

In 2012 we made significant progress in defining the Global Social Responsibility Policy with the firm objective of creating sustainable value for both PRISA and its stakeholders by championing sustainability in the Spanish and Portuguese-language media and education sectors, and by endeavouring to communicate our



FTSE4Good

message to society. This strategy, aimed at bringing greater dynamism to the different business units and Group Companies, is based on the mission, vision and values of PRISA. The strategy sees these three crucial elements as what sets our Group apart, and is supported by Corporate Governance, Senior Management and the Communications Department.

PRISA’s Sustainability policy operates transversally through three main channels: the creation and distribution of content, responsible management and social and cultural initiatives. And all this under the umbrella of proactive communication through channels that foster both transparency and dialogue.

But such a policy would be all but useless without a specific timetable of action. A strategy must translate into action that will bear fruit in 2013. And already, over the course of the past year, we have presented the detailed plan for the period 2013/2015. Of the six proposed plans, three are already underway, notably the *Observatory for Responsible Action*, that will be the catalyst and driving force behind all our activities both within and outside the Company, and Debates PRISA, aimed at nurturing deep and permanent, ongoing reflection on journalism and education.

Most of these initiatives are detailed in the following chapters of the annual report, but at a global level, we should highlight the world’s largest social mobilization campaign: *Earth Hour*, in which PRISA has been a key media partner since 2009.

Global campaign for awareness against climate change

PRISA threw its weight behind the global awareness campaign against climate change organized by the

WWF (formerly Adena), *Earth Hour*, on March 31. The initiative involved all the Group's companies in all countries where the Group operates. It is the largest mass public event that PRISA supports and it is an initiative that is very close to PRISA's heart. As a crucial news and cultural player in the Spanish and Portuguese-speaking worlds, the Group will continue to support the initiative in the future in keeping with our commitment to raising awareness in this area.

The initiative in 2012 mobilized more than 147 countries (12 more than in 2011) in more than 5,000 cities worldwide in order to show that collective action can effectively lobby governments to act against climate change.

The campaign took place throughout March by means of a countdown on PRISA Radio's stations, on programs on Canal+, in *El País* and *Cinco Días*, on all the Group's web pages and through SANTILLANA, thus helping to spread the word that we still have time to prevent climate change.

PRISA involved all its employees through in-company initiatives and designed web page on the corporate site with the slogan: **PRISA against climate change**.

The day following the event, *El País* thanked all its readers for supporting the campaign on behalf of PRISA.

The cost of running the campaign through editorial coverage and the donation of advertising space was valued at almost 11 million euros across all the Group's media outlets.

Responsible communication

Over the past year, progress has been made in the plan for the management of indicators and for responsible communication. This has shown us the way forward.

Noteworthy achievements include:

a. New management of Communications: In 2012, PRISA's Department of Communication consolidated the work begun in 2011 aimed at changing and modernizing the management of Group

communications, strategically focused on employing the most advanced technologies in order to position PRISA as a consumer-oriented company and focused on facilitating the Group's expansion in international markets, particularly the US, Brazil and Mexico.

This shared project, led by the Directorate of Corporate Communications, made up of the new team of communications directors from all the Group's business units, aims to guarantee and promote PRISA as a socially responsible business Group. It also aims to integrate PRISA's commitments as a socially responsible Group with its commercial operations and its relations with stakeholders and social and environmental issues.

b. Setting up internal and external channels of communication in the area of social responsibility:

The corporate web site, prisa.com, has a special section on social responsibility that is constantly being updated. The Communication and Corporate Marketing department also periodically informs the media of all initiatives, and employees receive updates via the intranet service Toyoutome. Departments also attend meetings and forums on corporate social responsibility.

2012 also saw the launch of PRISA's Social Responsibility Observatory, a body representing all business units and whose chief responsibility is to



develop and oversee an overall, transversal strategy in the area of social responsibility, while at the same time channeling, supporting and coordinating the strategy of each of the companies and businesses units.

c. Informing everyone in the organization of PRISA's commitment to sustainability and to involve them completely: The Annual Report has a role to play in raising awareness on corporate social responsibility and sustainability at an internal level. And all our stakeholders are becoming increasingly aware of these issues. The WWF campaign, *Earth Hour*, was a significant turning point in raising awareness and taking full advantage of the synergies existing between the different companies at a global level. The business units were enthusiastic about this initiative, which will form the basis for future projects of a similar nature.

PRISA has set out the framework for formulating a single comprehensive CSR policy, which is based on three main areas.

- **Creation and distribution of content.** Coordinated across all our products, we will pay even greater attention to all those issues of concern to society.
- **Responsible management.** A firm commitment to ambitious developments in the fields of talent management, innovation, ICT, etc.
- **Social Action.** With a host of far-reaching initiatives within the framework of the Millennium Development Goals, sponsorship, volunteering, etc.

Transparency

In 2012 PRISA completed the **Code of Conduct**, approved in 2011, with a new code specifically focused on the Web 2.0 environment applicable to all employees of the business units and companies belonging to the Group, and which provides some basic guidelines for good use of web tools as well as a protocol for dealing with crisis situations. These principles will help communicate and foster Company values, at both a

personal and professional level, with regards to the use of the Web 2.0 environment.

PRISA has a specific strategy to ensure and safeguard the privacy of its readers and users. Each of our services and products are designed in accordance with current legislation and best practice in order to provide maximum protection. Measures taken include the implementation of transparent privacy policies, while data collection and management is in strict accordance with current legislation. The use of personal data is at all times strictly related to the services subscribed to, and there are tools for the control of all data held by PRISA. The Chief Privacy Officer is responsible for overseeing policy in the business units.

The privacy of our customers' data is a top priority for the Group. The user has total control over all their data. It may not be shared with third parties, without the express permission of the user, who at all times has the option to modify his or her data and unsubscribe.

Corporate Structure and Good Governance

Board of Directors	Executive Delegate Committee
<p>Honorary President Ignacio Polanco Moreno</p> <p>Executive Chairman Juan Luis Cebrián Echarri</p> <p>Vice-president Manuel Polanco Moreno</p> <p>CEO Fernando Abril-Martorell</p> <p>Board Members Juan Arena de la Mora Nicolas Berggruen Martin Franklin Arianna Huffington José Luis Leal Maldonado Gregorio Marañón y Bertrán de Lis Alain Minc Agnès Noguera Borel Borja Pérez Arauna Emmanuel Roman Harry E. Sloan Ernesto Zedillo Ponce de León</p> <p>Non-member Secretary Antonio García-Mon</p> <p>Non-member Deputy Secretary Teresa Díez-Picazo Giménez</p>	<p>Chairman Juan Luis Cebrián Echarri</p> <p>Members Fernando Abril-Martorell Martin Franklin Gregorio Marañón y Bertrán de Lis Alain Minc Manuel Polanco Moreno</p> <p>Non-member Secretary Antonio García-Mon</p>
<p>Audit Committee</p> <p>Chairman Juan Arena de la Mora</p> <p>Members Agnès Noguera Borel Alain Minc Emmanuel Roman</p> <p>Non-member Secretary Antonio García-Mon</p>	<p>Corporate Governance Committee</p> <p>Chairman Ernesto Zedillo Ponce de León</p> <p>Members Arianna Huffington José Luis Leal Maldonado Agnès Noguera Borel</p> <p>Non-member Secretary Antonio García-Mon</p>
Appointments and Remuneration Committee	
<p>Chairman Gregorio Marañón y Bertrán de Lis</p>	<p>Members Martin Franklin Borja Pérez Arauna</p> <p>Non-member Secretary Antonio García-Mon</p>

Formal policies for Good Governance

The principal objectives of Corporate Governance for the Group are efficient administration and the provision of timely information, allowing the Group to respond to the needs of investors and analysts as well as to comply with legal disclosure requirements for regulated securities markets. The Group has established professional management structures of proven effectiveness and expertise. It has developed a corporate communications policy providing market agents with the tools and information necessary for analysis and investment decision-making.

The Company has a Corporate Governance Committee, whose functions include the overseeing and improving the Company's corporate governance strategy. The Committee has proposed a range of measures aimed at improving the corporate governance of the Company, which are now being implemented by the Board of Directors and all other committees.

Internal Company regulations

The Company is governed according to its Articles of Association and the following regulations:

- *General Shareholders' Meeting Regulations:* These regulate the principal norms for the convocation and conduct of General Shareholders' Meetings, establishing that the "General Shareholders' Meeting is the supreme sovereign body of the Company and compliance with its decisions is obligatory for all shareholders".
- *Board of Directors Regulations:* The purpose of these regulations is to determine the principles on which the actions of the Board are based, the rules of its organization and the functions and norms of conduct of its members.
- *Internal Code of Conduct for Securities Market Issues:* This establishes the Codes of Conduct for issues related to securities markets. It includes regulations for the timely and accurate communication of company information to the markets, in order to avoid the improper use of inside information and to resolve possible conflicts of interest.

This Codes of Conduct is applicable to members of the Board of Directors and senior management and may also be applied to corporate department heads and other managers or employees of the Group who may have access to privileged information.

The Secretary General of the Group will oversee compliance with the Codes of Conduct included in this Regulation.

- *Code of Conduct:* The Code of Conduct is generally applicable to all PRISA employees.

The Annual General Meeting held on June 30, 2012 approved an amendment to the Company Articles of association and the Regulations of the General Shareholders' Meeting, so as to be fully compliant with current legislation and also as a result of the resolutions adopted at the above mentioned shareholders' meeting in favor of a global operation that had as its aim and purpose to strengthen the equity and treasury of the Company.

Furthermore, the Board of Directors Regulations were amended to adapt to the new organizational structure of the Company, enabling, essentially, that the presidency of the Executive Delegate Committee be assumed by the Executive Chairman of the Board.

Corporate Governance Recommendations

Through the *Annual Corporate Governance Report (ACGR)*, the Company reports on the degree of compliance with corporate governance recommendations. Since the 2007 report, the Company has taken on board and been guided by the recommendations outlined in the *Unified Code on Good Corporate Governance* issued by the Comisión Nacional del Mercado de Valores (CNMV) in May 2006.

Furthermore, since our common and convertible shares are classified as American Depositary Shares (ADS) on the New York Stock Exchange, PRISA has acquired a

number of new legal obligations with regards to filing information with the US markets. Specifically, PRISA is now considered a foreign private issuer under the the rules and regulations of the SEC and is obliged to comply with the requirements of U.S. federal securities laws applicable to public companies, such as the Securities Exchange Act of 1934 and the Sarbanes-Oxley Act of 2002, as well as those governing corporate governance at the NYSE.

Criteria for actions by the Board of Directors

As indicated in the Board of Directors Regulations, the actions of the Board must be subject to the following criteria: compliance with corporate purpose, defense of the long-term viability of the Company and the enhancement of its real value, safeguarding the identity and professional, ethical and editorial principles of the Group's media.

Culture of Corporate Social Responsibility in the governance bodies of the Company

Corporate Social Responsibility Policy

The management of each business unit (publishing, press, radio and audio-visual), will adopt the necessary measures to ensure fluid communication with the plurality of social interests and concerns. To this end, the Group's media outlets will keep channels of communication permanently open to these interests.

Various members of the administrative and management organs of the Company hold executive functions that involve them directly in the Company's media organizations. This puts them in a position of constant communication with stakeholders.

In recent years, increasing amounts of information about the Company's Corporate Social Responsibility policies have been made available. This will continue to be the case, as we provide the public with improved and more complete information about PRISA's CSR policies.

Since 2008, the Annual Report on Social Responsibility has been submitted to the Board for its approval.

The Regulations of the Board of Directors enables the Corporate Governance Committee *"to monitor, promote, guide and oversee the performance of the Company in the area of corporate social responsibility and sustainability, as well as corporate reputation, and report thereon to the Board of Directors and the Executive Delegate Committee, as appropriate"*.

Appointments and Resignations

Specific procedures regulating executive appointments

Company directors are appointed by the Executive Chairman or CEO who are granted this authority under Articles 10 and 11 of the Board of Directors Regulations. The Appointments and Remuneration Committee reports on all appointments and resignations, retirements and removals of directors (Article 25 Board of Directors Regulations).

Formal procedures regulating appointments, reelection, evaluation and removal of board members

Composition of the Board

In July 2012 Ignacio Polanco Moreno presented his resignation as President and Chief Executive and Diego Hidalgo Schnur also resigned as a director of the Company.

In view of these resignations, the Board structure was reorganized: Juan Luis Cebrian, Manuel Polanco and Fernando Abril Martorell assumed the positions of Executive Chairman, Vice-President and CEO, respectively, and the Board delegated all powers, apart from those that may not be delegated, upon Mr. Cebrian and Mr. Abril-Martorell. Meanwhile, in order to cover the vacancies left by the resignation of Ignacio Polanco Moreno and Diego Hidalgo Schnur, the Board appointed by cooptation the independent directors Jose Luis Leal and Arianna Huffington. The Board also appointed Mr. Ignacio Polanco Moreno as Honorary President of PRISA.

The structure of the Executive Delegate Committee and other Committees was also reorganized.

At the meeting of the Board of Directors of February 27, 2013, Iñigo Dago Elorza resigned as secretary of PRISA's Board of Directors, with Antonio García-Mon Marañes subsequently being named as Non-member Secretary.

Meanwhile, at the meeting of the Board of Directors of May 8, 2013, Carlos Palacios Ulecia resigned as Deputy Secretary of PRISA's Board of Directors, with Maria Teresa Diez-Picazo Giménez replacing him in the post.

The current composition of the Board is reflected in the accompanying table.

The Board of Directors shall be made up of a minimum of three and a maximum of 17 members, determined at the annual shareholders' meeting. Their number shall be decided and they shall be appointed by the AGM.

The Board is currently made up of 16 members, including three executive members, four directors representing controlling shareholders, eight independents and one outside director. In accordance with U.S. law (which only contemplates the position of executive and independent Board members), the Board consists of four executive members and 12 non-executive, independent directors.

Company directors come from a wide variety of academic and professional backgrounds. Their CVs may be viewed on the Company website (www.prisa.com).

Executive Delegate Committee and Board of Directors Committees

PRISA's Board has established a number of committees: an Executive Delegate Committee, an Audit Committee, a Corporate Governance Committee, and an Appointments and Remuneration Committee.

Details of the composition and responsibilities of the Executive Delegate Committee and of the other committees, as well as meetings held over the course of 2012, are available in the ACGR.

The Audit Committee, the Corporate Governance Committee, and the Appointments and Remuneration Committee have all published reports describing their functions and activities over 2012.

Appointing and removing board members

Chapter VI of the Board Regulations details the procedures for the appointment and removal of Board members:

- *Appointing members:* Members are appointed by the AGM or, provisionally, by the Board in accordance with the stipulations in the Companies Act, Ley de Sociedades de Capital y los Estatutos Sociales.

Motions for the appointment of directors are submitted by the Board of Directors to the shareholders' meeting and the appointment decisions adopted by said body by virtue of the powers of co-optation legally attributed thereto, will be in accordance with the provisions of this Regulation and shall be preceded by the appropriate proposal or report from the Appointments and Remuneration Committee or the Corporate Governance Committee, as applicable, and shall not be binding.

In accordance with Article 15 bis of the Articles of Association, 75 per 100 of the voting shares present or represented at the General Meeting shall be required to amend the administrative body of the Company and for the appointment of a Board Director, unless the nomination comes from the Board of Directors.

- *Appointment of outside directors:* The Board of Directors and the Appointments and Remuneration Committee shall, within the scope of their powers, ensure that all candidates are persons of recognized competence and experience.

It is the Corporate Governance Committee's task to assess the skills, knowledge and experience required to sit on the board, and define, therefore, the duties and qualifications required of the candidates to fill each vacancy and evaluate the time and dedication necessary for them to carry out their duties.

- *Re-election of directors:* Motions for the re-election of board members are submitted by the Board of Directors to the shareholders meeting and shall

		Status	Delegate Committee	Audit Committee	Appointments and Remuneration Committee	Corporate Governance Committee
Executive Chairman	Juan Luis Cebrián Echarri	Executive Director	x			
Vice-president	Manuel Polanco Moreno	Executive Director	x			
CEO	Fernando Abril-Martorell	Executive Director	x			
Members	Juan Arena de la Mora	Non-executive Independent Director		x		
	Nicolas Berggruen	Directors representing Controlling Shareholders				
	Martin Franklin	Directors representing Controlling Shareholders	x		x	
	Arianna Huffington	Non-executive Independent Director				x
	José Luis Leal Maldonado	Non-executive Independent Director				x
	Gregorio Marañón y Bertrán de Lis	Non-executive Independent Director	x		x	
	Alain Minc	Non-executive Independent Director	x	x		
	Agnès Noguera Borel	Directors representing Controlling Shareholders		x		x
	Borja Pérez Arauna	Directors representing Controlling Shareholders			x	
	Emmanuel Roman	Non-executive Independent Director		x		
	Harry E. Sloan	Non-executive Independent Director				
	Ernesto Zedillo Ponce de León	Non-executive Independent Director				x
Non-member Secretary	Antonio García-Mon					

be subject to a favorable opinion issued by the Appointments and Remuneration Committee, who will assess the performance of the directors over their previous mandate.

- *Term:* Members shall maintain their posts for a term of five (5) years and may be re-elected. The appointment of directors by co-optation is subject to ratification by the first General Meeting following his or her appointment.

Directors shall offer their resignations to the Board of Directors when their term is completed, or when the General Meeting, subject to its statutory powers, decides to relieve them of their post.

- *Retirement and removal:* Directors shall offer their resignations to the Board of Directors when their term is completed, or when the General Meeting, subject to its statutory powers, decides to relieve them of their post.

Directors shall offer their resignations to the Board of Directors and, if deemed appropriate, formally resign in the following cases:

- When they are subject to any of the legally established prohibitions or grounds for disqualification.
- When based on a criminal offense they are indicted in ordinary felony proceedings or have been convicted in a misdemeanor proceeding.
- When they have received a serious reprimand from the Board of Directors for failure to fulfill their obligations as directors.
- When the reasons for which they were appointed have ceased to exist and, in particular, when an independent director or a director representing controlling shareholders loses his or her respective status as such.
- When in the course of a year they fail to attend more than two meetings of the Board of Directors, the Delegate Committee or any other Committee on which they sit, without just cause.
- When their remaining on the Board is deemed inappropriate, under the terms of Article 33.5

of the Board Regulations, and may directly, indirectly or through third parties associated with the Board Member, imperil the loyal and diligent exercise of his or her functions with regards to company interests. Under the terms of the aforementioned Article 33.5, in all those situations where there exists a conflict of interests, or one may be reasonably be expected to exist, and this is deemed to constitute a structural and permanent conflict between the Board Member (or between an associate, or in the case of a director representing controlling shareholders, a shareholder who proposed his or her appointment, or any other party directly or indirectly related to him or her) and with the Company or Group Companies, said Member will be deemed to have failed to fulfill the duties inherent in his or her post.

The Board of Directors shall not propose the removal of any independent director before completing the term of office, as set forth in the bylaws, for which he or she was appointed, unless the Board deems that there is just cause for doing so and after seeking the opinion of the Corporate Governance Committee. In that regard, just cause shall be deemed to exist when the director has failed to fulfill the duties inherent in his post.

Committee members shall leave their posts when they cease to be directors.

- *Objectivity and secret voting:* Directors affected by proposals for re-election or removal will be absent during all discussion and voting on such matters.

All votes of the Board that relate to the appointment, re-election or removal of directors shall be secret if so requested by any member and without prejudice to the right of all directors to put their vote on the record.

Evaluation of the performance and composition of the Board of Directors

Evaluation of the performance and composition of the Board of Directors, the chair of the board and the top executive is approved by the Board, after a report from the Corporate Governance Committee (articles 5.3 b.x) and 26 of the Board Regulations.

Information

The Company's Annual Corporate Governance Report (ACGR) provides detailed information on the shares held by the board members in the Company, the posts they hold in the different PRISA companies, as well as posts and stakes held in other companies, analogous or complementary to the Group's mission. The ACGR also provides information about the overall remuneration of Board members (without prejudice to the more detailed and individualized information as reflected in the Remuneration Policy Report, as described below), on the guarantee or protection clauses of which they are beneficiaries and on transactions which they may be party to.

Transparency

Remuneration Policy

The Board of Directors and the Appointments and Remuneration Committee approve the annual remuneration policy of the Board of Directors and the Management team.

In 2012 the Company prepared a remuneration policy report with details of individual directors' remuneration over the previous year. This report was submitted to a vote, on a consultative basis and as a separate item on the agenda at the Annual General Meeting of Shareholders held on June 30, 2012, in compliance with the Sustainable Economy Act (Ley de Economía Sostenible -which introduced Article 61 ter in the Securities Exchange Act regulating the Remuneration Policy Report) and was approved with 89.75 % of the votes in favor.

The Annual Corporate Governance Report will provide information regarding the remuneration of executives and the management team. Furthermore, the Company complies with Article 260 of the LSA (Law of Limited Liability Companies), establishing that the Report must include the "total overall remuneration" of executives.

Transparency of Information

Providing relevant information to the markets

The Company will provide the securities markets, through the CNMV and SEC, with relevant information



immediately and prior to its communication by any other means. This information will also be posted on the PRISA website.

Furthermore, quarterly, twice-yearly and annual financial reports will be made available to the markets, after review by the Audit Committee and approval by the Board of Directors.

Corporate website

The corporate website (www.prisa.com) posts all the information the Company puts at the disposal of its shareholders and the general public. The site thus constitutes a key tool in improving the communications of the Group with market agents and stakeholders.

The corporate website provides complete information about the activities and geographical presence of the Group as well as the social and cultural initiatives and projects being carried out. Press releases and news items related to the Group are also posted.

The corporate website also includes a special section for shareholders and investors. This section provides Company financial information and presentations to analysts, indicating the share performance and payment of dividends. Furthermore, the website contains the information submitted to the CNMV and the SEC,

Corporate statutory norms and regulations, information about the Board of Directors, the Executive Delegate Committee, the Audit Committee, the Corporate Governance Committee, and the Appointments and Remuneration Committee. Information about Shareholders' Meetings as well as the Corporate Governance Reports issued by the Company are also available online.

Investor and Shareholders Relations Department

The Investor Relations Office maintains ongoing and transparent communication with investors and analysts, meeting their demands for objective information on Company activities and business strategy and informing them of the performance of the different business areas and their strategic goals.

In the year 2012, PRISA met with more than 140 institutional investors, attended 7 conferences organized by investment banks, and participated in road shows in major financial centers (London, New York, Madrid and Paris, among others).

During 2012, the Company has encouraged closer engagement by investors with the management teams of various businesses such as PRISA TV and SANTILLANA in order to provide them with a better understanding of the evolution of each of these operations.

Also, the Investor Relations Office has maintained fluid, daily communication with a group of 17 analysts who closely monitor company value.

The Investor Relations Office has worked closely with the CFO in the financial area throughout the different processes involved in recapitalization, which was approved at the General Meeting of Shareholders in June 2012.

PRISA Group Communications with institutional shareholders is channeled through:

1. The Investor Relations Department, which receives daily calls and visits seeking information and details of business performance.
2. The website, which has a section dedicated to shareholders and investors that includes all financial information, relevant facts, stock information, capital, official records, etc.
3. Via email to ir@prisa.com, which answers queries from stakeholders (private and institutional shareholders, etc.).
4. Quarterly conference calls are conducted by the CEO and CFO with investors and analysts in order to give a fuller explanation of the Group's quarterly results, previously reported to the CNMV.
5. Through road shows in different financial centers.
6. Through conferences organized by investment banks.
7. Meetings are held with sales teams from various investment banks.
8. We organize regular breakfast meetings with institutional investors.

In 2012, we used all these communication channels, thereby enabling us to maintain excellent two-way communication with all relevant stakeholders.

For the year 2013 the challenge is to continue to improve levels of transparency of all the information that we communicate, thereby providing all investors with the analytic tools they might need to make decisions.

The aim is to broaden the scope of stakeholders, both investors and analysts, not only in Spain but also abroad.

Shareholder Services Department

Reporting to the General Secretary, this Department manages all contact with individual shareholders, attending to their queries and requests for information, either in person at our office, or by phone, fax, post or email.

This department also deals with requests for information from the general public on a range of issues relating to the Company.

Participation

Legal and/or statutory restrictions on the exercise of the right to vote and legal restrictions on the acquisition or transfer of company shares

There are no specific restrictions on the exercise of the right to vote for holders of Class A ordinary shares. Class B shares are non-voting shares, in accordance with articles 6 and 8 of the Articles of Association.

There are no specific restrictions on the acquisition or sale of company shares. Such actions are subject to the general legal code governing shares and securities.

Risk control systems

General description of the Company and/or its Group's risk policy

PRISA's organizational structure and management processes are designed to compensate for the different risks that are inherent in its activities. Risk analysis and control are framed within the Group's management processes and, as such, involve all of the members of the organization in a supervisory environment that is complemented with preventive measures intended to ensure that Group objectives are fulfilled.

The Group continuously monitors the most significant risks that may affect the principal business units. To do so it uses a *Risk Map* as a tool that graphically represents

the risks inherent in the Group, that is used to identify and assess risks that affect the development of the different business units. The parameters evaluated in each risk to define their location on the risk map are the impact and the probability of occurrence of that risk. The identification of these risks and the operative processes in which each of the risks considered are managed are carried out by the General Managements of the business units, and added and homogenized by the Group's Internal Audit Office, which periodically reports the results to the Audit Committee. The respective managements of the business identify both those responsible for risk management and action plans and associated controls.

The principal risks considered within the framework of the Group's risk management policy can be classified in the following categories:

- a. Strategic risks.
- b. Business process risks.
- c. Financial management risks.
- d. Control of Risks Derived from the Reliability of Financial Information.

Control systems in place to evaluate, mitigate or reduce the principal risks of the Company and its Group:

Control of strategic risks

The Chairman and the CEO are responsible for the day-to-day management of the Group, without prejudice to the general supervisory functions of the Board of Directors and its Executive Committee, to which all powers that may legally be delegated have been granted.

By authority of the Chairman and the CEO, Group management determines the Group's strategic plan, defining the objectives to be met for each business area, developmental goals and growth rates, based on both national and international market conditions, taking into consideration in those plans the appropriate risk levels for each business and market, based on the maturity and of the Group's positioning. The Group's general policies and strategies require the Board of Directors' prior authorization, mainly the strategic or business plan, as well as management objectives, the annual budgets and investment policies.

Compliance with the Strategic Plan and budgets are review periodically, analyzing the degree in which they are being fulfilled, evaluating deviations and proposing corrective measures. Managers from all business units are involved in this process, as well as the general and functional committees that issue their reports to senior Group management.

Control of business process risks

To develop and supervise business activity, the Group relies on a decentralized organization divided into specialized business units with coordinating entities such as the Management of Business Committee, which carry out analysis and supervisory functions with respect to the evolution of business activities, as well as the operational environment and problems of the business units.

The transactional business risks, as well as operational, commercial, legal, fiscal and other types of risks are monitored by the respective organizations of the business units, with supervisory mechanisms in place for each at the corporate level:

- The risk inherent in the Group's operations in sectors highly regulated such as radio and television that, generally are presented in temporary administrative concession or license, and that in some countries contemplate limitations on ownership and transfer of companies in these sectors, is evaluated by the General Managements of the respective business units and at corporate level supervised by General Secretariat.
- Likewise, the risks associated with reliance on Group income macroeconomic cycle, mainly by advertising and circulation revenue for newspapers, are continuously monitored by the Commercial Managements of the business units, and by a specialized Advertising Committee, that evaluates the adequacy of the supply of services and products to customer requirements. In that regard, we should underscore that, in comparison with other companies in the sector, Group revenue is less dependent on advertising commercial cycles due to the SANTILLANA publishing business and, above all, the pay television audiovisual business, which show periodic and recurring fluctuations.

- In this regard, the risk on Pay TV revenues, which depends on the capability to offer audiovisual premium contents, in particular the sports rights, and mainly soccer competitions are managed by the General Audiovisual Management.
- En relation to the risks related to the products and services adaptation, changes over the distribution channels, or technological changes, are assessed in the Digital Committee, formed by the Digital Development Managers of the Group and coordinated by PRISA's digital area.
- Otherwise, Tax Management supervises the compliance of the Tax requirements in every of the geographic and business segment where the Group operates, and manages the potential risk of different interpretation of the laws that could be made by the Tax Authorities in each case, and the risk of recoverability of the tax assets.
- In addition the Committee of Contents coordinates the different business units that analyze business opportunities as well as joint actions.

Control of financial management risks

■ **Financing risks**

The Group's financial obligations are described in Note 12, "Financial Debt" in PRISA's 2012 Consolidated Annual Report. At 31 December 2012 the Group's bank borrowings amounted to 3,072 million euros.

In that regard, the Group's debt level involves certain payment obligations, interest payments and amortization of principal, as well as, derived from the financing contracts undertaken, compliance with a certain financial ratios and some operational limitations.

The level of indebtedness increases the vulnerability to the economic cycle and the market trends, and reduces the capability of the Group to afford new investments to adapt to the changing business environment.

For the risk management described, the Group performs actions in order to reduce its financial debt, attend its financial obligations and strengthen its

capital structure. In this regard during 2012 the Group has issued a share-convertible bond for the amount of 434 million euros, the dividend for the class B shares has been modified, so it can be satisfied with cash, class A shares or a combination of both, and the main PRISA shareholders had converted 75 million of warrants.

Concerning the management of its short-term financial obligations, the Group envisions strictly following the maturity schedule for its financial debt, and financial ratios set forth in the financing agreements, as well as the evolution of revenues, in particular advertising and newspaper distribution revenues, due to its negative evolution and negative impact on cash flows and results, in addition to the availability of lines of credit and other means of financing that will enable it to cover its short, medium and long-term cash needs. In that regard, the Group maintains a centralized treasury management system for the Spanish subsidiaries, excluding the Pay TV subsidiaries controlled by the Treasury Account Committee that monitors the Group's expenditures weekly, as well as making periodic consolidated financial forecasts that have the objective of optimize available resources to meet the financial needs of each business and to service the debt.

Additionally the Capex Committee reviews monthly all the new investments over 30,000 euros for all business units.

■ **Exposure to interest rate risks**

The Group is exposed to interest rate fluctuations, since all of its debt with financial entities is at variable interest rates. In that regard, the Company, as far as credit facilities are available, takes out contracts to cover interest rate risk, basically by means of contracts that ensure maximum rates of interest.

■ **Exposure to exchange rate risks**

The Group is exposed to exchange rate fluctuations, basically due to financial investments in American companies, as well as income and profit from those investments. During 2012 revenue from Latin America accounted for 26.72 % of the Group's consolidated income.

In that regard, the Group is exposed to potential variations in the exchange rates of the different currencies in which it holds debt with financial institutions and international suppliers of television content for the acquisition of audiovisual rights. At December 31, 2012 the weight of non-euro currencies with respect to total Group financial debt is not significant.

In this context, and with a view to lessening this risk, as far as there are available credit facilities, based on its forecasts and budgets the Group maintains risk-coverage contracts to offset exchange rate variations (basically exchange risk insurance, forwards and currency options).

■ **Exposure to risks related to the price of paper**

The Group is exposed to the possibility of variations in its results due to fluctuations in the price of paper, the essential raw material in printed media and edition of books. The Group has set up a strategic coverage program through which, by means of long-term contracts, it can cover the price of a given percentage of the volume of paper to be consumed in the mid-term. In 2012 paper consumption represented 2.70 % of the Group's total operational expenditure excluding amortization expenses, provisions and impairments.

Control of risks derived from the reliability of financial information

During fiscal year 2011 the Group has implemented a system of internal control over financial reporting that meet with the requirements established in the section 404 of the Sarbanes-Oxley, mandatory for the Group since that PRISA shares traded in the New York Stock Exchange. The identification of the risks over financial reporting, control activities, that include those relating to the general controls of information technology, and monitoring of the control system are described in the Annex to the Annual Corporate Governance Report, in paragraph "Description of the main characteristics of internal control and risk management in relation to the process of issuance of the financial information".

Main characteristics of internal control and risk management in relation to the process of issuance of the financial information

The system of internal control over financial reporting of the Group is based on the general framework

established by COSO. The methodology of the internal control model is to cover the requirements established by section 404 of the Sarbanes-Oxley, mandatory for the Group since that PRISA shares traded in the New York Stock Exchange. PRISA certified for the first time in the fiscal year 2011, according to the Sarbanes-Oxley, the proper functioning of its system of internal control over financial reporting, on which the Group's external auditors issued an unqualified opinion on the effectiveness.

The system of internal control over financial reporting consists of five interrelated components: control environment, risk assessment, control activities, information and communication, and monitoring.

Control environment

Organs and functions responsible for internal control over financial reporting (ICFR)

The Board of Directors of PRISA has assigned one of its functions, as set out in Article 5.3 of Board, pre-approval of the policy of control and risk management and periodic monitoring of internal information systems and control. Also, in accordance with the provisions of that article of the regulation, the financial information must be approved by the Board of Directors. In this regard, the Board of Directors is assisted, to the development of these functions, with the Audit Committee of PRISA. Among the basic responsibilities of the Audit Committee, as defined in the Regulations of the Board, are monitoring the effectiveness of internal control systems of the Company, and risk management systems and the preparation and presentation of regulated financial information, in particular the annual accounts and quarterly financial statements that the Board must provide to the markets and their supervisory bodies.

In addition to monitoring the system of internal control over financial reporting (hereinafter ICFR), that perform both the Audit Committee and the Board of PRISA, the effective implementation of internal control model is the responsibility of the CEO and the CFO of PRISA, as well as the CEOs and CFOs of the Group's business units involved in the preparation of financial information which forms the basis for the preparation of financial statements of the Group.

Departments or mechanisms responsible for the design and review of the organizational structure.

The Directorate of Organization and Human Resources, under the CEO, is responsible for the design, implementation, revision and updating of the Group's organizational structure. The Group's business units have a distribution and definition of tasks and functions in the financial areas, which have job descriptions for key roles in these areas, as well as clearly defined lines of responsibility and authority in the preparation process of financial reporting.

In addition, the Direction of Organization and Human Resources coordinates and monitors the internal procedures of the Group companies, and the degree of documentation, updating and disseminating the data.

Code of conduct, agency approval, degree of dissemination and training, principles and values

The Code of Conduct of the Group, approved in fiscal year 2011 by the Board of Directors establishes the general guidelines that should govern the conduct of Rush and all Group employees in the performance of their duties and in their commercial and professional, acting in accordance with the laws of each country and respect the ethical principles commonly recognized. The Code of Conduct has been communicated to all employees and is also available on the Group's global intranet.

The values and principles that should guide the actions of the Group's employees are integrity, honesty, rigor and dedication in carrying out their activity, responsibility, commitment and transparency, pluralism and respect for all ideas, cultures and people, creativity and innovation in business development, accountability, efficient and sustainable, generating value for shareholders and for the Group.

The standards of conduct in relation to financial reporting are aimed at transparency in the development and dissemination of financial content information, both internal communication within the Group and externally, to shareholders, markets and regulators. Likewise, also sets performance standards requiring that all

transactions are accurately and clearly reflect the systems and financial statements of the Group.

Requests, incidents and queries that arise regarding the interpretation and application of the Code of Conduct are managed by the Directions of Human Resources Group, and ultimately, Secretary-General reports regularly to the Corporate Governance Committee for monitoring and compliance standards by employees. The Corporate Governance Committee performs an annual report on the evaluation and the degree of compliance of the Code of Conduct, which are forwarded to the relevant government bodies PRISA.

Whistleblowing channel

PRISA has a mailbox for receiving complaints, retention and treatment of complaints regarding accounting, internal controls and other auditing matters of the Group. This is a communication channel between confidential and anonymous employee of the Group and the Audit Committee. Additionally, there is a confidential complaints box for others related to the Group.

The complaints are channeled through an email address qualified to do so and are received by the Chairman of the Audit Committee, which determines the resources, methods and procedures for the investigation of each complaint.

Risk assessment over financial reporting

In the risk assessment over financial reporting of PRISA Group applies a top down approach based on the Group's significant risks. This approach starts with the identification of significant accounts, are those in which there is a reasonable chance of containing an error that, individually or aggregated with others, have a material impact on the financial statements. To determine the importance of an account in the consolidated financial statements, the PRISA Group considers both quantitative and qualitative factors. The quantitative evaluation is based on the materiality of the account, and is supplemented by qualitative analysis that determines the risk associated with depending on the characteristics of transactions, the nature of the account, the accounting and reporting complexity, the probability

of generated significant contingent liabilities resulting from transactions associated with your account and susceptibility to errors or fraud losses.

In order to perform a full risk assessment, this analysis is performed on each business group, as they primarily generate financial information that serves as the basis for preparing consolidated financial statements of the Group. The risk profile of each business unit is determined by the contribution of it to the consolidated financial statements, and assessing the risks specific to what you consider, among other factors, the nature of their activities, centralization or decentralization of operations, their specific risks, the existence of errors or significant incidents reported in previous years, the risks specific to the industry or the environment in which it operates and the existence of significant judgments or estimates in accounting principles applied.

For each of the business units considered significant, identify the most important accounts. After identifying significant accounts and disclosures at the consolidated level and in each business unit, we proceed to identify the relevant processes associated with them, and the main types of transactions within each process. The objective is to document how key relevant processes transactions are initiated, authorized, recorded, processed and reported.

For each account are analyzed controls that cover the assertions to ensure the reliability of financial reporting, ie that recorded transactions have occurred and pertain to that account (existence and occurrence) of transactions and assets are registered in the correct amount (assessment / measurement), the assets, liabilities and transactions of the Group are properly broken down, categorized and described (presentation and disclosure) and there are no assets, liabilities, and significant transactions not recorded (completeness).

Among the significant processes is included determining the scope of consolidation of the Group, which conducts monthly Consolidation department, set in the Corporate Finance Department.

The system of identification and risk assessment of the internal control over financial reporting, formally

documented with this structure for the first time in the fiscal year 2011, has been updated in the year 2012, and is expected to update at least annually. The system is monitored, as mentioned above, by the Audit Committee and, ultimately, by the Board of Directors.

Control activities

The Group has documentation describing the flows of activities and process's controls identified as significant in each business unit and at corporate level. From this description identifies the key risks and associated controls. Documentation of control activities are performed on risk and control matrixes by each process. In these matrices the activities are classified by their nature as preventive or detective, and depending on the coverage of associated risk, as keys or standard.

In each significant business unit there is a documented process about the closing as well as specific processes concerning relevant judgments and estimates, according to the nature of the activities and risks associated with each business unit.

In relation to the review and approval process of financial reporting, a phased certification process is developed on the effectiveness of internal control model of financial reporting. At a first level, the CEOs and CFOs of the business units and companies that are considered significant, confirm in writing the effectiveness of defined controls for critical processes as well as the reliability of financial information. Following these confirmations, and based on the report on the testing of controls performed internally, the CEO and CFO issued the certification on the effectiveness of internal control model over the Group's financial information in accordance with section 404 of the Sarbanes-Oxley. Also, in relation to this process, as mentioned above, there are procedures for review and approval by the governing bodies of the financial information disclosed to the securities markets, including specific oversight by the Audit Committee of significant risks.

As for the controls on the processes of systems or applications that support critical processes of business, these are intended to maintain the integrity of systems and data and ensure its operation over time. The controls referred on information systems are essentially

access control, segregation of duties, development or modification of computer applications and management controls over the outsourced activities. The Group annually reviews and evaluates controls and procedures associated with the major applications that support the critical business processes.

Information and communication

The Group had implemented control measures to ensure that the data backup of financial information is collected in a complete, accurate and timely basis. The organization has an accounting manual of the International Financial Reporting Standards applicable to the Group's businesses, defined by the Internal Audit Department, regularly updated and communicated to the different business units.

There is also a system of financial reporting with a single and homogeneous format, applicable to all Group units, which supports the financial statements and notes and disclosures included. In addition, the Group has control procedures to ensure that the information issued to the market includes enough disclosures to facilitate proper understanding and interpretation by users.

System's monitoring and operation

The Group has an internal audit unit, which supports the Group Audit Committee in monitoring internal control system over financial reporting.

The main objective of internal audit is to provide Group management and the Audit Committee of reasonable assurance that the environment and internal control systems operating within the Group companies have been properly designed and managed. For those purpose, during the fiscal year 2011 internal audit has coordinated and supervised the design and scope of the Group's internal control system over financial reporting, and subsequently has carried out the evaluation of the design and operation of control activities defined in the model, in order to certify its effectiveness in accordance with the Sarbanes-Oxley Act. Accordingly, internal audit supervises the design and scope of the internal control model over financial reporting of the Group, and subsequently carries out the evaluation of the design and operation of control activities defined in the model, in order to certify its effectiveness in accordance with the Sarbanes-Oxley Act.

For each of the identified weaknesses is done an estimation of the economic impact and probability of expected occurrence, classifying it according to them. Also, for all the identified weaknesses is defined a plan of action to correct or mitigate the risk and a responsible for the management.

The significant deficiencies and material weaknesses that would have been revealed as a result of the internal audit's assessment of the of internal control system over financial reporting, are reported to both the Audit Committee and the external auditor.

Additionally, ultimately, the internal control system is reviewed by the Group's auditor, who reports to the Audit Committee and gives its opinion on the effectiveness of internal control over financial reporting contained in the Group's consolidated financial statements, in order to record the financial information filed with the Securities and Exchange Commission.

As part of the monitoring activities of the internal control system carried out by the Audit Committee, described in the Regulations of the Board of Directors posted on Group's the website, it is included the following in connection with the preparation and publication of the financial information:

1. Review compliance with legal requirements and the correct application of generally accepted accounting principles, and report on the proposed changes to accounting principles and criteria suggested by management.
2. Know and monitor the effectiveness of the Company's internal control systems, and risk management systems and discuss with the auditors or audit firms significant weaknesses in internal control system identified in the audit's development.
3. Monitor the process of preparation and presentation of regulated financial information.
4. Review the issue and admission to trading of the securities of the Company prospectus and information on the financial statements quarterly and half to be supplied by the Council to markets and their supervisory bodies.

- Review the prospectus for issue and admission to trading of the securities of the Company and information on the financial statements quarterly and half-year to be supplied by the Board of Directors to markets and their supervisory bodies.

Stakeholders

Associations PRISA belongs to

In keeping with a commitment to an ongoing exchange of ideas in their relevant sectors, many of companies in the Group are members of different professional associations and organizations.

In Europe, PRISA is a member of the European Publishers Council, an important association of leading media organizations and which represents our common points of view to the EU.

In the Americas, PRISA has been instrumental in the success of the Foro Iberoamérica, which every year brings together leading business people from the media world to discuss common problems throughout this geographical and cultural area.

In the Spanish education area, SANTILLANA is an active member of the National Book Editors Association, ANELE, as well as other educational organizations with common values such as quality and responsibility in teaching. In the field of radio, Cadena SER is a member of the Asociación Española de Radiodifusión Comercial (Association of the 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). In Portugal, Grupo Media Capital is a member of the Portuguese Social Media Confederation, which brings together more than 600 companies from the press, radio and TV sectors. Further information is available on page ***.

PRISA and the Fundación Santillana run a number of renowned educational and cultural initiatives in Spain and in the Americas and have signed agreements with a number of cultural, educational and scientific organizations, including the Organization of Ibero-American States, the Spanish Royal Academy,

the Cervantes Institute, Fundación Biblioteca Virtual Miguel de Cervantes, Fundación Teatro Real, Fundación Carolina, Fundación Cultural Hispano-Brasileña, Fundación Conocimiento y Desarrollo, Fundación Empresa y Crecimiento, Fundación Príncipe de Asturias and Fundación Bertelsmann. In the area of scientific research, development and innovation, the Company collaborates with Fundación Pro CNIC and Fundación COTEC. PRISA maintains close ties to various universities in Spain and the Americas, including the Universidad Autónoma of Madrid, with whom we run the Journalism School and the Jesus de Polanco Chair for Ibero-American studies. PRISA also collaborates with the Carlos III University, and the Menéndez Pelayo International University.

PRISA's media have long championed development campaigns promoted by NGOs such as the Red Cross, Accion contra el Hambre, UNICEF and the WWF, through news reports, promotion and sponsorship agreements.

PRISA's media have institutional channels which are permanently open to suggestions, criticisms and complaints, and they organize tours of offices and facilities. They are attentive to the concerns of different social groups and stakeholders and encourage the exchange and debate of ideas, which serves to enrich society as a whole. Stakeholders can submit their enquiries, suggestions and concerns to the Corporate Center through the Communication Department, and the Investor and Shareholder Relations Departments. Additionally, the corporate website (www.prisa.com) provides investors and shareholders with relevant information about the Company.

The Group's different media provide institutional channels that are permanently open for receiving suggestions, concerns and complaints from stakeholders.

PRISA is also a member of the Spanish issuers association, Emisores Españoles, whose main objectives include: i) to promote measures to strengthen legal certainty in all matters relating to the issuance of listed securities and to participate in the development a better legal framework at both a national and European level, to contribute to the development of high standards of corporate governance, to promote

communication between companies and their shareholders and to maintain a relationship of dialogue and cooperation with the Administration and, In particular, the National Securities Market Commission (CNMV).

Internal audit

The Company has an Internal Audit Department whose function is to provide PRISA's management and the Audit Committee with a reasonable degree of certainty that the internal operational control systems within the Group have been correctly designed, implemented and managed.

The functions of this Department include:

- a. The evaluation of internal control systems to improve efficiency in the management and control of risks inherent in the activities of the Group.
- b. The revision of operations in order to verify that the results achieved concur with the established objectives, and that operations and programs are implemented and executed as planned.
- c. Providing an independent opinion on the interpretation and application of legal accounting codes.
- d. The evaluation of efficiency in the use of the resources of the Group.
- e. The revision of measures implemented to safeguard assets and their verification.
- f. The revision of the accuracy and integrity of the operational and financial information of the companies within the Group and of the means employed to identify, evaluate, classify and communicate said information.

The Audit Department designs an Annual Internal Auditing Action Plan for the identification and evaluation of the risks inherent in the activities of the business areas of the Group, establishing priorities for Internal Audits and ensuring concurrence with the goals of the organization.

The Annual Internal Auditing Action Plan will identify all the Internal Audit actions planned for the year. The Plan will describe the activities and projects to be performed, their nature and scope and the resources available to the Internal Audit Department.

The Audit Committee will designate, appoint, re-elect or relieve the head of the internal audit service, supervise the internal audit services and the annual report on the activities of the internal audit service, supervise the preparation and presentation of regulatory financial statements, and be cognizant of and supervise the effectiveness of the internal control systems of the Company as well as all risk management systems. It will liaise with the auditors on relevant weaknesses detected within the internal control system during the development of the audit.

Independence of the external auditor

Designation of the external auditor

The Audit Committee will propose the appointment of the external auditor.

The Audit Committee must also approve the hiring of the Company's external auditor to perform any audit work, consultancy or any other appropriate task within the Company and Group companies.

Relations with the external auditor

The Audit Committee will liaise with the external auditor so as to be informed on questions relating to the development of the audit and any other communications required by law and technical auditing standards.

The External Auditor and the Audit Committee will communicate on questions that may compromise the independence of the external auditor or any other issues related to the Auditing of company accounts. The Audit Committee shall receive annually from the auditors written confirmation of their independence from the entity or entities linked to it directly or indirectly, and relevant information on any additional services provided to these entities by said auditors, companies,

or by persons or entities linked to them in accordance with the provisions of Law 19/1988 of July 12, Auditing of Accounts.

The Audit Committee shall deliver annually, prior to the publication of the audit report, a report which will express an opinion on the independence of auditors. This report shall cover the provision of additional any services referred to above.

The external auditor attends meetings of the Audit Committee to report on the most relevant aspects of the work performed by the External Auditor.

External auditor fees

As established in the Board of Directors Regulations, the Board will not propose the designation or renovation of an Auditing firm in the case that the total fees charged to Company constitute more than five percent of said auditing firm's annual income, taken as an average of the last five years.

The Board of Directors will make public the total fees paid to the Auditor by the Company, distinguishing between fees for accounts auditing and other services.







03

Future commitments and challenges

03

Future commitments and challenges

A commitment to society and stakeholders, internal and external, has always been 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 foundation of El País and SANTILLANA, the first companies of the larger Group that was to later emerge, PRISA has shown clearly its commitment to quality, innovation, service and rigor across all its products. This compromise remains our priority and will continue to be so. It is our most valuable asset. The main challenge for the future is to continue working in this direction.

Our commitment to society

PRISA has been signed up to the **UN Global Compact** since 2008, and is member of the Global Compact Spanish Network since May 2013. This initiative demonstrates the group's commitment, in both its operations and general strategies, to the Compact's ten principles in the areas of human rights, labor, the environment and anti-corruption. In 2010 and 2011, the Spanish Network for the UN Global Compact paid tribute to the high level of implementation at PRISA of the Ten Principles that the UN Compact outlines for the advancement and integration of Corporate Social Responsibility policies in the management of companies. Our commitment remained as strong as ever in 2012 and we expect to continue receiving a positive evaluation from the organization.

Investors, meanwhile, recognize that PRISA is a company with responsible practices in terms of sustainability which is why the Company has been included in the **FT-SE4Good** since 2008, the international index aimed at measuring the performance of companies (30 in Spain) that meet globally recognized corporate responsibility standards. Once again this year, PRISA made it onto the index in recognition of its Corporate Social Responsibility policies in the areas of human rights, labor, the environment and anti-corruption.

Project Toyoutome

The most prominent initiative of 2012 has been the consolidation of the project **Toyoutome** as the framework concept encompassing a number of internal communication initiatives to integrate all business units, thus fostering entrepreneurial culture and a sense of belonging. This is a new, far-reaching initiative that completely changes the way people work at PRISA. The new organizational design promoted by the Group requires a level of coordination and communication that is only possible thanks to the project **Toyoutome**, our way of understanding internal communication that is articulated through various communication components. These include a global communications platform, a digital trends blog and a daily tweet, an internal social network, a club providing advantages and benefits for employees, training on our own campus, an internal jobs portal, to name but a few.

The first phase, completed in 2011, was to launch the new intranet or global platform, which began operating

in December 2011. The PRISA Communications Department has succeeded in bringing the corporate intranet to encompass all business units and group companies, making it the "mother" platform that houses all existing internal spaces and channels, and thereby making it the main channel of PRISA's internal communications.

During the first half of 2012 we focused on improving the performance and overall functionality of Toyoutome, and now, for the first time, the Group has a global collaborative work environment that acts as a channel of communication and interaction, and as a tool that brings people closer together.

Corporate Center has created a team composed of intranet managers from each of the Group companies, together with cross-departmental HR, ICT and Change Management teams, with the aim of working together to permanently identify synergies and exploit opportunities for collaboration in the field of internal communication, all coordinated with the heads of communication at the different PRISA units.

Internal audit on corporate social responsibility

We continue to forge ahead with our action plans based on ongoing assessment and follow-up. Thus, in 2012, PRISA oversaw significant initiatives across three general fields of CSR: social, economic and environmental.

In 2012 we made significant progress in defining the Global Social Responsibility Policy with the firm objective of creating sustainable value for both PRISA and its stakeholders by championing sustainability in the Spanish and Portuguese-language media and education sectors, and by endeavouring to communicate our message to society. This strategy, aimed at bringing greater dynamism to the different business units and Group Companies, is based on the mission, vision and values of PRISA. The strategy sees these three crucial elements as what sets our Group apart, and is supported by Corporate Governance, Senior Management and the Communications Department.

PRISA's Sustainability policy operates transversally through three main channels: the creation and distribution

of content, responsible management and social and cultural initiatives. And all this under the umbrella of proactive communication through channels that foster both transparency and dialogue.

But such a policy would be all but useless without a specific timetable of action. A strategy must translate into action that will bear fruit in 2013. And already, over the course of the past year, we have presented the detailed plan for the period 2013/2015. Of the six proposed plans, three are already underway, notably the Observatory for Responsible Action, that will be the catalyst and driving force behind all our activities both within and outside the Company, and Debates PRISA, aimed at nurturing deep and permanent, ongoing reflection on journalism and education.

Most of these initiatives are detailed in the following chapters of the annual report, but at a global level, we should highlight the world's largest social mobilization campaign: *Earth Hour*, in which PRISA has been a key media partner since 2009.

SANTILLANA

The primary objective of the publishing group in each of its campaigns, year after year, is to maintain quality standards and leadership in the educational publishing sector. For 2013, SANTILLANA is preparing to meet the new challenges arising from the implementation of educational reforms. To this end, editorial teams will be reinforced and we will lay out a new educational project that is both innovative and adjusted to the current reality.

Among the many concrete initiatives prompted by our new approach, we should highlight the following:

- Expand our range of products with specific materials for emerging teaching methods: constructivist teaching, cooperative learning, multiple intelligences model, etc. In addition, we will also be supporting the emerging digital education systems (mixed or exclusively digital).
- Explore the new realities of the classroom, such as the use of tablets and new content formats, and

determine our capacity to meet the challenges of these new types of devices and systems. We will complete market analysis (already started) and will respond to the varied and divergent realities to be found in our education centers: use of projectors associated with PC, Digital Interactive Whiteboards, students' laptops, and all kinds of tablets (iPad, Android, etc.) used by students. We will be adapting our current digital offer (Libromedia) for use on these devices.

- Reformulate our digital offer and catalog, with improvements to Libromedia and Libroclíc products and, and a new conceptualization of the product Libroweb.
- Development of improvements to Libromedia, including new digital elements: multiple activity generators, specific tools by area (Atlas, anatomy, word clouds, map viewer, graphics generators, etc.), including customization options, creating personal itineraries, including proprietary material, etc.
- New conceptualization of the Libroweb product, with an approach focused on multi-device use and marketability as an app in virtual stores.
- Systems for connecting the two products, and apps that foster teacher-student exchange, management skills, etc.

In addition to these challenges, we also aim to:

- Seek out and explore new systems that encourage synergies between group companies (El País, Cadena Ser, PRISA TV), in order to harness and optimize the use of specific materials and resources that will provide added value to our products and differentiate us from the competition. In this regard, we have already embarked on a number of initiatives with business units in these companies.
- Work closely with our global content department in order to achieve a greater efficiency and profitability of products generated in each of the 22 countries in which we operate. The reuse of materials, such as notebooks, digital elements, texts, etc. enables a reduction in publishing turnaround times and prototyping costs

PRISA Ediciones

The economic crisis in Spain has severely affected domestic sales and consumer spending and 2012 was a challenging year for PRISA Ediciones. Fortunately, our performance in the Americas has largely offset any decline in Spain. Geographic diversification, coupled with a catalog of authors of national and international renown, is of particular advantage at times like these. 2013 will certainly be another difficult year in Spain, and the judgment, expertise and knowhow of our editorial teams will therefore prove crucial.

We will maintain our philosophy of publishing quality works (in print and digital formats) within a range of genres and on a broad selection of subjects that offer our readers good reading experiences. We have an exciting editorial plan and great content to sell: indeed, this is the best support a publishers can provide to a hard-hit book industry.

One of the major problems and challenges of the content industries is piracy. The viability of the sector is clearly at risk if books are available on the Internet at zero cost. Current unemployment and, in general, the reduced purchasing power of Spaniards is not conducive to creating a culture of respect for copyright and intellectual property. The Federation of Spanish Book Publishers estimated the cost of piracy at 300 million euros in 2012. Spain is the European country where the ratio between legally downloaded books and the number of devices in circulation is lowest.

Faced with this grave threat to the entire sector, PRISA Ediciones is working to counteract its effects through three strategies:

- Ensure supply: we have digitized and made available all content, except those for which we have not yet negotiated rights.
- Finding a balance between a price that is reasonable for the author, publishers and booksellers while minimizing the potential for illegal downloading.
- Create mechanisms to raise awareness among the public so that they understand that piracy is a crime that undermines society.

Although the e-book market does not account for more than 3 % of the total, being visible online and active in social networks is essential. We are committed to creating 100 % digital books and will continue to produce books in more sophisticated formats that offer the user a better reading experience and greater interactivity.

Finally, we should note that the Internet does not merely serve to distribute our content but also enables us to identify authors and topics of interest to the public. Our editorial teams should therefore be always attentive to what's happening in the online world.

PRISA Noticias

News organizations, and especially the print media, are witnessing a complete transformation of our production model, where innovation and new technologies are not merely a thing of the future, but are already a reality.

During 2012, PRISA Noticias has continued its strategic focus on innovation and attention to new trends in journalism. In May we launched *El Huffington Post* (<http://www.huffingtonpost.es>) the Spanish-language version of the popular U.S. news and views portal created by Arianna Huffington, and led by Montserrat Domínguez.

2012 also saw the successful conclusion of the multimedia integration of the newsroom, guided by the *digital first* policy (ie news goes on the Internet first). There was increased focus on the International section covering Latin America and an independent newsroom was set up in Mexico, which works in tandem with Madrid. The sports daily *As* this year launched its digital version in English.

A newspaper must remain in an ongoing process of transformation, taking into account technological and social changes. The economic crisis is impacting heavily on the approach to news, and PRISA publications -especially *El País* and *Cinco Días* due to the nature of their contents- are now devoting much of their space to reflect the difficulties faced by the most disadvantaged in society.

In this respect, one of our goals for 2013 is to reflect the plight of unemployed youth, which is leading to the emigration of highly skilled young people without job opportunities.

In addition, we will continue to pay close attention to all movements, forums and experiences related to the use of new technologies and their impact on social life. The case of the Internet, new consumer tools and the development of content derived from the Internet and everything that affects the socialization of individuals is of clear interest and will be a priority. What's more, this approach is also consistent with the process of digital transformation undergone by the newsroom during 2012.

PRISA Noticias will continue working to increase its presence in society based on the hallmarks of good journalism: to inform, educate and entertain. Thus, beyond its mere informative function, the newspaper is present in many social initiatives (*Earth Hour*, workshops with children in hospitals, etc.) and supplies society with knowledge (debates, conferences, etc.). PRISA Noticias has organized various high-profile public forums on economic issues, such as business conferences on Brazil, Peru and in Colombia, which were attended by these countries' respective presidents and senior figures from the worlds of business and politics. There was also the open public debate "Europe: hope or disappointment?".

PRISA Radio

The main challenge for PRISA Radio in 2013 is to continue offering listeners an accurate and timely account of what's happening everywhere, and that -in one way or another- affects the quality of everyday life and the life of Spanish society.

- We will also strive to increase, whenever possible, the sensitivity and social awareness of our programs and our social solidarity with citizens who are increasingly concerned by the situation in our country.
- Modernize our narrative language to attract a younger audience. To this end, we will add to our schedules

products and presenters more in touch with our target audience.

- Further develop mass consumer products, adapting to the trends and tastes of our society.

The main challenge facing our stations in Latin America, as set out under the Strategic Plan 2013-2017, is the implementation of a project revolving around our common language, Spanish, and the commencement of the process of reviewing and updating spoken-word radio formats and schedules

In 2012 Radio undertook a major overhaul of the programming schedules in order to be more in tune with the social, economic and political discourse now current in Spain. The chief objective was adapt to the current environment and better address citizen concerns.

In this regard, we have broadcast special programs to address issues that seriously affect the daily lives of large sectors of society (cuts in health, education, research, evictions, demonstrations, etc.) and have moved our teams and presenters out of the studios and to the hot spots where the news is happening.

This has been a year in which we have tried to also strengthen our commitment to Spain. Cadena SER is deeply rooted in Spain, it has a great tradition nationwide, and our reputation demands the continued presence of our key network programs.

Finally, in the attempt to consolidate the process of changes to our sports programming that we embarked upon in 2010, we have made considerable effort, in resources and in dedication, to the two great sporting events of 2012 to provide global coverage of the London Olympic and European Championship football.

In Latin America, 2012 was marked by a number of major events, including the U.S. presidential election, where the Latino vote was at its highest ever level. PRISA Radio offered the most extensive radio coverage in the Hispanic world of the U.S. elections, climaxing on November 6 election day with a global program broadcast by all PRISA Radio stations in Spain and the Americas as well as by more than 30 partner stations in the U.S., involving broadcasters, journalists from major

international media groups, and analysts and guests of different nationalities.

PRISA TV

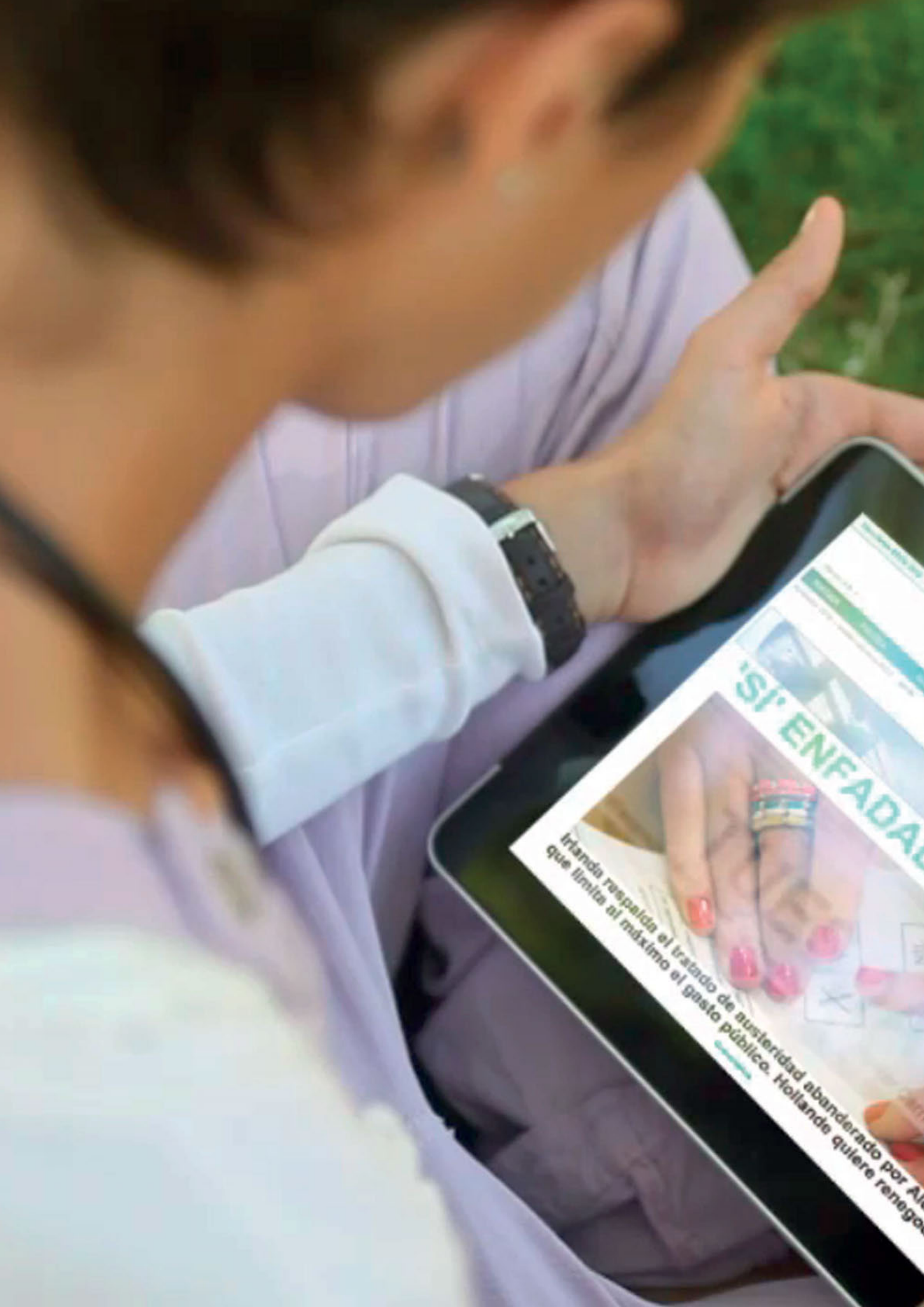
Historically, PRISA TV's operations have been marked by a commitment to bring its viewers the best content with the most advanced technology. Our commitment this year has resulted in a far-reaching digital transformation.

- We have expanded the distribution of our premium content, which has increased audiences, and has led to the opening up of new revenue streams.
- We have brought YOMVI -Canal+'s answer to the connected world- to new devices and thus increased the satisfaction of users and improved the user experience.
- We have reached an agreement for the TV broadcast rights for the Liga BBVA football league, This gives Liga Canal+ the Pay TV rights for for three seasons and has allowed PRISA TV to offer customers the best football package ever.
- We have added new content to the Canal+ platform, from a wide range of different genres and in High Definition; and we have included services such as subtitling in English, special original version slots, multi-screen, and interactive applications.

In 2013, PRISA TV will continue to pursue new developments in all environments, as well as develop new content using cutting-edge technology. These commitments have already positioned us as a leader in the audiovisual entertainment sector.

Media Capital

In terms of social responsibility strategy, Media Capital Group continually seeks out new responses to the market and its needs, bearing in mind both strategic business objectives and the Company's relationship to society at large. Due to the current socio-economic situation in the the country, 2013 will be, like 2012, a year that will see the Company reinforce its commitment to the most basic components of social responsibility policy.



'SI' ENFADADA

Irlanda respalda el tratado de austeridad abanderado por Al... que limita al máximo el gasto público. Hollande quiere renegoc...

04

Education, information and entertainment processing

Education, information and entertainment processing

In 2012 PRISA continued to forge ahead with its ambitious transformation process. Since 2010 the Group has faced the challenge of upgrading its traditional business model to become a consumer-oriented company through the most advanced technology. This process is tied to the changes that are utterly transforming the media and content sector, and requires PRISA to transform itself into a new company, focused not only on the production and distribution of content in Spanish and Portuguese, but also on acquiring in-depth knowledge of each and every one of its stakeholders, as well as on the use of new technologies.

The transformation of PRISA

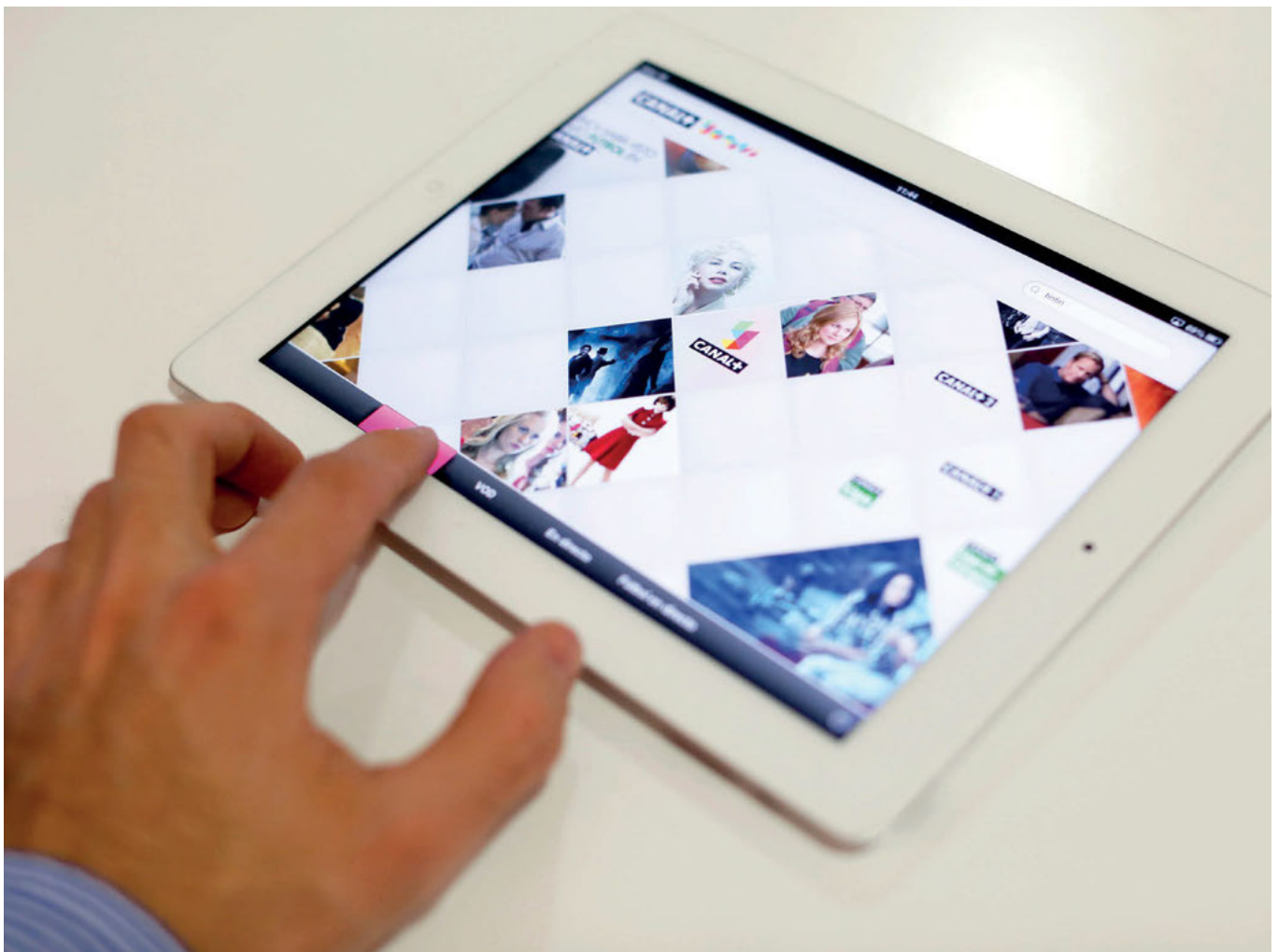
All too aware of the need to transform our industry and of the demands that transformation necessarily places on organizations, in 2011, PRISA created the **Transformation Office** to promote and foster development, training and cultural transformation within all the companies that are part of Group. After designing the transformation plan and setting up the required task force, the Transformation Office finally began implementing the plan in 2012, following its approval by all CEOs in 2011.

This plan seeks to meet a complex challenge: changing business culture, ensuring PRISA is more innovative than when it operated in a traditional environment, and making it more dynamic and more creative. The plan envisages four major areas of action: professional development, leadership, training and knowledge management. And the plan introduces tools that go further

still, tools that will be the driving force behind developing this new corporate culture and that will foster: collaboration, horizontal development, renovation of leadership style, talent retention, transparency, dynamism, project management culture, self-development, and so on.

For the first time, all these new tools have been designed and targeted at all professionals, regardless of their country, business unit or enterprise.

The first product to be launched was **Mi idea!** (My idea!), Rolled out in January 2012, this is a collaborative platform where professionals can share their ideas and find collaborators. What's more, those in charge of decision making can describe a challenge they are facing and PRISA professionals, no matter where they might be, can suggest how to solve it.



March saw the launch of **PRISA Jobs**, a product which marks profound change in the dynamics of recruitment and selection of new professionals. It also provides an incentive and fosters retention of talent. Despite these times of employment adjustment, PRISA Jobs has permitted the Company to successfully conduct a number of job reallocation processes.

Also in March diplomas were given to 40 professionals from all business units after having successfully completed a specially designed in-company course on General Digital Training.

In May the selection process began for 130 mid-level professionals who will act as **Agents of Change** over the next three years. The selection is carried out through interviews with different professionals from various levels of the organization.

Over the course of 2012, the Transformation Office held numerous meetings with senior and middle management to explain the plan to them in person and to stress the need for them to play an active role in the process of change.

June 2012, saw the launch of **Campus PRISA**, an online training and education platform aimed at professionals / students who can follow courses from any country and on any device. In

January 2013, 919 colleagues were following one of the courses that were launched over the previous months.

All these tools, plus those due to launch over the course of 2013, are integrated into **Toyoutome**, PRISA's global intranet. All of them reinforce the philosophy behind the Toyoutome concept and do much to foster the new conversation taking place between us within the organization.

All PRISA employees also receive a **daily tweet**, via email, that helps to keep them abreast of company and economic developments, and provides updates on PRISA products and businesses, as well as progress being made by the Transformation plan. And every month the corporate newsletter reinforces the communication of this content and of current projects.

This special communication program also provides PRISA professionals with a new channel, the Toyoutome **blog**, which allows them to share their vision and knowledge with all readers.

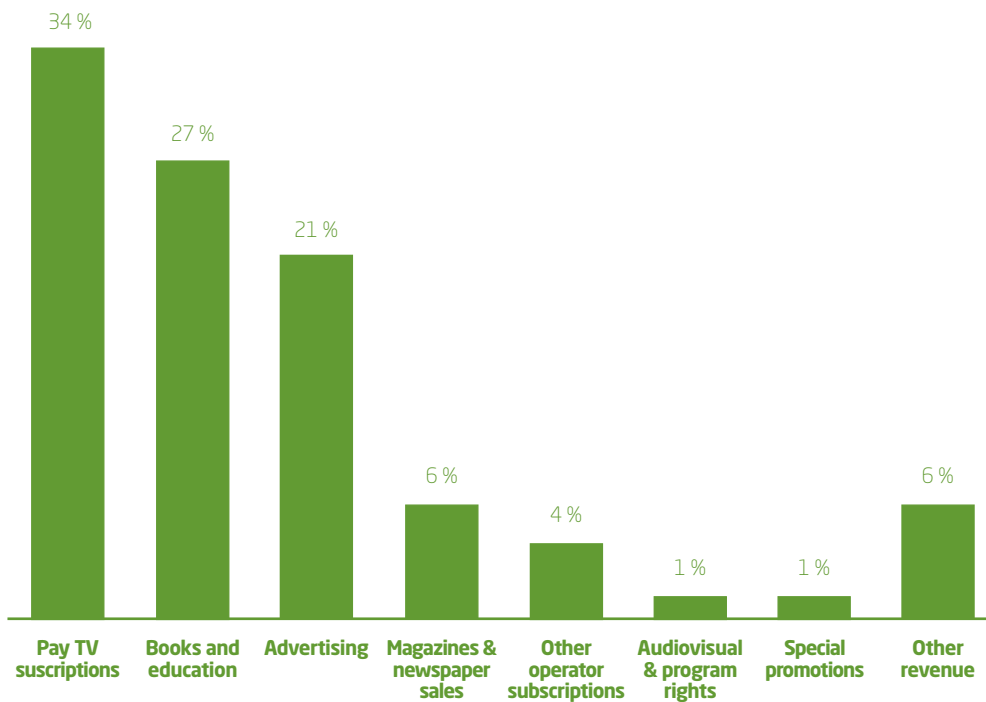


Main figures

Operating revenues (in millions of euros)



Contribution to revenue by business area



Proforma data with no special items

Revenue source by geographic region (in millions of euros)

2012		2011		2010	
Spain	International	Spain	International	Spain	International
1,740 (66 %)	912 (34 %)	1,836 (68 %)	878 (32 %)	1,959 (71 %)	792 (29 %)

EBITDA (in millions of euros)



EBIT (in millions of euros)



Proforma data with no special items

Digital audiences

In 2012 PRISA reported digital revenues of 60,319,000 euros, with growth up by 18 % as compared to the previous year.

Mobile advertising revenue grew 170 % compared to 2011. Total mobile revenue reached 4 million euros.

In 2012, PRISA attracted an average audience of 32.7 million unique visitors (comScore), representing growth of over 26 % compared with 2011. Over the course of the year, PRISA media were visited by 72 million unique browsers (Omniture + Netscope), 9.4 % more than in 2011, indicating how, despite a highly fragmented ecosystem populated by multiple devices and browsers, users access our content and services wherever they are. PRISA's main sites continue to trend upwards, in some cases doubling the number of average monthly unique users compared to last year. Noteworthy is the growth experienced by Elpaís.com, Cincodías.com, Planeo.com and Canalplus.es. This growing trend is reinforced by strong brand awareness. Testament to this is the fact that users continue to directly access PRISA websites, with users directly typing site addresses into their browsers on 49 % of occasions. Visits via social networks are also up, making up 4 % of the total. Users accessed PRISA sites through search engines on 35 % of occasions.

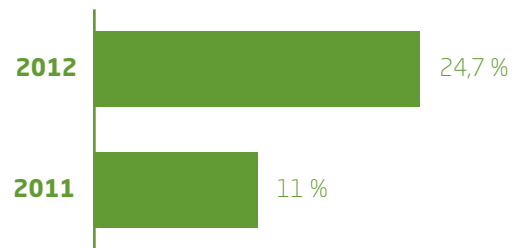
Latin America and Spain represent, in equal proportion, 84 % of the audience. The rest is divided between several countries, with major presence in Portugal. Also noteworthy is the U.S., which represents a 3 % of the total.

Mobility

2012 has witnessed a significant boom in traffic from mobile devices to PRISA sites. Mobile traffic at the end of year, stood at 24.7 % of the total, reaching maximums of over 25 % in some months. These figures double those of 2011. Among the platforms available, Android is still the fastest growing in terms of traffic, in line with market trends.

PRISA has nearly 400 applications available across different mobile platforms (Apple, Android, Windows, Blackberry). Many of these are operated by Santillana, demonstrating its firm commitment to mobility in the educational field. The number of downloads stood at over 11 million in 2012, almost triple the figure of 4 million app downloads registered in 2011. The launch

PRISA mobile traffic (%)*



*Strong growth in 2012 (+ 13.7 % up from 2011)

Source: Adobe Omniture. Pageviews. Cumulative December 2011 and Cumulative: December 2012

of PRISA Radio apps in Latin America has been instrumental in this growth, accounting for nearly 2 million downloads and about 60 million annual hours of radio listening through our applications.

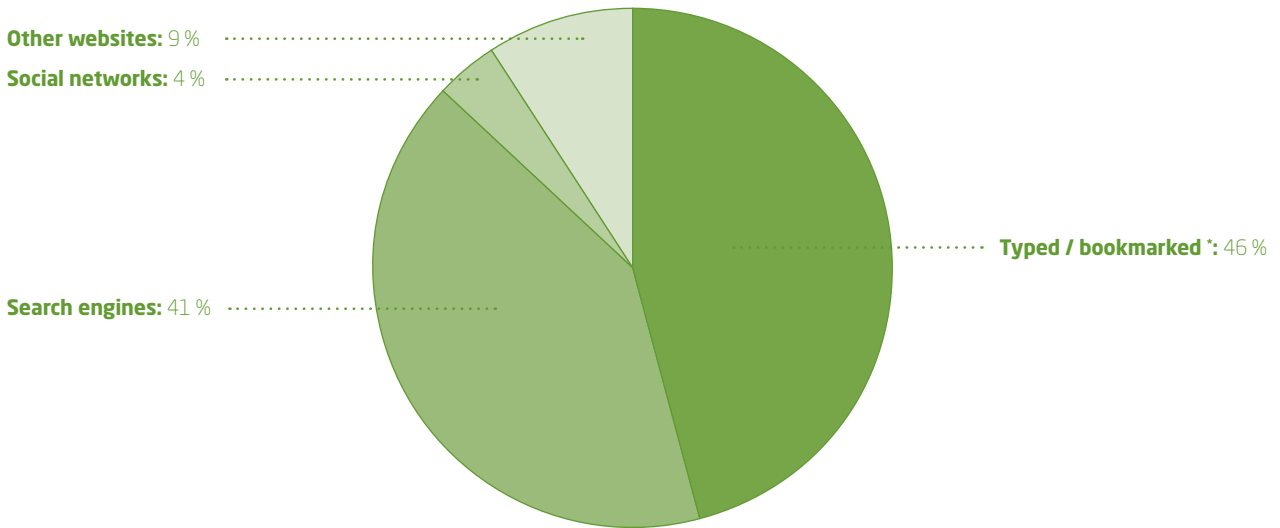
Registered users

We closed 2012 with nearly 10 million registered users in our databases. In 2012 we expanded our databases by more than 3 million users, with the figure exceeding 9.8 million if we add users of our business units and of our partners. It is noteworthy that 29 % of new registered users signed up through a social network, demonstrating, once again, the growing socialization of our brands and the close relationships that can be established with users in these environments.

Fans and followers

All business units have experienced intense growth in follower numbers, totaling 24 million compared to 11 million for the year 2011.

PRISA search 2012 referred visits



* Users typed our brands directly to access at PRISA's sites.

Source: Adobe Omniture. Instances. December 2012

PRISA digital audience (unique users)

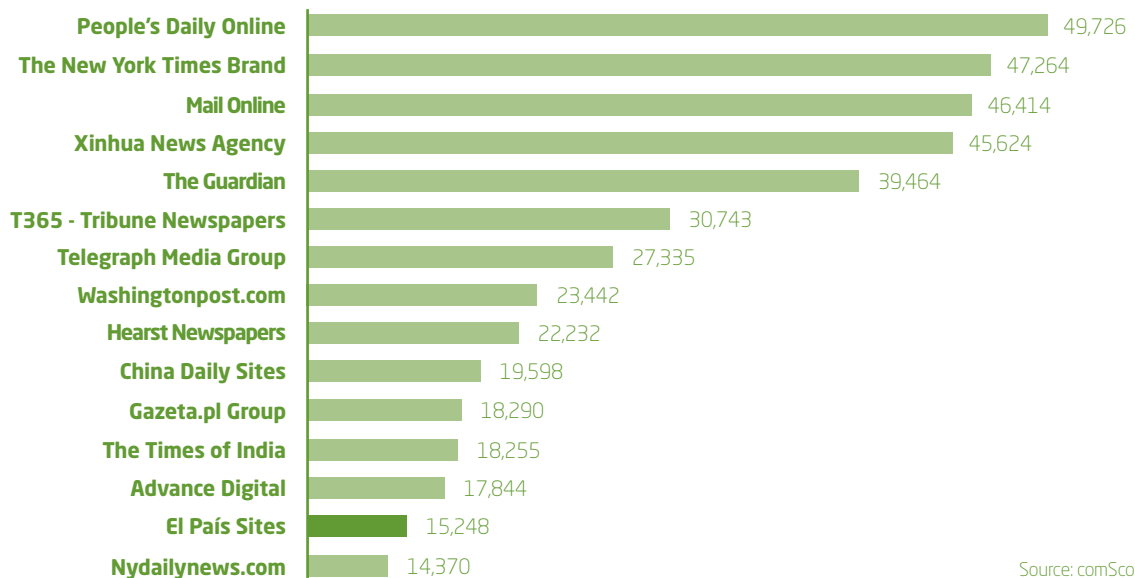
	2012	2011
España	42 %	42 %
Lat AM	42 %	45 %
EE. UU.	3 %	3 %
Otros	13 %	10 %

Source: comScore december 2012

Unique users 2012: 32.7 millions (Source: comScore)

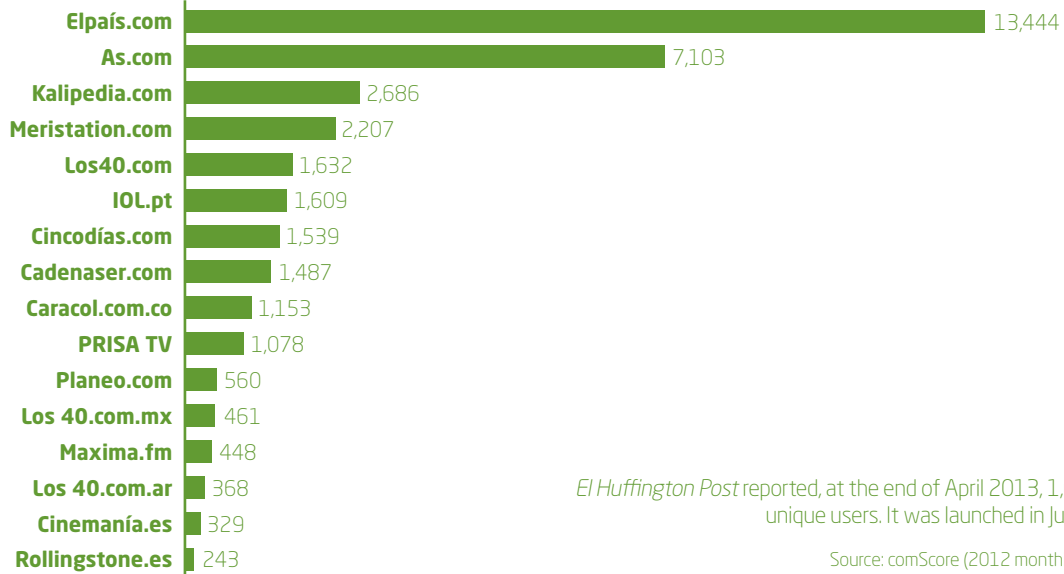
Unique browsers 2012: 72 millions (Source: Omniture + Netscope)

Worldwide audiences for PRISA sites (millions of unique users)



Source: comScore

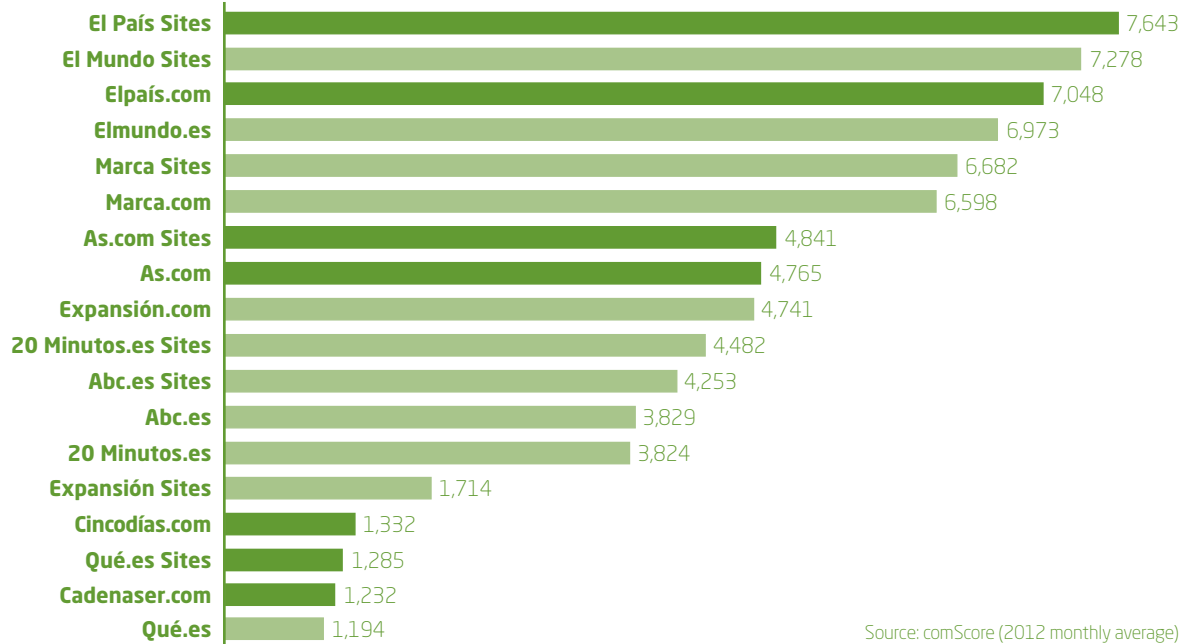
Worldwide audiences for PRISA sites (millions of unique users)



El Huffington Post reported, at the end of April 2013, 1,654,000 unique users. It was launched in June 2012

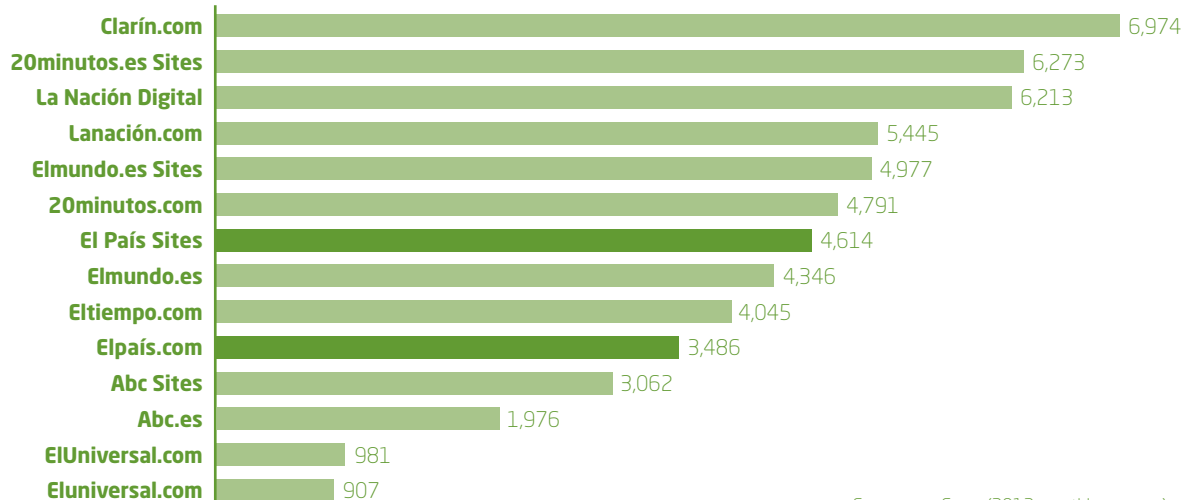
Source: comScore (2012 monthly average)

Spanish audiences for news sites (millions of unique users)



Source: comScore (2012 monthly average)

Latin American audiences for news sites (millions of unique users)



Source: comScore (2012 monthly average)

Business areas

SANTILLANA

At the forefront of content and of educational and cultural services

Since the Company was established more than 50 years ago, Santillana has consolidated its position as the most important educational and publishing group in the Spanish and Portuguese-speaking markets, with a strong presence in almost all Spanish speaking countries, plus Brazil, Portugal, the USA and the the United Kingdom. Its operations on both sides of the Atlantic has enabled it to build bridges between Spain and Latin America, critical to the Group's growth internationally. This factor has been decisive in countering the effects of an economic crisis that has affected and continues to affect Spain, significantly reducing the consumer spending.

Despite this negative context, the Company's geographic diversification has allowed the it to grow and launch new projects. Among these are Santillana Compartir and the Sistema UNO Internacional (UNO International System), both of which are integrated solutions fostering pedagogical innovation and change in schools. 2012 also saw the creation of new digital content and services targeted at multi-device use that will foster study outside the classroom, such as the website *Tareas y más* and *Pupitre*, one of our most successful Apps over the Christmas period.

An element of uncertainty has been created in the Spanish market by the announcement of a new education law, the LOMCE (Organic Law for the Improvement of Educational Quality) whose entry into force will require SANTILLANA to implement a new project that adapts to the new law and that is at the same time attractive and highly competitive.

In the area of general-interest publishing, PRISA Ediciones has significantly increased its digital catalog, with about 3,000 titles from Spain and Latin America. It is also a pioneer in the publication of works in new advanced digital formats, such as iBooks Author and Fixed Layout, thereby offering the reader a more intuitive multimedia experience. The implementation in

Latin America of iBookstore has boosted digital sales considerably across the region.

Throughout 2012, SANTILLANA published **8,896** new titles, bringing its in-print catalog to a total of **38,086**, and the Company sold a total 125,608,000 books. Despite a difficult economic climate, Santillana reported record results, reinforcing the Company's robust lead in the field of content and services for all levels of education.

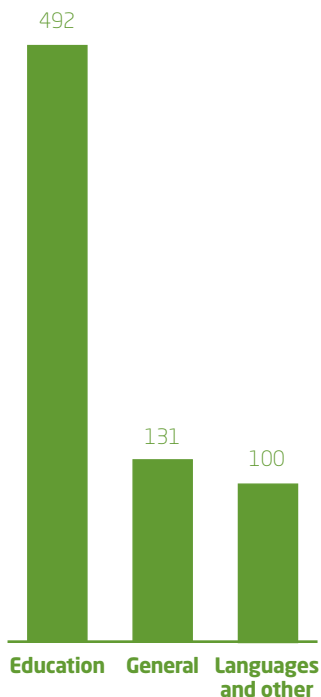
Operating income was 733.7 million euros (1.8 % more than in 2011), and EBITDA was 184.2 million (+8.2 %). This excellent result owes much to the significant growth experienced in Latin America, which reported a 5.4 % increase in revenue and 16.3 % in EBITDA. By country, the best results were from Mexico (+17.6 %), Ecuador (+23.3 %), Puerto Rico (+35.4 %), Dominican Republic (+43.3 %) and the U.S. (+41 %); as well as Argentina (+20.6 %), Central America (+27.3 %), Colombia (+3.4 %), Peru (+129.4 %), Bolivia (+16.1 %), Uruguay (+22.2 %) and Chile (+16,5 %), with a smaller contribution from Brazil due to its different education cycle.

Education. Integrated solutions for the entire education community

By business unit, Santillana Educación reported sales of 449.8 million euros (4.2 % less than 2011) and EBIT of 96.4 million euros (+ 3.2 %).

SANTILLANA is deeply committed to education, which we understand in a comprehensive and innovative fashion, that includes educational content and services aimed at the entire school community, based on technological innovation and bilingual education. The Sistema UNO, launched in 2011, perhaps best expresses this new way of addressing the educational challenges of the 21st century. During the 2012-2013 academic year, over 240,000 students from Mexico, Brazil and Colombia have studied using this innovative project, which has earned revenues of 42.5 million euros. Along the same lines, 2012 saw the launch of Santillana Compartir, a hybrid solution that integrates print texts, digital content and a training service for teachers, and

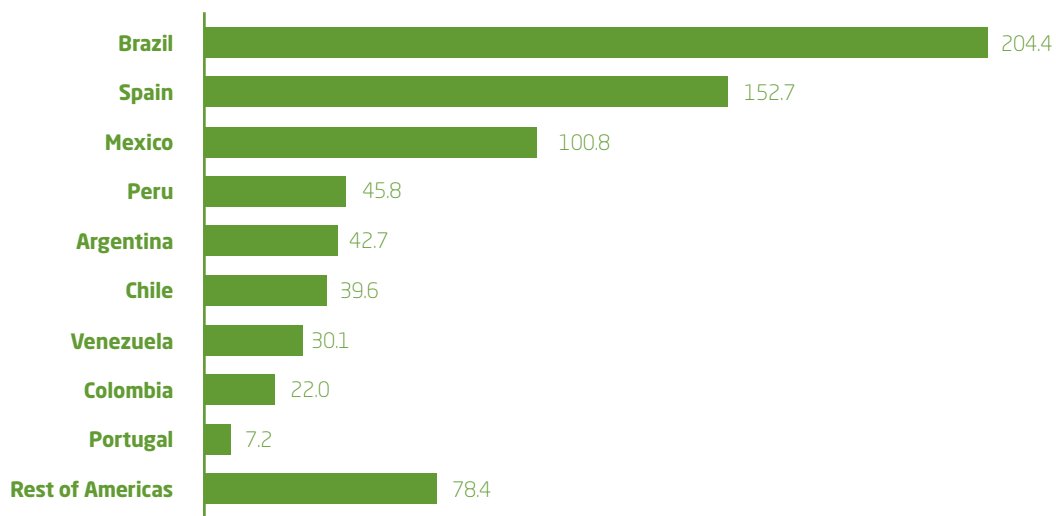
Revenue by business area
(millions of euros)



Annual book sales
(millions)



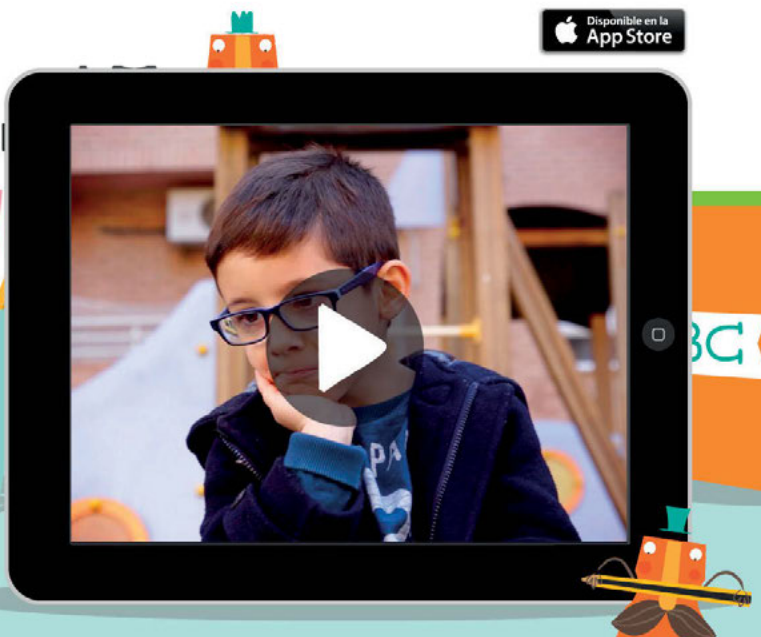
Book sales by geographic region
(millions of euros)





SANTILLANA

·PUPITRE·

Disponible en la
App Store

is designed to accompany schools as they make the inevitable transition to a greater use of technology. Both initiatives are supported by a technology platform that integrates a Learning Management System and a Student Information System that enable linkage between ICT and school management.

In the area of multi-device, cross-platform-format educational content and services, Santillana has developed new applications such as **Pupitre**, which harnesses the full potential of tablets to motivate and enhance learning among children aged 3-8. Over the Christmas period, **Pupitre** was one of the most downloaded and top-rated educational applications by parents and children alike. Another important release was **Tareas y más**, a study aid website aimed at students aged 10 to 18. With over 6,000 resources in subjects such as Language, Mathematics, Physics and Chemistry, the site offers students a repository of video tutorials, articles, maps, animation, etc., tailored to each educational level and there is also a service allowing students to consult a specialist teacher in each subject. Late in the year, Santillana also launched for the Spanish market **Edusfera**, a new online store for digital educational resources, which will gradually be rolled out in other countries.

Moderna, our educational publisher in Brazil since 2001, reported excellent results with sales of 178.2 million euros and EBITDA of 58.0 million euros. 13.7 %. It strengthened its lead in the private school sector, with a market share of 13.7 %. In the state school sector, its share is now 19.4 %, with sales of 25.8 million copies.

In the language-learning sector (the imprints **Richmond**, **Santillana Español** and **Santillana Français**), 2012 has been a good year, with revenue growth of 7.9 % and EBIT up by 20 % compared to 2011. Richmond launched, with great success, its **App Collection**, a pack of applications for iPad and iPhone designed to enhance English language learning, classified by level (from 3-12 years).

Regarding French language learning in Spain, Santillana Français leads the market at all levels of education from Primary (with a 40.2 % market share) to Secondary (40.9 %), to Bachillerato, where we have more than a 45.2 % share.

In addition to broad support from the private sector, confidence in the quality and professionalism of content and services provided by Santillana has also been widely demonstrated at the institutional level, thanks to public procurement in 2012 in all countries where the Company operates.

PRISA EDICIONES: A growing digital catalog and new multimedia formats

In 2012 PRISA EDICIONES, which groups together the general-interest imprints, published 3,554 titles and had revenues 131.1 million euros, and EBIT of 5.3 million euros.

The year was marked by a significant drop in domestic sales in Spain that has significantly affected book sales. According to official data, combined sales at the Madrid Book Fair decreased by 19 % and at the Sant Jordi Fair sales were down by 8 % compared to the previous year. Fortunately, the good results obtained in Latin America have offset this decline, thanks to geographical diversification and a catalog of authors of national and international renown.

In the area of digital publishing, sales growth compared with the previous year has been exponential, with a 950 % increase in the case of PRISA Ediciones. 2012 witnessed the consolidation of the digital catalog, which now offers almost 3,000 titles from Spain and Latin America, including *The Distant Hours* by Kate Morton, the works of Mario Vargas Llosa, José

Saramago, Joseph Stiglitz and Arturo Perez-Reverte, whose new novel *El tango de la guardia vieja* is among

the bestselling ebooks. All these titles enjoyed a simultaneous release with the print edition. The year also saw the launch of the newly minted label, **Alfaguara Digital**, offering more than 100 titles from the best of Hispano-American literature.

Multifunction devices are winning over fans of e-readers as readers increasingly demand enriched multimedia content. PRISA Ediciones has released several titles in the El País-Aguilar food collection, such as *Objetivo: Cupcake perfecto*, developed in formats that allow access to interactive content, full-color images, 3D, video and audio.

However, the emergence of digital publishing is threatened by two factors: the high levels of piracy and the high rate of sales tax (VAT of 21 % for digital versus 4 % for print). Spain is the European country where the ratio between legally downloaded books and the number of devices in circulation is lowest. In an effort to address these difficulties, PRISA Ediciones focuses on offering a wide and competitive catalog at attractive prices that discourage illegal downloads without jeopardizing the future of the business.

In terms of content, the publishing year was marked by the death of writer Carlos Fuentes.

Ever since publishing his first novel *Where the Air Is Clear*, readers and critics alike agreed they were witnessing a work that would have a lasting legacy on Mexican and world literature. The author of *The Years with Laura Diaz* and *The Death of Artemio Cruz* won the Cervantes Prize in 1987 and was renowned as a magnificent intellectual and political analyst. His last works were *Personas* and *Federico en su balcón*. The year also saw the deaths of Argentine writers Alicia Steimberg and Hector Tizon, whose career as a writer and activist inspired millions.

In 2012 one of the most iconic novels by Mario Vargas Llosa, *The Time of the Hero*, celebrated its fiftieth anniversary with a special, definitive edition from the Royal Spanish Academy (RAE). The author also won the first International Carlos Fuentes Award for fiction in Spanish.

In literary fiction and essay, **Alfaguara** offered a rich and varied catalog, which included José Saramago's *Claraboya*, *The Civilization of Spectacle* by Mario Vargas Llosa and Perez-Reverte's *El tango de la guardia vieja*. Leopoldo Brizuela won the Alfaguara Prize 2012 with *Una misma noche*, and Juan Gabriel Vasquez (Alfaguara Prize 2011) won the Roger Caillois prize for *El ruido de las cosas al caer*. Other highlights included Xavier Velasco's (Mexico) *La edad de la punzada*, *Erase una vez*



Arturo Pérez-Reverte and Cayetana Guillén Cuervo at the book launch for *El tango de la Guardia Vieja*

Colombia by Ricardo Silva (Colombia) and *Sobrevivientes* by Fernando Monacelli (Clarín Prize, Argentina),

Successful titles in Brazil included *Diálogos Impossíveis* by Luis Fernando Verissimo and Diane Keaton's memoirs, both published by **Objetiva**. Novels by Jose Luiz Passos and Ricardo Lísias, published by Alfaguara, were among the books of the year, according to the newspaper *O Globo*.

Within the essay genre, **Taurus** published three of most outstanding books of the year, as voted by readers and selected by influential world media: *Thinking the Twentieth Century* by Tony Judt (*El País's* book of the year), *The price of inequality* by Joseph Stiglitz, and *Intelligent Governance for the 21st Century*, by Nicolas Berggruen and Nathan Gardels (best political book of the year according to the *Financial Times*).

2012 also saw the launch of the *Great Ideas* collection, books which throughout history have changed the world and have inspired debate, discord, war or revolution. The series includes *The Social Contract* by Jean-Jacques Rousseau and *Days of Reading* by Marcel Proust, to name but two.

Suma de Letras began the year with a new hit from successful Australian author Kate Morton, *The Distant Hours*. And the publisher closed the year with the digital launch in Spain of the erotic novel *Naked* by Raine Miller,

the first book in a trilogy that is already a bestseller U.S.. In Argentina there was continued success for Florencia Bonelli and *El umbral del bosque* by Patricio Sturlese, and in the United States for Carlos Alberto Montaner's *Goodbye Again*.

The current affairs imprint **Aguilar** published *Una maestra en Katmandú* by Vicki Subirana, *En resumen... o casi* by Stéphane Hessel and *Mapa sentimental* by the psychologist Javier Urra. Top sellers in the U.S. included *Micky. Un tributo diferente* by Martha Figueroa and *La chica de Cartagena* by Dania Londoño, and in Mexico, *Renuncio* by Jorge Cardona.

Alfaguara Infantil y Juvenil, had a great year with activity books based on *Monster High* and *Angry Birds*, as well as books by Tonya Hurley and the Christmas sensation, *Wildwood Chronicles*.

.In the food niche, **El País-Aguilar** had a surprise hit with *Objetivo: Cupcake perfecto* by Alma Obregon, a multimedia book born on the Internet and that has become one of the bestselling titles both in print and at the Apple iBookstore.

Finally, **Punto de Lectura's** paperback collection included hits such as *El puente de los asesinos* by Arturo Pérez-Reverte and *Mi hermana vive sobre la repisa de la chimenea* by Anabel Pitcher.

Management team

- President: Ignacio Santillana del Barrio.
- CEO: Miguel Angel Cayuela.
- Chief Operating Officer: Federico Blanco Giner.
- Chief Digital and New Developments Officer: Miguel Barrero Majan.
- Global Managing Director for Education: Francisco Cuadrado Pérez.
- Global Managing Director for General-Interest Publishing: Armando Collazos.
- Global Managing Director for Language Learning: Christopher West.
- Director of Communication: Rosa Junquera Santiago.
- Director of Institutional Relations Mariano Jabonero Blanco.
- Director of Human Resources: Francisco Lorente Power.

PRISA Noticias

***El País*: The global newspaper in Spanish**

The newspaper *El País* was forced in 2012 to undertake a sharp reduction in expenses, which included a labor force adjustment plan.

Yet these measures, involving organizational and production changes, have not prevented the newspaper's print and digital editions from continuing to attract more new readers than any other Spanish paper.

2012 also saw the successful conclusion of the comprehensive multimedia integration of the newsroom, guided by the *digital first* policy (ie news goes on the Internet first). There was increased focus on the International section covering Latin America and an independent newsroom was set up in Mexico, which works in tandem with Madrid. Other initiatives included the new editorial sections on Culture and Sports and the digital version of the travel supplement, *El Viajero*.

This multimedia integration would not have been possible without video, and we now offer live broadcasts of different events, be they institutional (eg. debates organized by *El País*) or spontaneous demonstrations in the streets (including the May 15 protests).

In 2012 *El País* remained the leading general-interest print newspaper with a circulation of more than 320,000 copies on average (OJD data). It was also the most international Spanish-language newspaper, with a circulation of around 40,000 copies in the United States, Mexico, Argentina, Chile, the Dominican Republic and Peru, as well as in several European countries. 38 % of the online audience for Elpaís.com comes from outside Spain.

El País enjoys a lead of more than 100,000 copies over its immediate competitor, *El Mundo*.

As for the number of readers, as measured by the *Estudio General de Medios* (EGM), the third and fourth quarter figures from 2012 gave the paper a total readership of 1,929,000 against *El Mundo's* 1,219,000.

In the digital world, Elpaís.com is the world's leading Spanish media outlet, according to comScore data from December. Elpaís.com was also market-share leader in



Spain (7.5 million per month, ie. 316,000 unique users ahead of *El Mundo*).

Users check out the site not merely via computers, but also via a range of platforms and new applications, with mobile device audiences now making up around 30 % of visitors.

Meanwhile, the Kiosko y Más platform, a partnership between PRISA and Vocento that brings together more than 300 titles from the major Spanish publishers, has become the top generator of revenue in the Apple Store and was awarded "Publishing Platform of the Year."

The presence of *El País* in social networks has also been very noticeable. The main Twitter account has 2.22 million followers, which is twice last year's figure. In all, the newspaper has 29 accounts. The Sports account boasts 350,000 followers, while politics has 68,000.

Among the specific digital media products, 2012 saw the launch of *El País Selección*, which brings together articles, reports, interviews and unpublished work, and is available for Amazon's Kindle.

El País also remained extremely active in 2012 within the branded debates and lecture series *El País Encuentros*. The year's highlights included the November 27 event at the Teatro Real in Madrid with the participation of the president of Brazil, Dilma Rousseff, entitled "Brazil on the path to growth"; the January 20 event covering business opportunities in Peru, which included a talk by that country's president, Ollanta Humala and the Spanish Minister of Economy, Luis de Guindos; and the event in Bogotá on April 18, "Investing in Colombia", with the participation of the president of that country, Juan Manuel Santos.



In addition, the newspaper, in partnership with ENDESA, continued to run the initiative *El País de los Estudiantes*, in which more than 373,000 students and 58,500 teachers took part.

El País also came out to meet the public at a number of cultural events held in Mexico (the Guadalajara International Book Fair), Madrid, Barcelona and other cities in Spain and worldwide.

El Huffington Post

On June 7, 2012, PRISA Noticias launched the portal *El Huffington Post*, in which PRISA and AOL-*The Huffington Post* each have a 50 % stake. This is the Spanish version of the popular U.S. news and opinion website created in 2005 by Arianna Huffington and Kenneth Lerer. The executive editor is the journalist Montserrat Domínguez. In December 2012 the site had 1,056,000 monthly users, according to data from comScore.

Diario As

The sports daily *As* closed the year with an average circulation of 180,016 copies and its readership reached 1,480,000 according to the third quarter EGM figures, representing an increase of 10,000 readers from the previous year. It's the top sports paper, both in total and newsstand sales, in the Madrid region and Barcelona, and in Toledo, Guadalajara, Cuenca, Ciudad Real, Segovia, Avila, Seville, Malaga, Huelva, Cáceres and Badajoz.

As.com finished the year with an average daily audience of 1.9 million unique browsers, a 15.8 % increase with respect to 2011. International audience growth

was 27.6 % over the same period, supported by the launch of new services and content such as *As Televisión* (which hosts the most interesting sports videos), *As Color* (which reproduces and updates the *As* archives), *Motormercado*, *Tikitakas* and new applications for following live matches, as well as *As Poker*, a new product offering users tips, tournaments and news.

The English-language version was also launched, and *As* became the sports section for the MSN portal.

Almost 20 % of As.com users come from outside Spain, chiefly Latin America.

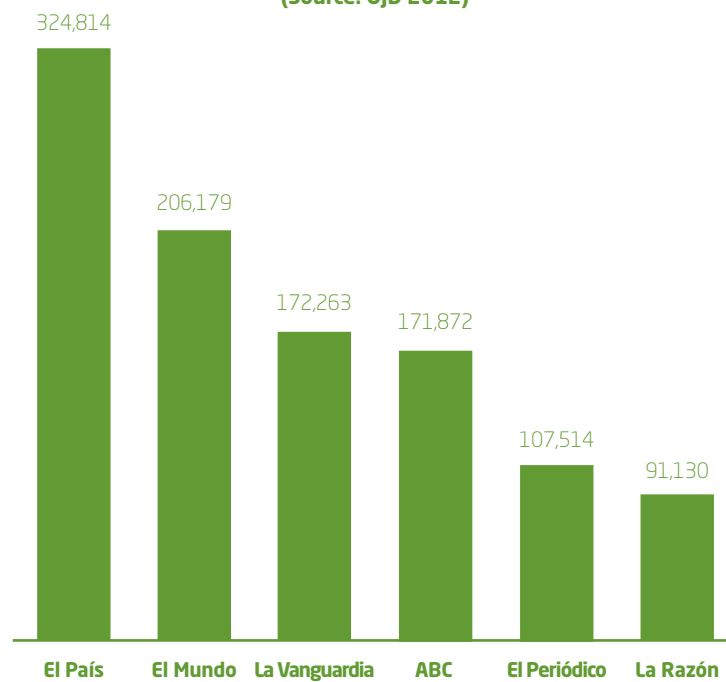
For the sixth consecutive year, *As* hosted its gala tribute to sport (December 10), with the awards ceremony for the *As Sports Awards*. The event was attended by big names from the Spanish world of sport and was held at the Palace Hotel in Madrid. It was broadcast on *As Televisión*. The big winners were Iker Casillas, the *Vuelta a España* cycling team, Mireia Belmonte, Falcao, Laura Gil, Teresa Perales, the Spanish Olympic Committee and Vicente del Bosque.

Cinco Días

Cinco Días, which in 2013 will celebrate its thirty-fifth anniversary, is Spain's most veteran business and finance daily. It's read by the most influential professionals from the worlds of business and finance, and offers the widest range of sectoral and regional supplements on the market, with a thorough analysis from the perspective of the business press. According to third quarter EGM figures, the paper closed 2012 with 58,000 daily readers.

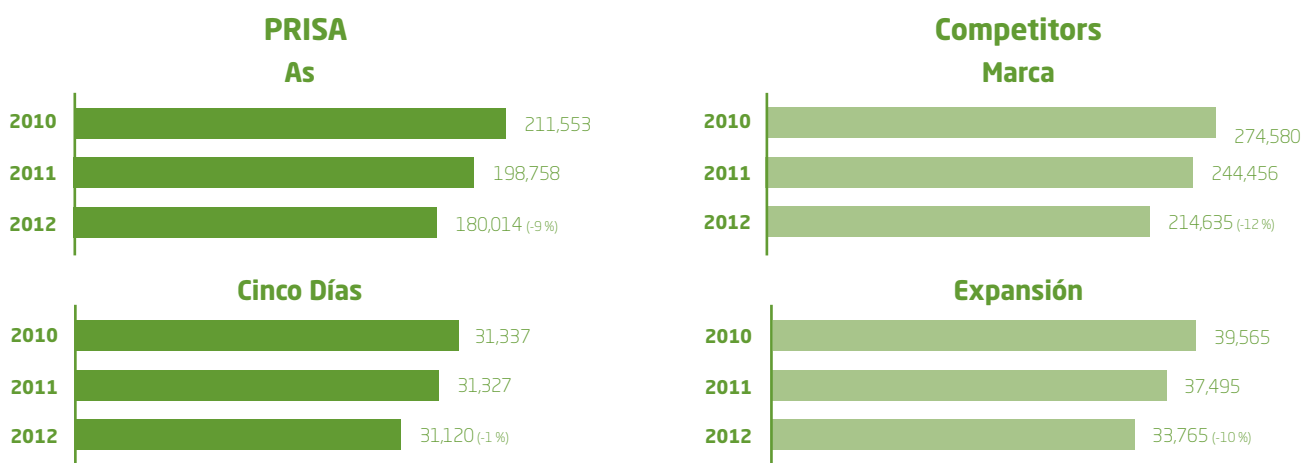
Circulation figures for leading Spanish general-interest printed newspapers

(Source: OJD 2012)



Circulation figures for leading Spanish specialist printed newspapers

(Source: OJD 2012)



Application downloads of PRISA newspapers (2011 - 2012)

		2012	2011	2012 vs 2011
El País	iPhone	882,400	622,108	141.84 %
	iPad	523,977	263,630	148.75 %
	Android	294,555	6,574	4,480.60 %
As	iPhone	518,949	357,453	145.17 %
	iPad	138,995	77,854	178.53 %
	Android	593,651	232,280	255.57 %
Cinco Días	iPhone	105,993	90,888	116.61 %
	iPad	86,568	70,324	123.09 %
	Android	12,851	3,825	335.97 %

The digital edition of the newspaper -CincoDías.com- has seen unique users and page views grow continually. According to Omniture, the site had more than 16 million unique users in 2012. The new sections "Emprendedores" (Entrepreneurs) and "Finanzas Personales" (Personal Finance) illustrate the strength of our commitment to provide quality and practical content. On July 5, 2012, the *Cinco Días* was upgraded with a more dynamic and social design, while content and tools to analyze the markets were revamped. Furthermore, *Cinco Días* is also available in other formats and platforms -such as Kiosko y Más- and its apps for mobiles and tablets set a new benchmark for innovation.

In 2012 *Cinco Días* maintained its commitment to the organization of events with a high public profile. The *Cinco Días Forum*, a space for debate which brings together leading business figures, this year welcomed Patxi López, Jose Antonio Monagas, Paulino Rivero, Miguel Sanz, Luis de Guindos and Ana Pastor.

The fifth annual *Cinco Días Awards for Business Innovation* were held on November 28, and are among the most prestigious events in the business calendar. The winners of this year's awards were Santander, Mutua Madrileña and Tecnalia.

PRISA Revistas

PRISA Revistas continued its expansion in 2012 with the development of specific products

for the iPad. On November 1 *Cinemanía* magazine launched its iPad edition with *The 200 Best Movies of All Time*, while *Rolling Stone* published *The Top 100*



Artists of All Time. The *Cinemanía* website became MSN's Film Channel in July 2012, and traffic doubled, according to Omniture between December 2011 and December 2012.

November saw the fourth edition of the *Rolling Stone Awards*, with winners including performers such as Manolo Garcia, Kiko Veneno and Vetusta Morla and the movie world's Paco León and Juan Antonio Bayona.

In October *Gentleman* magazine its 100th issue with a special edition of the magazine published together with a style guide entitled *The Style Secrets of the 21st-century Gentleman*, sponsored

by department store El Corte Inglés. Among the new projects developed by Area Factory are *Canal Tendencias* (a lifestyle website hosted by the Group's different sites: *Diario As*, *Cinco Días* and Cadena SER); and Cadena SER's mobile app for the Football League called *Guía Carrusel*. Finally, May saw the redesign of *Claves* magazine, which became bimonthly, offered readers more pages and changed to a new book format.

Management team

- Executive President of PRISA Noticias and CEO of El País: José Luis Sainz.
- Managing Director for Press and CEO of PRISA Revistas: Julio Alonso Peña.
- CFO and Resources Officer: Matilde Casado.
- Chief Digital Officer: Carlos Relloso.
- Editor-in-Chief, El PAIS: Javier Moreno.
- Editor-in-Chief, Cinco Días : Jorge Rivera.
- Editor-in-Chief, As: Alfredo Relaño.
- Director of Communication: Pedro Zuazua.

PRISA Radio

Global communication in Spanish

PRISA Radio is the world's largest Spanish-language radio group with 27.84 million listeners and more than 1,250 stations, either directly owned or associates, spread out over Spain, the US, Mexico, Colombia, Costa Rica, Panama, Argentina and Chile, and franchised in Guatemala, Ecuador and the Dominican Republic.

2012 has highlighted the robust economic health of Latin American countries and the PRISA Radio companies operating throughout the continent. The economic crisis that has hit Spain and the advertising market in this country, has not prevented PRISA Radio from consolidating its management model, designed to revitalize radio formats, usher in technological innovation and promote the production and presence of content across all digital platforms.

Over the course of the year, PRISA Radio has remained a benchmark for global radio in the Spanish speaking world. This model, with its global presence and the special attention paid to the local milieu, enables us to optimize synergies and generate increased value.

Over the year, PRISA Radio has worked on creating a uniform global news discourse based on the different realities that shape the production facilities that the Company operates in Spain and America. The pooling of PRISA Radio resources to cover events such as the U.S. elections,

Venezuela's political crisis, the Repsol crisis and the presidential elections in Mexico are but a few examples. This model, whereby a single team produce global coverage, was also used to cover the major sporting event of the year: the London Olympics, which was broadcast in eight countries. In music, the 40 Principales Awards crossed the Atlantic to Latin America, with the

the first edition held in December in Veracruz (Mexico). Interviews with Barack Obama and Bill Gates demonstrated the real potential of joint ventures between PRISA Radio stations in Spain and the Americas.

2012 also witnessed an acceleration of the process of digital transformation which first began in 2010.

All indicators place PRISA Radio as the benchmark for digital radio in Spain and in

Latin America: there are more than 8 million unique digital listeners and there has been an 84 % increase in the number of fans and followers on the social networks, reaching a total of 4.8 million. All this is reflected in the increase in advertising revenues which have gone way beyond expectations, up by 37 % over the previous year.

At the product level, the chief focus has been on the development of mobile apps for radio,

developing our brands in Spain and the Americas across the four main technologies (Apple, Microsoft, Google, Blackberry). PRISA Radio closed the year with 40 available apps, and the process will be completed in the first third of 2013. More than 125 million hours of online listening has been registered, with exponential growth in the the mobile sector relative to the websites, with each currently holding a 50 % share. Also very important was the focus on transversal music product development, as evidenced by the launch of the first legal song lyrics site, **Buluba.com**. Furthermore, the first strategic steps have been taken to launch a 360-degree music-streaming product next year (includes radio, limited interactivity channels and full interactivity channels) which draw on the competitive advantage of having our radio presenters to recommend it.

This, coupled with the ongoing work of upgrading our spoken-word and musical radio sites over the coming year, will enable PRISA Radio to remain at the forefront of digital development in the media sector.



PRISA Radio closes 2012 with 27.84 million listeners, 5.2 % more than last year

In Spain, PRISA Radio closed 2012 with 13,122,000 listeners. **Cadena SER** enjoyed its eighteenth consecutive year as market leader, with 4,914,000 listeners daily, Monday through Friday, according to EGM data. 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 3,844,000 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 2,049,000 listeners, 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, with 9,712,000 followers, plus a further two radio formats distributed exclusively online.

In Chile, PRISA Radio is the undisputed radio market leader with 2,094,000 listeners. 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.

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, reaching 1,272,288 fans daily.

In Argentina, PRISA Radio reached 1,155,600 listeners in October-December 2012. **Radio Continental** continues to go from strength to strength on the Argentinian radio scene.

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, with 282,300 listeners. In addition, PRISA Radio operates **GLR Networks**, a producer and distributor of programs and advertising space among more than 100 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 2011 saw the launch of ADN, a new spoken-word radio format that includes news, sports, music and magazine programs. It has a daily audience of 198,510 listeners.

Music

2012 has witnessed the implementation of a number of projects that have resulted in new programs, new events and new products.

Music radio has maintained its lead in Spain and Latin America, both through the **40 Principales** global brand, as well as through local brands in each country. There were notable schedule and programming changes in Spain, with new, revamped morning shows on 40 Principales and on

Cadena Dial. Additionally, the year saw the launch of *YU: No te pierdas nada* (YU: Never miss a beat), a new concept in multi-platform programming presented by Dani Mateo, which is broadcast live online at 40.com, and rebroadcast on 40 Principales at night.

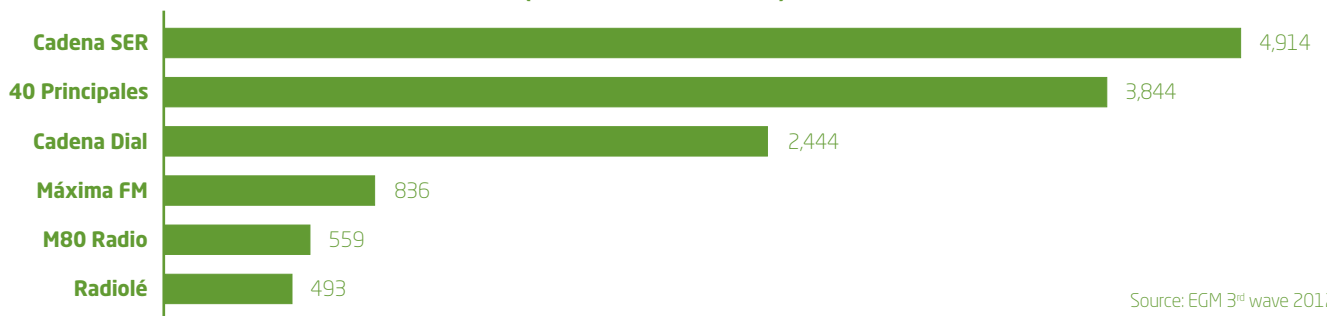
As part of our franchise expansion project in Latin America, PRISA Radio arrived in the Dominican Republic in December, with the addition of the 40 Principales in



PRISA Radio audience by country (in thousands of listeners)

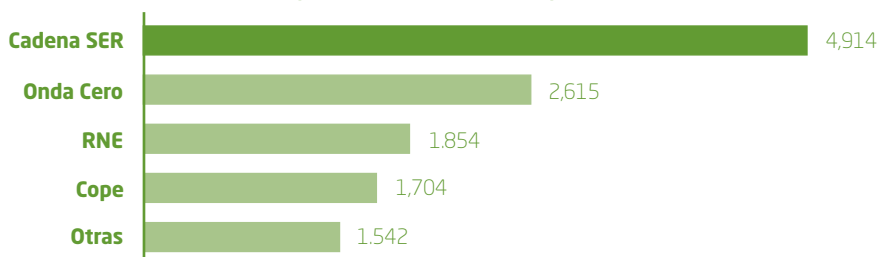
	Accumulated audience	Market ranking	Source
Spain	13,090	1	EGM 3 rd wave 2012
LatAm	14,655		
Colombia	9,712	1	ECAR 2012
Chile	2,094	1	IPSOS 2012 Chile
México	1,236	3	INRA Nov 2012 Mexico DF
Argentina	1,164	4	IBOPE 2012
USA	250	5	Arbitron, 2012
Costa Rica	199	5	EGM 2012
Portugal	1,793	1	Marktest 2012
TOTAL PRISA Radio	29,538		

PRISA Radio audience in Spain (in thousands of listeners)



General-interest radio in Spain

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



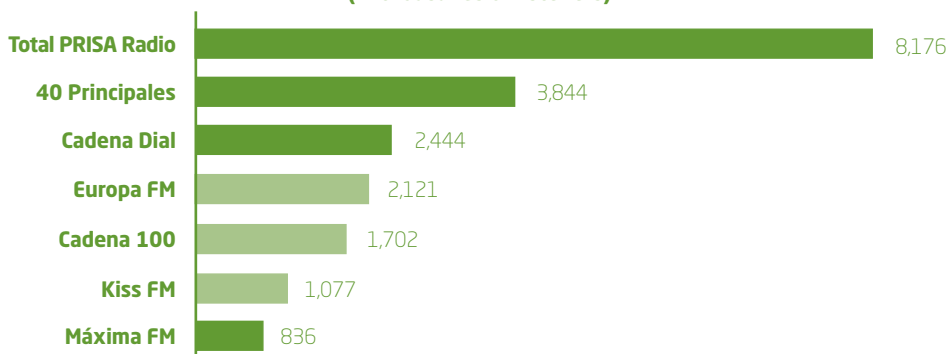
Audience-share ranking for general-interest radio in Spain

Cadena SER	38.9 %
Onda Cero	20.7 %
RNE	14.7 %
Cope	12.2 %
Otras	8.5 %

Source: EGM 3rd wave 2012

Music radio in Spain

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



Audience-share ranking for music radio in Spain

40 Principales	1
Cadena Dial	2
Europa FM	3
Cadena 100	4
Kiss FM	5

Source: EGM 3rd wave 2011

Santo Domingo. *World Dance Music* celebrated its 4th anniversary in all 40 Principales stations in the network in Latin America and has been added to the GLR Networks product portfolio in the U.S. It also kicked off a weekly program on 40 TV in Spain. 2012 was also a year of a number of big events for our radio brands, such as the Cadena Dial Awards, *Lo mejor de aquí y de allí* (The best of here and there), the 40 Principales and *Ke Buena* events in Mexico and the 40 Principales in Colombia. To close the year, PRISA Radio launched the first **40 Principales Awards America (Premios 40 América)**, hosted in Veracruz (Mexico) and broadcast by 40.com and Ritmoson Latino throughout the entire region.

Digital music media have continued to grow as these products / services offer the greatest future growth opportunities. Thus in October we launched **Mymajorcompany.es**, an online crowdfunding platform, whereby PRISA Radio makes good on its commitment to participatory funding and project launches for up and coming artists.

Artistically, 2012 was yet another year of success for the artists represented by our management company **RLM**, with new albums, tours and successful TV programs: Alejandro Sanz, Miguel Bosé, Raphael, Malu and Francisca Valenzuela. Alejandro Sanz released *La música no se toca* (Universal Music Spain), the best selling album in 2012 by a Spanish-language artist, Miguel

Bosé was back with his album *Papitwo* and the first leg of his tour of Spain and Mexico sold out. He is also the coach on *La Voz México*; Raphael performed 95 concerts around the world and recorded once again with Manuel Alejandro. It was a great year for Malu, coach on *La Voz España*, who released *DUAL*, an album of sensational duets that topped the charts and sold out concerts. The year also saw the rise of Francisca Valenzuela, who released *Buen Soldado* in Spain and toured Spain, the USA, Australia, Latin America and some of the world's most important festivals. To cap it all, she was chosen as one of the 100 most influential women in Chile.

2012 was also a year of big events for our tours and concert promoter, **Planet Events**, despite difficulties in the sector stemming from the change in taxation (a VAT hike on tickets to shows from 8 % to 21 %). The Company regularly scheduled top events such as tours by Enrique Iglesias, Pitbull, Laura Pausini, Luis Fonsi and Juanes' *Unplugged* tour. The year also saw major festivals with top international artists such as Regina Spektor, Charlotte Gainsbourg, Emir Kusturica, etc. Planet Events also oversaw the production of the Cadena DIAL Awards, the Ondas Awards, the 40 Principales Primavera Pop festival and the As Sports Awards. Planet Events also maintains a close relationship with brands and special projects, such as Windows (Leiva vs Ivan Ferreiro), DYC (Estopa Tour) and with the Tourist Board in Colombia and Avianca for the Juanes tour.



First Edition of the Premios 40 América Awards in Veracruz (Mexico)

PRISA Radio's New Business Division continued working on venturing into new sectors by promoting and extending the 40 Principales brand as well as other PRISA Radio brands in Spain, such as **40 El Musical**, a hit musical based on popular Top 40 hits from throughout the radio network's history. Since its premiere in 2009, the show has been enjoyed by one million spectators. After two seasons in Madrid, one in Barcelona and a tour of Spain, the musical extravaganza returns to Madrid in 2013 with brand new numbers and choreography.

40 Café, a multidisciplinary leisure space opened in 2011 on Madrid's Gran Vía, is home to a restaurant, bar area, shop, and live radio studio which plays host to top Spanish and international artists and exclusive concerts. Patrons can also listen to live broadcasts from 40 Principales.

PRISA Radio has launched a travel portal for each of the stations in PRISA Radio's Spanish network, with Nautalia Viajes as a partner. The offer is perfectly segmented to meet the travel and leisure needs of each profile of listener. PRISA Radio has launched two websites: **Los40viajes.com**, the 40 Principales travel and leisure site, and **Cadenaserviajes.com**, a travel retailer where users also find engaging editorial content on destinations written by top travel journalists.



In addition, the 40 Principales brand has also made forays into other areas of business, such as the **Tarjeta 40 Principales** Card, Spain's leading affinity card with more than 600,000 active clients, and **Arte40**, a talent-spotting program and competition for young, up-and-coming artists, that started in Mexico and which in its first Spanish edition in 2012 saw the participation of more than 5,400 artists.

Management team

- PRISA Radio President: Augusto Delkader
- PRISA Radio and SER CEO: José Luis Sainz.
- PRISA Radio Chief Financial and Resources Officer: Pedro Antón
- PRISA Radio International Managing Director: Andrés Cardó.
- PRISA Radio Managing Director of music radio: Sandra Rotondo.
- PRISA Radio Chief Digital Officer: Ignacio Azcoitia
- PRISA Radio Managing Director Spain: Alejandro Nieto.
- PRISA Radio Managing Director for South America and Colombia: Ricardo Alarcón.
- PRISA Radio Managing Director for Argentina: Nicolás Yocca.
- PRISA Radio Managing Director for Chile: Ricardo Berdicheski.
- PRISA Radio Managing Director for USA: Daniel Anido.
- PRISA Radio Managing Director for Mexico: Juan Ignacio Reglero.
- PRISA Radio Managing Director for Panama and Costa Rica: Jimena Quintero.
- PRISA Radio Managing Director of Comunicación: Susana Sánchez Riu.

PRISA TV

PRISA TV, PRISA's audiovisual holding, closed the year as market leader in both Spain and Portugal, the latter through Media Capital.

In Spain, Canal+ is the leading multi-channel player in the audiovisual market with more than 1.8 million households subscribing to its satellite platform. Canal+'s multi-distribution strategy of premium content this year led to important agreements with other operators, which has led to an increase in audience, and enabled the Company to open up new revenue streams. YOMVI, Canal+'s venture into the connected world, is now a year old. That's twelve months of quality service, highly rated by users, and is testament to our commitment to new ways of watching television. YOMVI has taken full advantage of the latest technology to bring premium content to new Canal+ devices.

2012 also saw a new agreement for the TV broadcast rights of the BBVA Football League (Liga BBVA), whereby Canal+ enjoys the exclusive rights for pay television football broadcasts for the next three seasons. This has enabled PRISA TV to offer viewers its best football package ever.

In addition, this year the Company also made available to its customers a new generation of iPlus decoders, which have been developed in collaboration with CISCO, world leader in network and infrastructure solutions for Internet, that will enable users of Canal+ to further optimize their interaction with audiovisual content. The iPlus decoder, which lets users enjoy high definition TV and easily record all programming, is used by over 30 % of the Canal+ subscriber base. Users have declared a very high satisfaction rate (more than 96 % would recommend it).

Media Capital -PRISA TV's company in Portugal- has made a commitment to the optimization of production systems, improved cost efficiency, channel diversification and to making further progress in the digital transformation of all business units (television, production and radio). While the Portuguese market is witnessing a sharp decline in ad spending, caused by the economic crisis, Media Capital, thanks to a major effort to reduce



costs and to seek new revenue growth, closed the year 2012 with an increase in EBITDA.

TVI, despite the increased competition from Pay TV platforms and increasing competition in soap opera and drama content genre, has once again positioned itself as the undisputed leader of commercial television in Portugal. For the first time ever MCR, through *Radio Comercial*, is the undisputed leader in the radio sector. Plural, both in Spain and in Portugal, has continued to improve production efficiency, cost restructuring and diversification of customer base, with a new focus on increasing international activity for its technical and stage design companies (EMAV and EPC).

During the year, TVI Internacional expanded its distribution to reach Portuguese citizens living in foreign countries and has launched **TVI Ficção**, a new channel broadcasting sitcoms, soap operas and TV series for the Pay-TV market in Portugal. The new channel brings together the best productions from TVI with new interactive solutions from the MEO platform (Telecom Portugal).

Television in Spain

Canal+. Number of subscribers

Dec 2012	
Subscribers Canal+ satellite	1,719,811
Subscribers Canal+ DTT	13,833
Subscribers Canal+ other platforms	106,786

	Suscribers	% Penetration	Growth vs 2011
IPLUS	587,331	34.2 %	+16.7 %
MULTIPLUS	244,851	14.2 %	+2.5 %

Canal+. Average revenue per subscriber per month

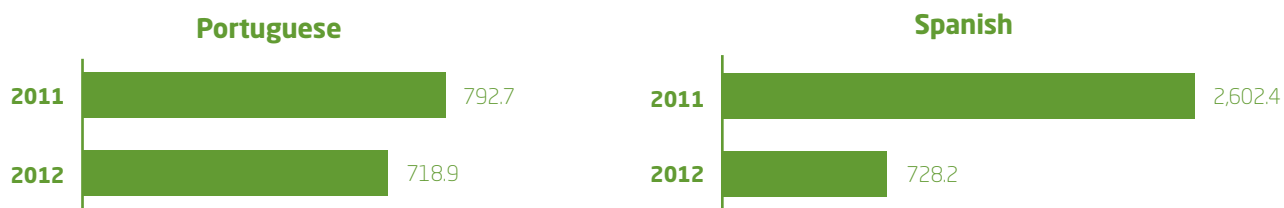
Euros	
Annual ARPU satellite	42.6

Canal+: cancellation rate

	Dec 2012	Dec 2011
CHURN at year end, satellite (%)	15.4	13.6

Fuente: elaboración interna

Audiovisual production PLURAL Entertainment (Hours produced)



NOTE: In 2011 there were 2,000 hours related to chip that are not covered in 2012

Television in Portugal (january to december)

	24 hours	Prime Time
TVI	38 %	40.5 %
SIC	33.9 %	36.1 %
RTP 1	22.9 %	18.9 %
RTP 2	5.3 %	4.6 %

Meanwhile, the production company Plural Entertainment, which ended the year with more than 1,500 hours produced, continues working on the development and creation of new formats, both soap opera/sitcom and general entertainment. To promote expansion, the Company has signed a strategic alliance with the prestigious production company POWWOW (Miami) to collaborate on improved exploitation and distribution of formats in Spanish-speaking markets.

In the area of social responsibility, PRISA TV has increased its activity, has launched a range of initiatives and activities to help the disadvantaged, has promoted and fostered participation among employees and has been particularly sensitive to the production and broadcast of documentaries, reports and campaigns of a social nature across its different television channels.

In 2012 PRISA TV's revenues amounted to 1.080 million euros and EBITDA was 191.3 million. Of the total of 1,834,495 subscribers, 1,719,811 correspond to Canal+ and 114,684 to other platforms. *Canal+ Liga* had 734.365 subscribers. ARPU was at 42.6 euros on average.

Canal+ offers its best football package ever

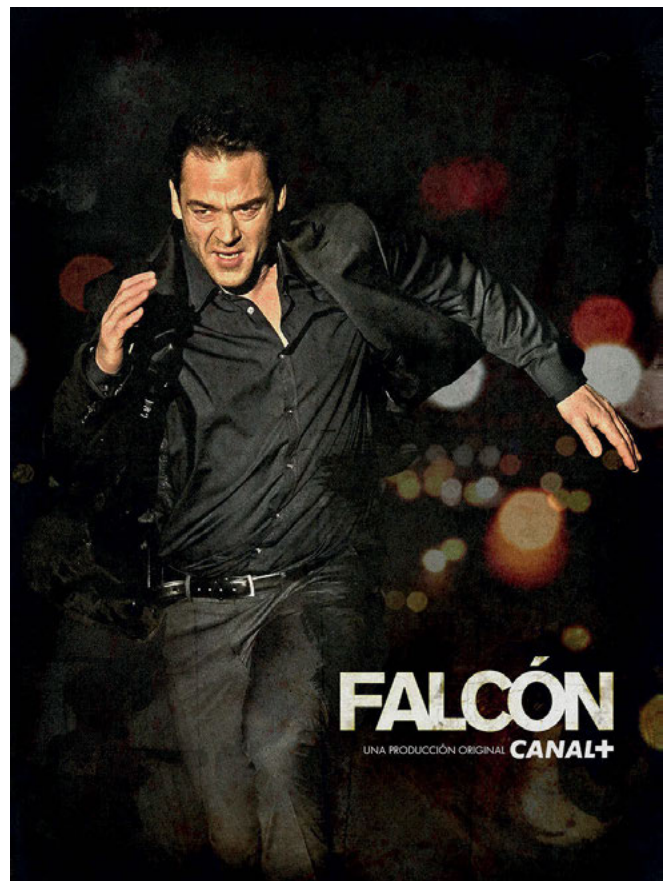
In 2012, Canal+ has renewed and strengthened the commitment to football fans that it has maintained for over 20 years. Following the agreement with Mediapro, signed last August, Canal+ has significantly added to its football programming. Now, as well as the entire Champions League and the best international football leagues, Canal+ has the exclusive rights for the Liga BBVA for Pay TV during the 2012-13, 2013-14 and 2014-15 seasons.

This is the best football package on offer in the history of Canal+. Starting this season, Canal+ holds exclusive broadcast rights for the Liga's best match of the day, significantly increases the coverage of Real Madrid and FC Barcelona matches, and also offers the remaining league matches on Pay TV on Canal+ Liga, which substantially increases its offer (from 3 to 8 matches per day, one of which is always Madrid or Barcelona). In addition, Canal+ holds the exclusive distribution rights for the Liga in all public places and all the digital rights for the Liga and the King's Cup (Copa del Rey).

From 2012, Canal+ has been more than ever the home of football. All the premier league Liga BBVA games, the King's Cup (the top match from each day), the best games from the second division *Liga Adelante* every Sunday on Canal+1, the full Champions League, and top international leagues (Premier League, Calcio, Bundesliga, Eredivisie, Apertura and Clausura Argentina, Brazil, etc.) are just some of the highlights for the 2012-13 season. Everything, as always, with the Canal+ quality guarantee, in HD thanks to the next generation iPlus decoder, and commentary from big names in sports: Carlos Martínez, Michael Robinson, Nacho Aranda, Julio Maldonado, Noemí de Miguel, Santi Cañizares, Kiko, etc.

The year of *Falcon*, *The Newsroom*, *Girls*, *Frozen Planet*, *The Intouchables*, etc.

Canal+ brought viewers the biggest and the most awarded international film productions in 2012, including *The Artist*, *Hugo*, *Harry Potter and the Deathly Hallows Part 2*, *The Avengers*, *Toy Story 3*, *Midnight in Paris*, *The Tree of Life*, *Tinker, Tailor, Soldier, Spy*, *Carnage* and the surprise hit *The Intouchables*. As for Spanish cinema, Canal+ has maintained its support for



Spanish productions and released films including *La piel que habito*, *No habrá paz para los malvados*, *Eva*, *Chico y Rita*, *Mientras duermes*, *Torrente 4* and *Blackthorn (Sin destino)*.

With regards to TV series, HBO continued to supply Canal+ with high-quality titles such as *Game of Thrones* (the second season), Aaron Sorkin's *The Newsroom* and Golden Globes winners *Girls* and *Game Change*. In addition, Canal+ viewers remained hooked on *Boardwalk Empire* (season three), *Mad Men* (season five) and *Boss* (seasons one and two). There were also original productions from Canal+, with the widely anticipated *Falcon*, which follows on from the success of *Crematorio* and *¿Qué fue de Jorge Sanz?*. *Falcon* is an international co-production which sees Canal+ teaming up with the German ZDF and Sky Atlantic HD. The series, set in Seville, follows the investigations of inspector Javier Falcon, a complex, ambiguous and dark character, at home in a dark and brutal Seville. *Falcon* is a four-part series based on the books *The Blind Man of Seville* and *The Silent and the Damned* by British writer Robert Wilson. There was plenty more on offer on Canal+. In sports, the NBA, exclusive Wimbledon coverage, tennis Masters 1000 in HD, the best of world golf, plus a memorable Ryder Cup in Medina, the Six Nations Rugby and the Super Bowl, to name but a few.

In the documentary genre, Canal+ broadcast *Steve Jobs: The Lost Interview*, *America in Primetime* -which reviews some of the most compelling shows on television today- further episodes from #canalplusestademoda and BBC's extraordinary production *Frozen Planet*.

All this plus interviews on *Iñaki* and the absurd humor of *Ilustres ignorantes*. *Informe Robinson* consolidated its following and its reputation for quality sports journalism in its fifth season. Also successful were the weekly magazine-format show *Tentaciones* and the new *Reportajes Canal+* with Jon Sistiaga, which won the 2012 Ondas Award in the category of "best special news coverage".

More content, more services, more High Definition

Canal+'s multichannel platform has continued to incorporate new content from different genres and remains

committed to high definition, in order bring our subscribers the most complete and varied programming on the market.

Since 2012, Canal+ viewers have been able to enjoy a new channel dedicated to the Champions League (Canal+ Liga de Campeones) that serves up all the matches from the league, live and simultaneously thanks to our Multiscreen service. There are two new channels covering the world of motor sport (El Garage TV and Motors TV), a channel devoted entirely to fashion (Fashion TV) and four new HD versions of channels that provide greater detail, maximum sharpness and better sound (Canal+ Golf HD, Canal+ 2 HD, FOX CRIME HD, and TAQUILLA2 HD).

Canal+ customers rate highly our commitment to high definition, allowing them as it does, to enjoy all the action on a large screen without losing picture quality. All this is made possible through the iPlus terminal, the advanced decoder used by more than 30 % of the customer base.

Services that provide added value to content are also being expanded. Thus, for example, Canal+ has started to add English subtitles to their series, allowing the viewer to follow them in their original version with subtitles. Meanwhile, FOX has created a specific Original Version slot allowing us to broadcast series closer in time to their premieres in the United States.

YOMVI: Canal+ content wherever and whenever the user wants

2012 was a year of consolidation for YOMVI, Canal+'s solution for the online environment, which offers live TV and video on demand (VOD). The brand was created last year in order to bring premium Canal+ programming to the connected world. It will continue to grow and adapt to current and future demand as part of the digital transformation strategy to which PRISA TV is firmly committed.

Canal+'s YOMVI, which brought subscribers a new way of enjoying television, has grown to reach any audience even if they are not a client of the platform. A new, very competitive package enables any user to access the contents of Canal+ in one of two ways:

"Film and TV", a subscription package that allows users to enjoy Canal+ 2 programming live as well as a back catalog (VOD) with over 2,000 titles of the very best movies, series and documentaries; and the option "Liga" package which hosts all the best of football from Canal+ Liga and Canal+ Liga de Campeones. In addition, with the Box Office option, online customers can choose to pay only for what they watch. YOMVI has thus become an online video club available to everyone to enjoy content from Canal+ wherever and whenever they want.

Forging ahead with its goal of reaching as many platforms as possible, YOMVI has continued to expand its presence to new devices and is now available for MAC and iPad, where it's been a huge hit with users, spending weeks as the most downloaded free app at the Apple iPad Store.

In addition, our partnerships with leading brands and companies in their sectors have continued to play an important role in the development of new projects at PRISA TV. These include an agreement with Cinesa, Spain's leading film exhibitor, to offer YOMVI customers exclusive on demand film and TV, plus numerous deals and advantages. Another agreement with LG, one of the leading companies in consumer electronics, adds YOMVI to LG's Smart TV and other audio and video devices that incorporate the functionality of Smart TV.

YOMVI has rapidly established itself as a digital entertainment brand and continues to evolve to bring the best possible service to subscribers of the platform, as well as to all those new online customers eager to enjoy Canal+ content.

Media Capital

Media Capital group was the Portuguese TV market leader through its commercial television channel TVI for the eighth consecutive year. Far ahead of its competitors, TVI was audience-share leader across all time all slots and ended the year with an audience share of 26.7 % during the day and 30.1 % in prime time.

In 2012, Media Capital reported revenue of EUR **184.3** million, with net profit (11.9 million euros)



ten times higher than in 2011. Despite a fall in advertising, EBITDA was higher than last year, at 41.2 million euros.

TVI maintains its lead for the eighth year running and expands distribution

TVI closed 2012 as the undisputed market leader once again despite Free To Air competition, especially in the soap opera genre. TVI offers a schedule of broad and varied programming in a wide variety of genres, with a special focus on dramas and soap operas, entertainment, sports and news. The channel has continued its strategy of bringing soap operas to prime time, with the broadcast of highly successful series such as *Remédio Santo* (nominated for an Emmy in the Soap Opera category), *Louco Amor*, *Doce Tentação* and *Doida por Ti*.



The major entertainment formats reported record audiences in prime time. From January to July, *A Tua Cara Não Em é Estranha* scored an average audience share of 51.1 %, 50.5 % and 46.4 % for its three seasons, and the reality show *Secret Story - Casa dos Segredos II* has topped the ratings since first broadcasting, closing the year with an audience share of 49.7 % for the December 31 Gala.

Monday to Friday, *Você na TV* (mornings) and *A Tarde é Sua* (afternoons) were also audience-share leaders in their slots. At weekends, *Somos Portugal*, broadcast live from around the country to promote regional cultures, with the aim of spreading local cultures and national music, scored an average audience share of 30.5 % for its 30 broadcasts in 2012.

In sports, TVI and *TVI 24* broadcast the Champions League, *La Liga*, *La Copa de Liga* and *the Eurocopa* in free-to-view format.

As for news, *Jornal da Uma* and *Jornal das 8* topped the ratings in their slots, with shares, respectively, of 28.5 % (577,000 viewers) and 27.1 % (981,000 viewers). On Mondays, *TVI Reporter* (investigative reports) reached an average audience of over 1,000,000 viewers.

TVI 24

The 24-hour news channel from the Media Capital group, TVI 24, recorded its best ever year, with an average of average share of 1.4 % (of all channels). Its growth is more evident when compared with the other two news channels in Portuguese. Broadcast to all distribution platforms in Portugal, TVI 24 unveiled new schedules in the third quarter of 2012, with new programs on the Champions League, the debut of political satire program *Governo Sombra* and a renewed commitment to *Olhos no Olhos*, *Maisfutebol* and *Prolongamento*.

TVI24's website and apps have also registered significant growth with record-breaking audiences and downloads.

TVI Internacional expands its presence

TVI Internacional strengthened its presence in Europe, a market in which the Portuguese-speaking community has a significant presence. From October 1, TVI Internacional is present on Eltrona, the new content-distribution platform in Luxembourg.

Since its launch in 2010, TVI Internacional has achieved a total coverage of 375 000 households.

TVI Ficção, the new channel for TV series

In October, Media Capital launched TVI Ficção, a new channel broadcasting sitcoms, soap operas and TV series for the Pay-TV market in Portugal. It's a joint venture between Portugal Telecom and TVI and is available exclusively through the MEO platform. TVI ficção delivers the best productions from TVI alongside new interactive solutions from the MEO platform, designed specifically to increase audience interaction

and satisfaction by offering them exclusive access to MEO services. Thus, TVI ficção, provides access to services such as advance purchase of soap opera episodes, offers alternative endings, exclusive interviews, actor biographies, talk shows, backstage videos, cooking with well-known Portuguese actors and music stars, and offers series that are part of the history of the soap opera in Portugal and hit TV movies and series. In its first months on air, TVI Ficção was the channel with the highest number of viewers to have been launched in 2012.

Activity in Portugal

In 2012, Plural has strengthened its lead, consolidating its position as a leading producer in the soap opera genre in Portugal, with over 800 hours of content produced. The Company's productions set the standard at both a national and international level. The award for Best Production Company in Portugal (from the professional journal M & P) and the International Emmy nomination are testament to the quality and competitiveness of the Company's output. Furthermore, Plural has achieved great success with new audiovisual products such as "Filmes RTP" and *Morangos com Açúcar - o Filme* (one of the three most-viewed Portuguese films of the last ten years and already the top selling DVD and VOD).

Meanwhile, EMAV (Plural's technical company) and EPC (stage and set design) have had a strong year with robust performance in European markets.

Activity in Spain

In Spain, Plural has produced programs for a variety of genres including entertainment, soap operas, news, sports, reality shows and documentaries. There was a total of over 700 hours of production, including programs such as *Hermano Mayor*, *Hijos de Papá*, *Más allá de la Vida*, *La Nube* and *Deportes Cuatro*.

Plural clients include major Spanish and Portuguese TV networks and the Company's projects have a well-deserved reputation for the originality of their scripts, cutting-edge image processing and high production values. The Company's programs are audience leaders among a range of different targets and in different time slots.

Other businesses

much of the success that Media Capital enjoyed this year was due to the exceptional contribution of radio businesses and events.

Media Capital Radios was audience leader for the first time ever in Portugal, via Radio Comercial, which recorded a record audience share of 15.4 %. The other Group radio stations also ended 2012 with a sharp rise in audience figures, particularly m80, with about 4.3 %, making it the leading radio broadcaster among stations without national distribution.

In the Digital sector, all sites owned by *Grupo Media Capital* have this year seen a 10 % increase in visits and

Management team

- President of PRISA TV: Manuel Polanco.
- CEO of PRISA TV: Pedro Garcia Guillen.
- Chief Financial Officer, PRISA TV: Juan Herrero Abelló.
- Director of Communications, PRISA TV: Purification Gonzalez.
- CEO of Canal+: Manuel Mirat.
- Managing Director of Contents and Rights Acquisitions, Canal+: Alex Martinez Roig.
- CEO of MEDIA CAPITAL: Rosa Cullell.



22 % rise in page views. In addition, during 2012, *Media Capital Digital*

developed various applications aimed at improving the content of the TVI site, focussed on strategic developments and signed important agreements for the exploitation of video content with partners such as Microsoft (MSN) and the newspaper *El Público*.

With regards to music and entertainment, the highlights included the December release of the new Tony Carreira CD, which went triple platinum in 18 days, the festival "Meo Spot Summer Sessions" - the largest summer event in the Algarve - The National Surf Championship, and a sell-out show by musician and singer José Cid in Lisbon. In 2012, Farol -Media Capital's record publishing label- won four platinum and six gold discs. Farol is market leader in Portuguese music and music compilations.



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05

Dialogue and communication with stakeholders

SEZ

PRISA (ALDO)

Dialogue and communication with stakeholders

As a media group, PRISA takes very seriously its commitments and social responsibilities to its employees, shareholders, customers, suppliers, the social milieu, environment and society at large. Each company within the Group possesses its own mechanisms for communicating with its stakeholders, both internal and external and direct and indirect, whereby we remain informed of their concerns and opinions and are thus equipped to respond appropriately.

The screenshot displays the PRISA corporate website. At the top left is the PRISA logo. To its right are navigation links for 'English | Portugués' and social media icons. Below this is a search bar and a dropdown menu for 'Webs de PRISA'. A horizontal menu lists various departments: 'QUIÉNES SOMOS', 'ÁREAS DE ACTIVIDAD', 'RESPONSABILIDAD SOCIAL', 'RECURSOS HUMANOS', 'ACCIONISTAS E INVERSORES', and 'SALA DE PRENSA'. The main content area features a grid of logos for various media companies, including EL PAÍS, SE2, PRINCIPALES, SANTILLANA, ADN, AS, ALFAGUARA, Vme, taurus, CincoDías, plural, ial, CARACOL RADIO, planeo, RADIO, CANAL+, tvi, tvi 24, and Continental. To the right of this grid is a large headline: 'Líderes en educación, información y entretenimiento'. Below the grid is a navigation bar with 'PRISA' and 'Editorial-Educación', 'Prensa', 'Radio', and 'Audiovisual'. At the bottom, there are sections for 'NOTICIAS' and 'AGENDA' with dates and brief news items.

About our readers, listeners, viewers and users

As a media group, PRISA takes very seriously its commitments and social responsibilities to its employees, shareholders, customers, suppliers, the social milieu, environment and society at large. Each company within the Group possesses its own mechanisms for communicating with its stakeholders, both internal and external and direct and indirect, whereby we remain informed of their concerns and opinions and are thus equipped to respond appropriately.

All of our employees have access to an internal channel for communication and collaboration (intranet to-youtome) providing all the necessary information that might be required. Users may participate and interact with their colleagues or with employees from other companies across the Group. At the PRISA corporate center we provide all necessary tools and resources to those managing the different intranet systems to enable them to work in a coordinated fashion and to share relevant experiences. There exists, therefore, from the departments of Communication in collaboration with

Human Resources, IT, Security, Purchases and Prevention, an internal participative network that we all keep alive every day. There is also a channel for concerns and complaints, administered by the Audit Committee, and open to all employees whatever their concern might be.

The corporate website (www.prisa.com), available in Spanish, English and Portuguese, provides all relevant information about the Group and its companies. Here, investors and stakeholders are informed of all company news and events. Analysts and members of the press will each also find a specific area in order to keep them updated on developments.

Following the example of a number of European countries, PRISA has, along with other Spanish companies, belongs to the association Emisores Españoles, an issuers association aimed at seeking out solutions common to all issuing companies, both nationally and internationally, and which strives to develop principles of good

corporate governance among public companies and which fosters the adoption of measures to streamline communication between companies and stakeholders.

At the Corporate Center we deal with four different categories of the public.

- **Shareholders:** through the Shareholder Relations Department, responsible for resolving all questions and concerns.
- **Investors:** through the Investor Relations Department.
- **Media, institutions and members of the public:** through the Corporate Communication department and its press office. They provide all relevant and up-to-date information and news on the Group and its companies, as well as answering questions and dealing with requests for information.
- **Employees:** In 2011 the new global intranet service Toyoutome was launched and it has gone from strength to strength. This is a common space, open to all, where people can share knowledge and news of what's happening in

their companies, create groups to share experiences from the different countries where we operate, and where we can all learn what the Company is doing and where it is going.

Our companies' initiatives.

SANTILLANA

SANTILLANA's commitment to the digital world has led to a technological transformation of the Company that places the customer at the center of all of our activities (reader, teacher, student, family, etc.) by adopting a multi-platform strategy. A number of engaging initiatives are being implemented that enable quick and effective communication with our current and potential customers, and that encourage their participation through dialogue and new forms of communication.

SANTILLANA pioneered, in 1997, the creation of a website to support teachers. At www.santillana.es users can find all our new publications and consult a wide range of resources designed to complement our publishing projects.

Users can also find online www.evocacion.es. This is an exclusive space for users of Santillana and offers ac-



cess to all Santillana digital materials. This initiative was designed to provide greater service to teachers, and offers, anytime and anywhere, numerous resources: lesson plans, multimedia, news, training seminars, etc.

The online teachers' community at e-vocacion now has more than 60,000 members who avail of a range of educational materials and other high added-value services such as online learning, interactivity and discounts for the leisure sector.

In 2012, Santillana Educación also launched the new website www.santillana.es which helped to improve visitor numbers and fostered the continued loyalty of users:

- More than 10,000 registered users, between parents and teachers.
- 18 % increase in visits compared to 2011.
- +200 % page views compared to the previous year.
- The abandonment rate fell from 70 % to 30 %.

Other examples of initiatives that seek to engage the user was the summer campaign "Santillana Vacations" in which competitions were launched online for the whole family and which included multi-channel communications strategies and marketing (advertising in relevant media and emailing to internal and external lists, bloggers, and so on).

Also, throughout the year, we created specific discussion groups on the social networks such as *ICT in Education* which attracted more than 1,000 followers, who debated the application of new technologies to education. Quick surveys were conducted on our websites about potential product enhancements and new initiatives, and we provided ongoing support to users' queries via Facebook and Twitter.

Internet is changing the way we reach the entire school community (and not just teachers). New profiles were therefore created on the web to provide answers and content to other stakeholders (parents, students, journalists, retailers, bloggers, etc).

The launch of the online store that allows the purchase of licensed products (libroweb) and the availability of some products in Apple Store are significant steps in

the digital transformation of the publishing business. SANTIILLANA is committed to strategies that will improve the distribution of products, to building relations and developing greater interaction with different audiences, and to acquiring increased knowledge of customers and their experiences in relation to SANTIILLANA. This is key to optimizing their loyalty.

PRISA Noticias

The different media belonging to PRISA Noticias are in close contact with their readers via Internet.

The new *El País* website, which was completed in 2012, encourages participation and interaction with readers. Thanks to its new news format, the live blogging platform Eskup -which is also a social network- also allows readers to write their comments and to archive them. This also encourages them to participate in open chat channels on certain topics.

We also launched collaborative initiatives such as the series *Talentos*, because we consider *El País's* commitment to creativity to be as important as its commitment to its readers. The new *Cultura* portal invited readers to send samples of their creativity and we received over 3,000 entries by email, including a micro-poem, samples of graphic design and a short film. The best entries were displayed in the digital edition.

During 2012, we gave new impetus to 2.0 communication channels. *El País's* main Twitter account @el_pais, has 2,220,000 followers (as of January 25, 2013), meaning we've doubled the number of followers in just one year. We have 29 Twitter accounts in total, for specific sections (Politics, International, Culture and Sports) and for specific events or for certain coverage.

El País possesses a number of communication tools such as the Readers' Editor and a letters page. There are also spaces on opinion pages where readers may comment on the issues that affect them. The Letters to the Editor page is a direct way for keeping channels of communication open between readers and the paper, and fosters the development of reader identity and loyalty with the newspaper. Readers and subscribers may also contact the paper directly by phone (902 119 111).



Radio

Música

Otros Medios

Desarrollo de marca



NOTICIAS

29/01/2013

Presentación de los Premios Dial 2012, los premios de la música en español

25/01/2013

Alejandro Sanz, gran triunfador en los Premios 40 Principales

Teachers and students participating in the *El País de los Estudiantes* project receive regular communication and updates from *El País* over the course of the school year, informing them of the content of the program and coaching them through the whole process. Participants also regularly receive material, incentives, gifts, competitions, digital interviews and emails.

El País also has a permanent open-doors policy and conducts guided tours, chiefly from schools, to the newspaper.

PRISA Radio

Social networking has had an enormously dynamic impact on the relationship between radio and listeners, the latter being the main customer / consumer of the Company's activities. Radio has adapted well to the new digital world and has succeeded in creating a seamless integration with digital media. Audience participation is key, and new channels of communication have been opened up to make it more fluid and to enable everyone to join the global conversation.

Social networks are deeply embedded in the day-to-day newsrooms and communication teams. Spoken-word radio, whether broadcast conventionally or through the web or mobile, have a life of their own on the web pages. All this is complemented by interactive tools on the website, where there are links to the programs and to presenters via their social network accounts.

The departments of Communication and Marketing use these channels to issue and expand upon corporate and brand messages and subsequently measure the response of users to their posts. Other parallel channels include the PRISA Radio communication platform as a primary internal communication tool. This platform publicizes departmental projects and professional achievements and does much to project the human face of the organization, thereby improving collective knowledge. The Media Room 2.0., aimed at media professionals, is aimed at publicizing and promoting our operations and initiatives in an environment that integrates our social networking tools to more effectively disseminate our news and information, and enables us to practise a more open and participatory journalism.

PRISA TV

PRISA TV deploys a wide range of channels for communication with customers and consumers. By means of our interactive and multi-device digital magazine, (www.plus.es/revista), users can find information on Canal+ channels and content, plus promotional videos, recommendations, interviews with actors, contests and open spaces for participation. In addition, through our websites, www.prisatv.com and Canalplus.es, as well as on-screen interactive services and communication, we keep customers up to date on the Company, content and upcoming attractions.

Canal+ is also extremely active on the social networks, where we publish corporate profiles and profiles of

journalists, who are very active and maintain a constant conversation with the audience. In this way, we have managed to personalize the Canal+ subscriber experience and add value to the brand.

The Customer Service Centre, email and postal mail, are still maintained to complete the relationship with our customers.

With regards to internal communication, the new global intranet is an enormously useful tool for meeting the demands of our professionals and to communicate the benefits of belonging to a global enterprise.

Meanwhile, our relationship with the media and other institutions is channeled through the Communications Department, in close liaison with the various divisions of the Company and with other areas of the different business units.

Internet participation

PRISA is a pioneer in using social network tools and in the creation of content for all kinds of media formats and devices. This strategy has reinforced dialogue with users (readers, listeners, viewers, customers etc.), has fostered audience engagement and participation and has allowed us to gain a greater knowledge of their habits.

In 2012, PRISA attracted an average monthly audience of close to 33 million unique users (comScore), representing a growth of over 26 % compared to 2011. During the year, PRISA media were visited by 72 million unique browsers, 9.4 % more than in 2011.

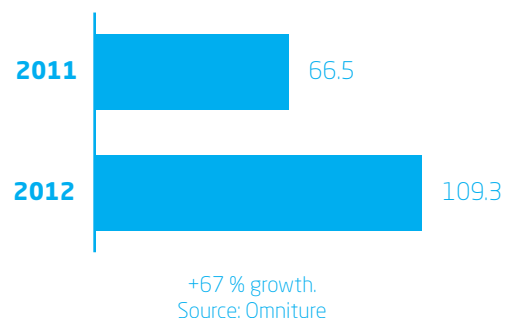
PRISA's main sites continue to trend upwards, in some cases doubling the number of average monthly unique users compared to last year. Noteworthy is the growth experienced by Elpaís.com, Cincodías.com, Planeo.com, Canalplus.es and Plus.es.

This growing trend is reinforced by strong brand awareness. Testament to this is the fact that users continue to directly access PRISA websites, with users directly typing site addresses into their browsers on 49 % of occasions, 5 % up on last year. Users accessed PRISA

Audience on social network (%)

40 Principales	19 %
<i>El País</i>	14 %
<i>As</i>	11 %
Canal+	10 %
Cadena Ser	6 %
SANTILLANA	4 %
Máxima FM	2 %
Cadena Dial	1 %
Media Capital	17 %
Other	15 %

Traffic on social networks (in millions of visits)



sites through search engines on 35 % of occasions. Visits via social networks are also up, making up 4 % of the total.

Latin America and Spain represent, in equal proportion, 84 % of the audience. The rest is divided between several countries, with major presence in Portugal. Also noteworthy is the U.S., which represents a 3 % of the total.

Mobility

2012 has witnessed a significant boom in traffic from mobile devices to PRISA sites. Mobile traffic at the end of year, stood at 24.7 % of the total, reaching maximums of over 25 % in some months. These figures double those of 2011. Among the platforms available,



Android is still the fastest growing in terms of traffic, in line with market trends.

PRISA has nearly 400 applications available across different mobile platforms (Apple, Android, Windows, Blackberry). Many of these are operated by SANTILLANA, demonstrating its firm commitment to mobility in the educational field. The number of downloads stood at over 11 million in 2012, almost triple the figure of 4 million app downloads registered in 2011. The launch of PRISA Radio apps in Latin America has been instrumental in this growth, accounting for nearly 2 million downloads and about 60 million annual hours of radio listening through our applications.

In 2012 we expanded our databases by more than 3 million users, with the figure exceeding 9.8 million if we add users of our business units and of our partners. It is noteworthy that 29 % of new registered users signed up through a social network, demonstrating, once again, the growing socialization of our brands and the close relationships that can be established with users in these environments.

All business units have experienced intense growth in follower numbers, totaling 24 million compared to 11 million for the year 2011.

Initiatives of our companies

PRISA Ediciones

With regards to corporate image, 2012 saw the insertion of the new SANTILLANA and PRISA Ediciones brand on company websites and throughout the social networks. Furthermore, the Corporate Communications and the Digital Business Departments have both provided guidelines and recommendations for use of social networks, in all those countries where SANTILLANA operates.

Traditionally, the promotion of a book did not begin until the very end of the creative process. But in the era of social media, the most successful projects are those that use reverse marketing. That is, those that first generate an audience and only then subsequently create a book or a project.

This is the case of *Objetivo cupcake perfecto* written by Spain's hottest food and pastry blogger, Alma Obregon, who has clocked up over 12 million visits to her blog and has a profile on Facebook with more than 40,000 fans. In addition, the Facebook profile of El País-Aguilar went from 1,500 to 7,000 followers in one and a half months thanks to a contest and promotion by the author. This title, developed in the innovative iBooks Author format, has become a phenomenon among food lovers. Several weeks before publication, the book was already in the Amazon Top 100 thanks to pre-sales. Almost 15 % of sales have been for the electronic version, which we have also published in English in order to access new markets.

The second edition of this multi-touch illustrated title was developed in the iBooks Author format, that allows users to access interactive, multimedia content, with full color images, 3D, video and audio. We've even included a video-collage made up of the photos sent in by the author's followers. Internet has proved to be a veritable focus group composed of millions of users where we can test, dry run and improve our products and services.

Reader participation has enabled the Facebook profile of the successful Australian author Kate Morton to reach over 12,000 followers. This page remained active by exploiting different ways of going viral such as competitions and signed book giveaways, etc.

The rise of mobile use means that increasingly more people use smartphones and multifunction devices such as the Kindle Fire, iPad Mini or the new tablets from Fnac and Casa de Libro to access the Internet and social networks and for reading. Publishers must provide readers with appropriate content for these devices, whether it be short texts to read on the subway or more engaging content in advanced formats.

An example of integration between content and social networks is the novella *Ghostgirl: Xmas Spirit*, whose profile in Facebook now has nearly 350,000 followers.

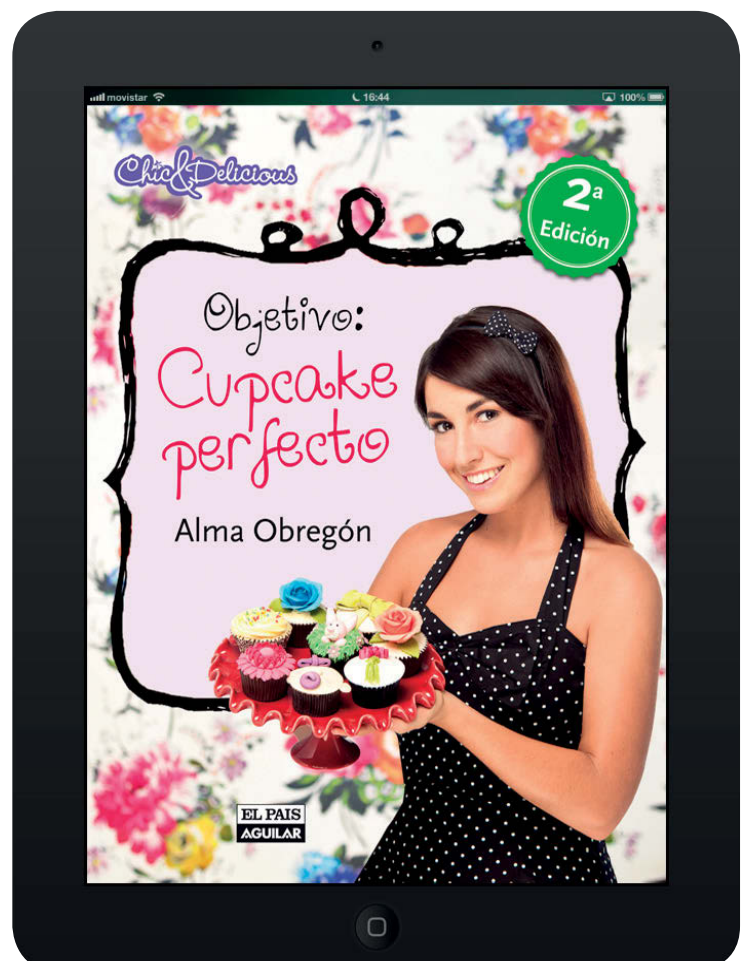
Digital products and services by IneveryCREA, *Tareas y más* and Edusfera also exploit the power of social media and are used as special promotional resources for communication and positioning projects and applications.

Of note is the social media space *Hay Otra Manera*, that enables us to interact with users of *Tareas y más* and Apps. There are also communication endeavors based exclusively on social networks such as *Regale carbón digital* (*Give digital coal*) last Christmas.

PRISA Noticias

During 2012, we gave new impetus to 2.0 communication channels. *El País's* main Twitter account @el_pais, has 2,220,000 followers (as of January 25, 2013), meaning we've doubled the number of followers in just one year. We have 29 Twitter accounts in total, for specific sections (Politics, International, Culture and Sports) and for specific events or for certain coverage. Some blogs also have their own Twitter account, such as *De mamás & de papas* and *Quinta Temporada*, and a total of 212 *El País* journalists have a Twitter account.

Meanwhile, the sports daily *As* is also present in all the significant social networks. Throughout 2012 there has been a notable shift in follower preferences. Whereas Facebook used to be the network to stimulate most



interaction (240,000 followers in January 2012 rising to 296,000 in January 2013), Twitter has experienced the greatest growth, both in follower numbers and in redirected traffic. As's generic Twitter account (twitter.com/diarioas) has seen an increase in followers from 200,000 in January last year to 500,000 today. There are also a range of sports-specific Twitter accounts such as [twitter.com / as_futbol](http://twitter.com/as_futbol) (with 1,780,000 followers), and for basketball and motor sport.

In Google's social network, G+, As has 45,800 followers and our Youtube channel (<http://www.youtube.com/diarioascom>) has 1,664 channel subscribers and has registered 2,032,488 video views.

During 2012, *Cinco Días* continued to increase its presence in social networks through profiles on Facebook, with 14,585 followers, and Twitter, where the paper has over 64,000 followers. Also of note is the growing number of journalists with a Twitter profile, thereby generating debate on current affairs and helping to drive traffic to the site. *Cinco Días* is also active on LinkedIn, the professional social network, where we endeavor to spark debate by asking questions related to current affairs.

Meanwhile, the *Cinco Días Forum*, which was hitherto restricted to those attending the event, is now open to everyone and broadcast live on Internet. The general public can now participate by asking questions and discussing the issues at #ForoCincoDías (which trended nationally during the Forum with Luis de Guindos, on May 21, 2012). The *Cinco Días Awards* and the *Talent Awards* both have accounts on Facebook and Twitter, informing followers of all the latest developments.

PRISA Radio

With more than 8 million followers, between corporate, brand and program profiles, PRISA Radio is active on Facebook, Twitter, Myspace, LinkedIn and Google+.

The audience actively participates in programs, interacting through social network profiles and walls that are inserted into live broadcasts. Thanks to social networks, not only are we closer to our regular listeners but we also reach members of the public who might not otherwise regularly tune in, thus widening our circle of influence. We are also promoting tools that allow interaction to take place within our sites.



As for traffic, PRISA Radio sites reached 7.6 million average monthly unique visitors, according to comScore.

The exploitation of content on smartphones, tablets and connected TV has been one of the major objectives to have been met satisfactorily in 2012. Today, PRISA Radio has 40 applications for its core brands, designed for the top 3 available technologies, and we also now have the base structure in place that enables us to launch 6 highly-rated apps a months at a price significantly below the market.

Recent figures are testament to the progress being made: in 2012, we registered more than 32 million hours of streaming through our portals and apps. We have also registered over 5 million downloads of mobile apps for all platforms. And nearly 30 % of online radio listening in Spain is through smartphones, with more than 40 % of those who listen to us online doing so exclusively through that medium.

PRISA TV

2012 was very positive for Canal+. It was a year which saw the consolidation of the social nature of the brand, thanks to innovative projects that fostered participation and interaction. And it was a year of continuity and consolidation of our segmented channels in social networks, which have 2,290,000 followers.

Interaction with our users is channeled through specific accounts that Canal+ has created in different social networks. Every day, under the Canal+ brand, we hold competitions, carry out surveys, and pose questions or make comments directed at specific target audiences. Furthermore, the creation of interactive apps means users can feel involved with Canal+ content. This has changed the way in which a user can engage with the brand and has fostered the integration of technology into the Canal+ brand itself.

Social networks are directly dependent on the communication department. This means that integration is total and that the social networks are considered an essential media channel through which to conduct communications strategy for the Canal+ brand and its contents.

PRISA's followers on the social networks

Media	Facebook	Twitter	Tuenti
As	307.758	2.520.468	30.982
El País	333.814	3.276.369	2.365
Cinco Días	14.600	80.644	-
Rolling Stone	47.116	70.850	915
Cinemanía	30.258	51.714	372
Digital +	212.980	2.134.529	25.114
Los 40 Principales	2.855.217	1.823.512	70.617
Cadena Ser	357.953	1.185.959	46
Inmobiliaria	441	2.814	-
cursos	226	176	-
Empleo	8.253	7.801	-
Motor	-	-	-
Parasaber	-	-	216
El Viajero	14.038	25.304	.
Infometeo	-	-	100
Kalipedia	1.305	-	-
Santillana	388.959	682.512	-
Los 40-México	698.731	256.230	-
Los 40-Colombia	-	345.266	-
Los 40-Argentina	519.681	-	-
Los 40-Ecuador	52.187	11.387	-
Caracol Radio	27.056	349.532	-
Bésame	-	5.985	-
Continental (Argentina)	17.133	32.386	-
ADN Chile	342.306	249.238	-
W Radio	-	767.763	-
PRISA Corporativo	4.562	11.309	-
Máxima FM	379.306	11.071	81.731
Cadena Dial	290.229	25.228	1.473
Media Capital	4.171.315	58.987	-
M80	98.634	14.807	313
Meristation	42.573	40.558	2.955
Radiolé	35.730	5.490	23
Total	10.731.725	14.048.143	217.222
	Likes	Followers	Fans

DATA: January 2013

The role of the Readers' Editor

The Readers' Editor is responsible for dealing with reader complaints, concerns and suggestions regarding the content of the newspaper. The Readers' Editor monitors and acts as guarantor of compliance with ethical rules, the rules of conduct and professional procedures as set out in the *Style Book* and acts accordingly in cases of non-compliance. The Readers' Editor also acts as mediator between readers and the newsroom. Thus, while the articles published by the Readers' Editor in the newspaper or online are public expressions of this role, equally important is the private correspondence with readers channeling a response from a particular journalist on the issue in question.

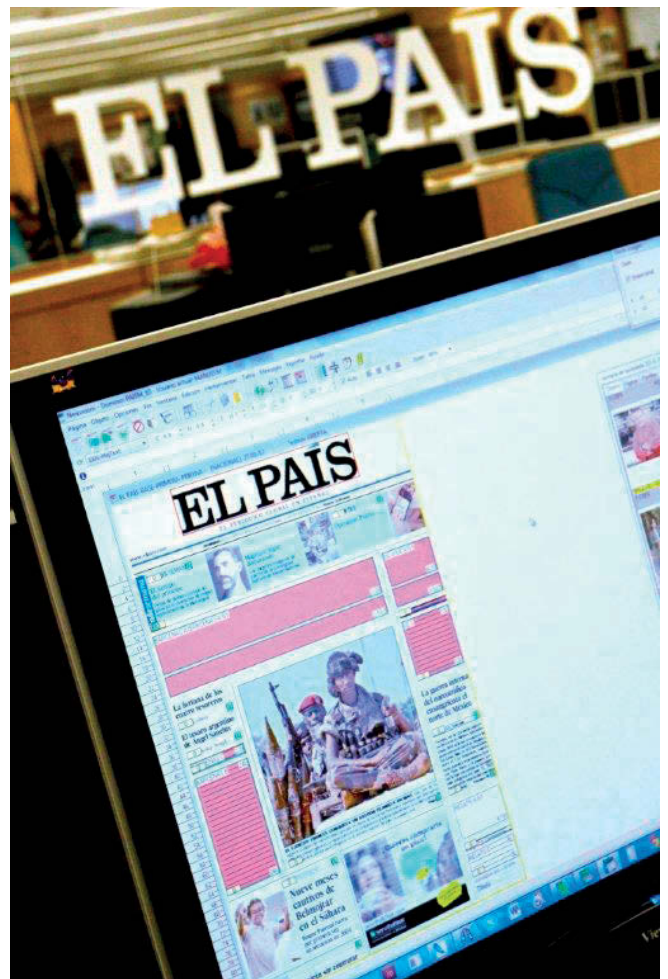
Few other Spanish papers are endowed with an internal ombudsman such as the Readers' Editor. The mere existence of this figure is a guarantee for readers and a clear statement of our intention to provide accurate, quality news and information. Errors are inevitable. The obligation and duty of a newspaper such as *El País* is to publicly recognise them with due diligence. The Readers' Editor acts independently and free from editorial interference.

Participation

The subjects of complaints are varied but two general areas stand out: on the one hand, there are complaints about careless use of language and grammatical mistakes and errors, and, on the other hand, there are complaints regarding the moderation of the newspaper's forums. Readers also complain about issues of sensitivity, for example, unpleasant or unnecessarily explicit images from wars, accidents or natural disasters. We often receive complaints from readers who feel that a headline fails to match the content of a report, or has bordered on the sensationalist.

Breaches of the often fine line between opinion and news, and insufficient or the lack of coverage of certain issues -which the reader views as important- is another frequent complaint.

With regards to the issues addressed, responses that are made public are distributed between the blog and



the print edition depending on the urgency or the nature of the issue raised. The print edition tends to deal with issues of a more general, professional nature, although there is also space for dealing with concrete incidents. The nature of the digital, edition, with its own content, means that the Readers' Editor does not always respond to incidents with an article but instead passes the reader's alert on to the newsroom to be appropriately addressed.

Although new Internet tools have fostered a culture of participation, which can be very rewarding, the challenge is now not so much facilitating access for readers to voice their opinion, but to find mechanisms that enable quality participation.

Self-regulation and ethical codes

PRISA has continued in 2012 with its commitment to a solid and professional communications and media sector by taking an important step in self-regulation. In 2011 we adopted a **Code of Conduct**, mandatory for all workers, in which pluralism and respect for all ideas, cultures and people are described as the Company's core values, with the primary objective being a respect for human dignity.

This document, distributed to all employees of the Company and available on the intranet and websites of all Group companies, includes an overview of the principles, objectives and values of PRISA, and the standards of behavior that employees must comply with. These are considered necessary and crucial to the overall success of the Group and in order to strengthen and enhance the Group's presence and participation in society. The code, which includes guiding principles on human rights and civil liberties,

equal opportunity and nondiscrimination, environmental protection and our own ethical principles, sets out a series of measures to ensure compliance and demonstrates the commitment of PRISA to good corporate governance, transparency and social responsibility.

The advent of Internet and social networks has radically changed society and our way of understanding the world. They have changed the way people communicate and keep informed, and transformed leisure and consumer habits. People no longer merely want to read; they want to write; people want to be heard, to interact and engage in dialogue. And they do all of this in the Web 2.0 environment.

The social web has also changed the way companies communicate with their different publics, at a time when corporate reputation is a priority. Freedom of expression on the Internet and the strategic priority of enhancing the positive reputation of our company means that PRISA must pay attention to how its employees use social networking tools.

As in other areas, we must start with our own business culture. We are content creators and managers, we are opinion leaders who promote certain values based on the defense and spread of democratic freedoms. This is what we do. We should therefore never limit the use of blogs and social networks by employees, but rather, promote their use. Yet we must not lose sight of common sense.

In order to have a clear understanding of how to conduct ourselves in this new environment and to know what to do in potential crisis situations, in April 2012 PRISA's Board of Directors approved a Code of Conduct for the Web 2.0 environment providing a total of ten guidelines for the correct use of Web 2.0 social tools, based on common sense. These principles will help us express our values when we make use of the Internet individually or when we do so on behalf of the Company.



As of November 2012, this code, which was initially set of recommendations, applied to everyone who maintains a working relationship or partnership with the Company, at all levels of the organization. It is especially relevant for those directly involved in the creation and distribution of our content.

This code covers conduct in any online environment, at a personal or corporate / product level, both in personal blogs and on social networks such as Facebook, Twitter, LinkedIn, Tuenti, YouTube, podcasts, Flickr, Slideshare, etc. and so on.

Meanwhile, in keeping with our commitment to a strong and professional media sector, PRISA's companies are members of different national and international professional associations and organizations, and they participate actively in different bodies within the sector in order to exchange information and ideas.

In Europe, PRISA is a member of the European Publishers Council, an important association of leading media organizations and which represents our common points of view to the EU. We are also affiliated to ASIMELEC (Asociación Multisectorial de Empresas de Tecnologías de la Información, Comunicaciones y Electrónica), and IAB (Internet Advertising Bureau).

In the Americas, PRISA has been instrumental in the success of the Foro Iberoamérica, which every year brings together leading business people from the media world to discuss common problems throughout this geographical and cultural area.

PRISA also collaborates with the press association, Sociedad Intramericana de Prensa (SIP), OPA: OnLinePublishersAssociation, AIMC: Asociación de Investigación de Medios de Comunicación and Medios On (Asociación de Medios de Comunicación en la red).

In the Spanish education arena, SANTILLANA is an active member of the National Book Publishers Association, ANELE, as well as other educational organizations with common values such as quality and responsibility in teaching.

In the field of radio, Cadena SER is a member of the Asociación Española de Radiodifusión Comercial (Association of the 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 (Auto-control)

In Portugal, Grupo Media Capital is a member of the Portuguese Social Media Confederation, which brings together more than 600 companies from the press, radio and TV sectors.

PRISA and the Fundación Santillana run a number of renowned educational and cultural initiatives in Spain and in the Americas and have signed agreements with a number of cultural, educational and scientific organizations, including the Organization of Ibero-American States, the Spanish Royal Academy, the Cervantes Institute, Fundación Biblioteca Virtual Miguel de Cervantes, Fundación Teatro Real, Fundación Carolina, Fundación Cultural Hispano-Brasileña, Fundación Conocimiento y Desarrollo, Fundación Empresa y Crecimiento, Fundación Príncipe de Asturias and Fundación Bertelsmann. In the area of scientific research, development and innovation, the Company collaborates with Fundación Pro CNIC and Fundación COTEC. PRISA maintains close ties to various universities in Spain and the Americas, including the Universidad Autónoma of Madrid, with whom we run the Journalism School and the Jesus de Polanco Chair for Ibero-American studies. PRISA also collaborates with the Menéndez Pelayo International University. The Fundación Santillana's offices in Latin America (Colombia, Brazil and Argentina) develop similar initiatives in the areas of education and culture.

Finally, PRISA maintains close ties to various universities in Spain and the Americas, including the Universidad Autónoma of Madrid, with whom we run the Journalism School and the Jesus de Polanco

Chair for Ibero-American studies. PRISA also collaborates with the Universidad Carlos III and the Menéndez Pelayo International University and is also associated to the Universidad Autónoma of Barcelona, the University of Alicante and the Universidad Carlos III through the Instituto Universitario de Posgrado. The Fundacion Santillana's offices in Latin America (Colombia, Brazil and Argentina) develop similar initiatives in the areas of education and culture.

In order to enhance transparency in PRISA, in 2012 we have conducted several proactive internal communications campaigns to remind everyone of the existence of a complaints channel, on the corporate

intranet, available to all company staff. By means of this channel, employees can report any irregularities or breach in Group accounting, internal control, auditing and control systems.

The complaints received via this channel are completely anonymous and are personally managed by our independent director, Juan Arena, Chairman of the Audit Committee of PRISA, and Virginia Fernandez, Director of the Internal Audit. The steps taken following any report from an employee are as follows:

1. The email that describes the complaint is received personally by Juan Arena and Virginia Fernandez. This correspondence is anonymous.

2. A thorough and confidential investigation into the matter reported is carried out.
3. A report with the results of the investigation is presented to the Group's Audit Committee. This committee sets out a plan of action, in accordance with the Group's management, to resolve the issue.

The Group's commitment to ensure the anonymity of complaints is absolute, as we are aware that this is crucial to the channel's success.





06

Commitment to society

06

Commitment to society

We endeavor to maintain and improve our commitment to society through the responsible and ethical exercise of all our operations. We develop and support voluntary initiatives that address the social concerns and needs of the regions, countries and sectors where we operate in the fields of education, news and information and entertainment.

Our commitment makes us sensitive to the needs that arise constantly in the globalized and multicultural society in which we operate.

We are aware of the impact and scope that our actions might have at a social level. We therefore strive to ensure that all our operations contribute to fostering principles of solidarity, respect, responsibility and sustainability among all our end users.

Debate e innovación



www.fundacionsantillana.com

The Fundacion Santillana

The Fundacion Santillana has consolidated its work in three broad areas: Education, Journalism and literature, and Governance and culture. It has also strengthened its institutional presence year by year by creating spaces for reflection and dialogue. Through a number of our activities, we have sought answers to the most recent and urgent dilemmas facing the culture and education sectors, with events such as the Forum for Cultural Industries and Education Week. We have honored, and enabled dialogue between leading artistic and literary creators, with events such as Lessons and Masters and Literary Conversations in Formentor. And we have organized activities with the Casa America de Catalunya.

The second year of the Masters Program in Governance and Human Rights, organized by the Fundación Santillana, the Jesus Polanco Chair in Ibero-American Studies and the Autonomous University of Madrid, was taught by renowned senior faculty members and offered an academic program that responded to the most urgent contemporary legal issues. In light of the interest in these issues, the Fundación Santillana for Ibero-America also organized a conference in Colombia dedicated to Governance and Human Rights with recognized experts in the field.

In Latin America the Foundation's activities are focused on fostering debate on educational issues, and

we support initiatives that promote reading and literacy. These initiatives are each year supported with the Vivalectura Prizes in Argentina and the Vivaleitura Prizes in Brazil, the Literacy for Youth and Adults Seminar in Argentina and the distance learning course for teachers and educators in Brazil.

In 2013 the Foundation will continue to pursue these initiatives with special emphasis on Latin America where, under strict criteria of excellence and quality, we will promote debate which will enable us to explore current challenges, identify the most qualified cultural agents and give greater exposure to their work.

Spain

Madrid:

■ Masters in Governance and Human Rights:

This Masters program, sponsored by the Fundación Santillana, the Jesús de Polanco Memorial Chair for Ibero-American Studies, and the Universidad Autónoma de Madrid (UAM), was launched in 2010 to train the most outstanding postgraduate students. It is taught by renowned senior faculty members and offers an academic program that responds to the most urgent contemporary legal issues. In its second year, the graduation ceremony, held on April 23 at the Law Faculty, was addressed by the president of



Cultural Industries Forum

the constitutional court, Pascual Sala Sánchez, and the European Court of Human Rights magistrate, Luis López Guerra.

- **Cultural Industries Forum.** In its fourth edition, under the title “State or company, subsidies or sponsorship,” participants discussed sponsorship law, taxes, royalties, State responsibility in sustaining cultural infrastructure, and the competitiveness of Spanish culture in the global market.

The Cultural Industries Forum is an annual event organized by the Fundación Santillana and the Fundación Alternativas, through its Observatory of Culture and Communication. This year’s event was sponsored by the SGAE and had the support of the Reina Sofia Art Museum.

- **Education Week.** Experts and politicians from around the world analyzed the challenges of education in Latin America as a key to growth in the region. The central

event of the XXVII Education Week, organized by the Fundación Santillana, was held on November 20, at Madrid’s Círculo de Bellas Artes. This year’s event was, for the first time, tied into the Summit of Ibero-American Heads of State and Government, held in Cadiz, and activities were also held in A Coruña, Alcalá de Henares, Madrid and Cadiz.

The events were sponsored by the Ibero-American Secretariat General, the Ministry of Education, Culture and Sport, with the collaboration of the Fundación Telefónica.

- **Signing of an agreement between the Fundación Santillana and the Banco Interamericano de Desarrollo / Inter-American Development Bank (IADB) (IDB)** to promote and organize projects that foster new alternatives in education and to collaborate on specialized publications.

In Barcelona:

Since 2009, the Fundación Santillana and the Casa Catalunya Amèrica have organized cultural activities involving writers, photographers, journalists and artists and revolving around the relationship between Latin America and Spain. During 2012 the following activities were held:

- **Recital: From Mario to Benedetti.** On January 26, the actor and singer David Planas and the singer-songwriter Carles Cors performed a musical-storytelling recital based on the work of Uruguayan writer Mario Benedetti.
- **Latin America in Transit.** On February 6, we hosted a debate between the Chilean writer Cynthia Rimsky and Argentine writer Andrés Neuman on travel literature and the poetics of trains and airports.
- **Brazil, a future present.** From May 21 to 24, 2012, we organized a conference dedicated to Brazil to analyze the growth that this country has been experiencing in recent years. The events were held with the support and participation of the Brazilian Consulate in Barcelona and the Brazil-Catalonia-Barcelona Regional Chamber of Commerce.
- **José Figueres, the man who transformed Costa Rica.** A conference on November 30, headed by Maria Rosa Serrano, the author of a biography on José Figueres, coinciding with the 64th anniversary of the dissolution of the army of Costa Rica ordered by the then President Jose Figueres Ferrer of Catalan origin. The conference covered his political career.
- **Music and philosophy in Brazil.** A series of concerts devoted to various Brazilian musicians and Brazilian popular music. The first concert, dedicated to philosophy, was held on November 20 and was led by Carlinhos Pitera. The second concert, with Darlly Maia and performed on December 13, was a tribute to Jorge Amado on the centenary of his birth.

In Mallorca:

- **The Formentor Literary Conversations Series. Great literary characters: Ulysses, Hamlet, Madame Bovary, Anna Karenina, etc.** The fifth edition of the literary forum, organized by the

Balearic Regional Government and the Fundación Santillana, and in collaboration with the hotel Barceló Formentor, was held on September 14, 15 and 16. This year brought together a distinguished group of editors, writers, journalists, literary agents and critics to discuss great, immortal literary characters.

In Santillana del Mar:

- **Presentation of an avant-garde work by Goeritz to the National Museum and Research Center of Altamira.** Since August 2012, the Museum of Altamira has exhibited, next to some of the oldest art in the world, an avant-garde work by Mexican painter Mathias Goeritz. The piece, owned by the Fundación Santillana, is a sketch for the poster of the Caves of Altamira (1948), and was presented to the museum.

In Santander:

- **Tribute to Carlos Fuentes.** On July 12, 2012, a remembrance ceremony and tribute to the late Mexican writer Carlos Fuentes was held in Santander, in the auditorium of Magdalena Palace. The Fundación Santillana and International University Menéndez Pelayo (UIMP) paid tribute to the writer and were joined by the journalist Silvia Lemus, the writer Jorge Volpi, the former president of Colombia Belisario Betancur, the rector of the UIMP Salvador Ordonez, the writer and academic, Juan Luis Cebrian, the literary critic Julio Ortega, and writer Gonzalo Celorio.
- **Cultural Journalism Seminar. Cultural journalism in new media: digital newspapers, blogs and social networks.** The third edition of this seminar dedicated to cultural journalism was held within the framework of the summer courses offered by the UIMP in Santander, and was organized by the UIMP Foundation and the Fundación Santillana, with the collaboration of the TEC in Monterrey. Papers given by experts and journalists who participated are available at the www.periodismocultural.es website.

- **Lessons and Masters.** This year's event, the sixth of its kind, looked at the humor and graphic journalism of Antonio Fraguas (Forges), José María Pérez (Peridis) and Andres Rabago (El Roto). Lessons and Masters was established in 2007. Organized by the

International University Menéndez Pelayo (UIMP) and the Fundación Santillana, this year's gathering was held at the Palacio de la Magdalena in Santander. The theme of this year's event confirms the growing importance of graphic narrative as a genre.

Argentina

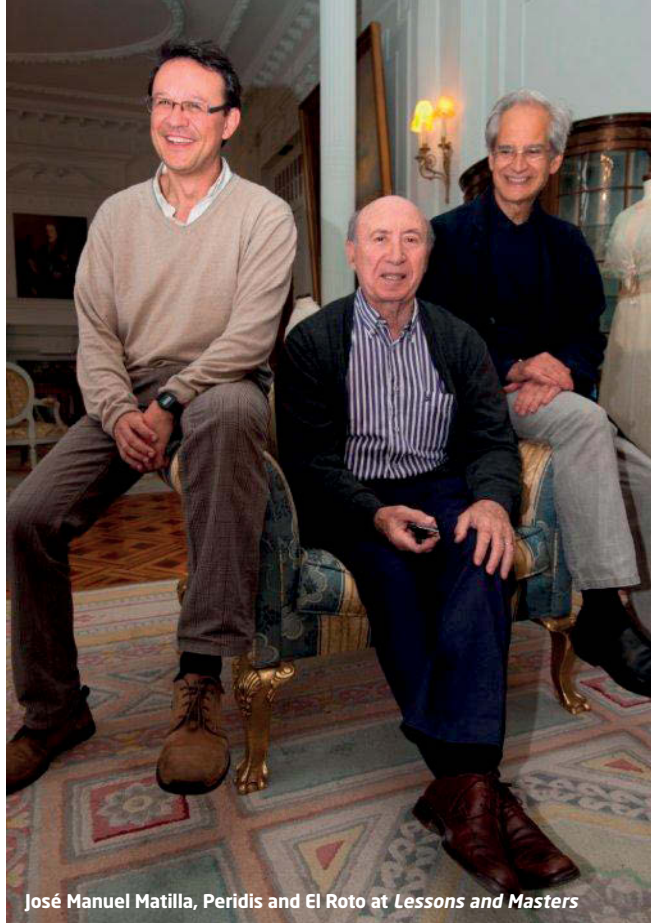
- **Vivalectura Award.** This award, sponsored by the Fundación Santillana in Argentina, is an initiative of the Ministry of Education of Argentina and the OEI. The awards' fifth edition saw a record participation, with 610 entries and 20 winners.

The awards ceremony took place on May 4 as part of the 38th annual Book Fair in Buenos Aires, which had as its theme "A Future with Books".

- **Latin American Forum on Education.** The VIII Latin American Forum on Education, organized by the Fundación Santillana, under the auspices of the Organization of Iberoamerican States (OEI), was held from May 28 to 30 and aimed at exploring and analyzing the knowledge base of teachers under the title "What a teacher should know and why." Flavia Terigi gave the keynote presentation.
- **Seminar on Literacy and Basic Education for Young People and Adults.** On September 6, 2012, Buenos Aires hosted the "VI Seminar on Literacy and Basic Education for Young People and Adults in the 21st Century: the conditions and demands of educational equality". The event was organized by the Pablo Latapí Chair, coordinated by Francisco Piñón, under the auspices of the Fundación Santillana. Also participating were the the Institute for Educational Innovation and Development (IDIE) / OEI of Paraguay and IDIE / OEI Argentina.

Brazil

- **Distance learning course for educators:** This online distance learning course is offered between October 2012 and June 2013. It has been sponsored by the Fundación Santillana for the past five years in collaboration with the Ministry of Education and



José Manuel Matilla, Peridis and El Roto at *Lessons and Masters*

Unidme (National Union of Municipal Directors of Education), and is being followed by 1,260 educators and teachers. It aims to guide teachers in the adoption of appropriate methods and effective practices in achieving literacy for children aged six in elementary school.

- **Vivaleitura Award.** This award was established to recognize projects that promote and encourage reading throughout Brazil, and selects three outstanding initiatives every year. The award is endowed with prize money of R\$30,000. With the Prize now in its seventh year, the Fundación Santillana once again offered its support in the organization and dissemination of the event. The Vivaleitura Award is sponsored by the National Library Foundation (Fbn/Minc), the Brazilian Ministry of Culture and the OIE, with the support of the Fundación Santillana.
- **Mestres da Obra (Masters of Works).** In June 2012, the Fundación Santillana and the publishers Moderna signed an agreement to support the project "Mestres da Obra" (Masters of Works), thereby contributing to the social and cultural activities offered by the organization of civil construction workers in the country. Among the initiatives is the donation of books geared towards artistic and educational activities as promoted by NGOs, as well as meetings with authors. In this first phase, the association

has benefited about 300 construction workers, who have expressed an interest in the worlds of education and culture.

- **The Fundación Santillana in Brazil lends support for publications in the field of education.** In 2012, the Fundación Santillana in Brazil decided to increase the publication of works focused on the education debate. To this end, the Foundation supported, alongside publishers Moderna, books by entities such as the Movimiento Todos por la Educación, Proyecto Aprendiz, the National Council for Education and the Ministry of Education of Brazil. The Foundation was also responsible for the distribution of these works to academics and public policy managers. Similarly, the Foundation lent its support to the holding of public hearings in the legislative field, both in Congress and in the State Assemblies, on educational issues.
- **Meetings and seminars.** The Fundación Santillana organized in April and May 2012 seminars on "Municipal Education Plans: Challenges and Opportunities ", in partnership with the National Union of Municipal Directors of Education (Undime), with lectures by experts André Lázaro, Mozart Neves Ramos and José Fernandes Lima (current President of the National Council for Education, Brazil).

Also during the year, the Foundation supported the holding of meetings and debates on the new National Education Plan in the State of Ceará, with the participation of experts and public administrators. Similarly, we held seminars and debates to discuss municipal education plans throughout different Brazilian states, in collaboration with the publishers Moderna and the National Union of Municipal Directors of Education (Undime)

Colombia

- **First Education Week in Colombia.** For the first time this important event, which traditionally has been held only in Spain, was held in Colombia .The main theme was the teaching and training of readers and writers from early childhood to secondary level. The conference took place between March 20 and

23, 2012, with the support of the Fundación Santillana for Latin America.

- **Santillana Award for Educational Experiences.** The Fundación Santillana for Latin America, with the participation of the Ministry of Education of the Republic of Colombia, organized in 2012 the seventeenth edition of this award, which this time highlighted those projects and initiatives that dealt with bullying. Winners received between 2 and 6 million Colombian pesos and a library of books with an estimated value of 40 million pesos.



Education as the engine of social development

PRISA is active in the defense and promotion of social and cultural values in the regions where it operates, especially in the fields of education and teaching.

An example of these efforts is our ongoing cooperation with prestigious universities in Spain and Latin America in the promotion of education and training. Among the participating universities are: the Universidad Autónoma of Madrid, the Menéndez Pelayo International University and the U.

SANTILLANA

The founding principles of SANTILLANA set out the Company's goal to contribute to education and culture as a means to developing and building freer and fairer societies. This goal is inseparable from the Company's strategy in all its operations and day-to-day activities, and we work under strict criteria of professional quality and respect for our users, that allow us to maintain and increase our presence and lead in all those societies where we operate.

In 2012, the Foundation signed a global collaboration agreement with the UNESCO on education, which includes providing technical assistance involving SANTILLANA's UNO learning system, the organization of educational events and the dissemination of educational projects, especially those related to quality teaching and education. The Foundation also lent its support to UNICEF's global campaign *Finishing School* in an effort to improve the quality and equity in education, address inequality and promote social inclusion.

Apart from publishing textbooks, which is SANTILLANA's core activity, we also produce a wide variety of materials aimed at teachers, students, and families. Many of these are of great help to the Ministries of Education and government education bodies in order to "interpret" and define the curriculum. In this regard, during 2012 these projects included:

- **Curricular adaptations.** Specific material for young people with certain learning difficulties.
- **Linguistics project.** Materials on the functional and communicative dimension of language.



- **Education in values program** on the ethics and civics curriculum.

Besides these classroom-specific products, 2012 also saw the publication of:

- **The Education Year in Review, 2011**, in collaboration with the OECD. This publication provides relevant information on different educational systems and is an excellent indicator of the state of international education.
- **Proceedings of the First Congress of Science Teachers**, with dozens of papers on experiences related to science education.
- The supplement *El País de los estudiantes* in collaboration with the newspaper El País.

In addition to these publications, SANTILLANA is actively involved in specific initiatives of a social and educational nature, some of which are associated with the publication of conference proceedings, presentations, training material and so on.

They include:

- **Training activities in the education sector** (conferences, seminars, etc.).
- **Education Week.**

- **Education conferences** (Catholic Schools, World Education Congress, Teaching in microbiology, education inspectors, educational innovation, private education, etc.).
- **Teacher training activities.**

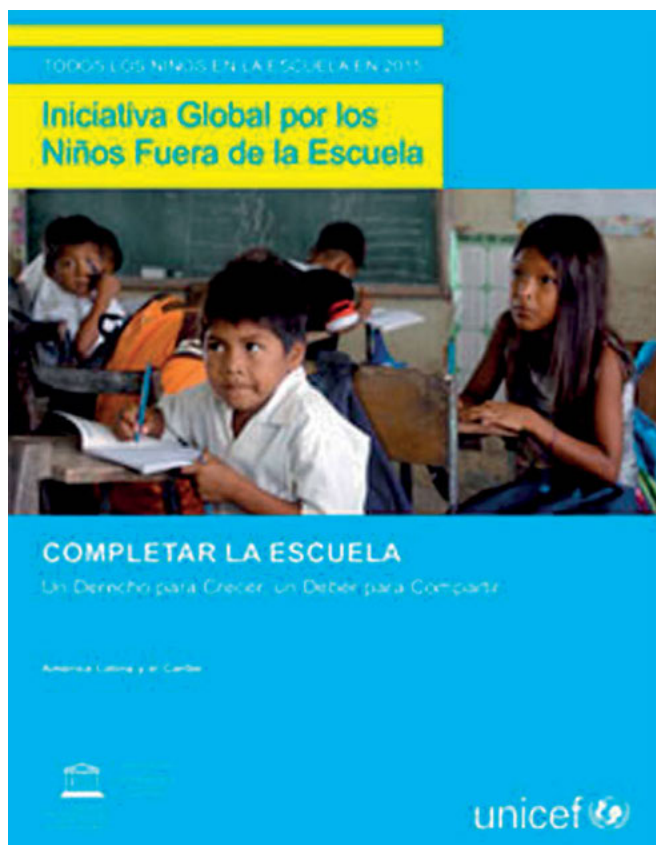
Colombia

- **International Congress: Teaching and training readers and writers in preschool, primary and secondary**, organized within the framework of the Colombian National Literacy Plan .

Chile

- **SENAME Program**, in collaboration with the Ministry of Justice of Chile, for the training and social reintegration of adolescents.
- **Activities with Endesa / Enersis Chile**
 - Continued support for the "Energy for Education" program, launched throughout the network of educational establishments run by the Company (42 schools); and the pilot education scheme Avanza en Escuelas in San Clemente (4 schools).
 - Participation in national seminar on Energy Efficiency.
 - Participation in the stand Proyecto Endesa/SANTILLANA at First ENERSIS Chile CSR Fair.
- **Activities with the Fundación de la Familia.** The Gourmand World Cookbook Award for the title *20 buenas razones para comer en familia* (20 good reasons to eat as a family) in the category for best cookbook published in Chile in 2012. The book was co-created by SANTILLANA Chile and the Fundación la Familia.
- **Elige Vivir Sano (Choose Healthy Living).** A healthy living program promoted by the first lady and in which SANTILLANA has participated since 2010.

The program encourages Chilean families to adopt healthier lifestyles to improve the quality of family life.



- **Activities with Ministry of Justice / Child Services.** We support a range of activities that use education to foster the social reintegration of young people.

- National literary contest "Y tú que cuentas".
- Training workshops with an Alfaguara author (Carla Gufuelbein) aimed at teachers and Gendarmería and Sename library managers.

- **Activities with the Fundación Integra.** Training for educators and teachers in the Integra network and the donation of games for libraries.

- **The project Build your healthy footprint with your family.** The program encourages Chilean families to adopt healthier lifestyles and fosters greater commitment to the world around them to improve the quality of family life.

Brazil

- **Pathways to Citizenship:** In partnership with the Association of Apprentice Schools and Caritas in São

Paulo, this project -supported by Editora Moderna- contributes to the training and social integration of immigrants and refugees arriving in Brazil. Besides donating books for teaching Portuguese, Editora Moderna offers consulting and educational resources to facilitate the learning process and thereby fosters the integration of immigrants into Brazilian society.

- **Internal Commission for the Voluntary Sector (CIVM).** Created in 2005 by employees of Editora Moderna, the CIVM carries out social initiatives that benefit organizations involved in caring for socially vulnerable elderly, children and families. Volunteers run regular fundraising campaigns and initiatives encouraging donations of books, school supplies, food, clothes and toys, and visits to institutions.

- **Institutional publications for free distribution.** Aware of the demands of society, the publishers Editora Moderna, publishes and distributes reference works that aid our understanding of the current state of Brazilian education and that provide relevant information to policymakers. Titles include: Brazilian Yearbook of Basic Education, Pisa Reports, and the report on future challenges *De Olho nas Metas*.

- **Donation of books to universities.** This program distributed reference works covering the debate on quality in teaching and education to 52 Brazilian federal universities. The titles were published by Moderna in partnership with the Fundación Santillana.

Ecuador

- **Technological Innovations Fair focused on Education.** SANTILLANA presented its latest digital novelties (educational content, online readers, UNO System and Nanoland).

Guatemala

- **International Seminar on corporate social responsibility and Education in Central America.** SANTILLANA, the Spanish Embassy and Telefónica organized this first seminar on good CSR practice.

Honduras

- **International Congress for Global Learners**, organized in collaboration with the Richmond imprint, addressed issues such as language diversity in the classroom, and the development of communication skills in the 21st century.
- **Congress on Educational Marketing, Innovation and Institutional Leadership**, on the role of education managers and policymakers in processes of change.

Puerto Rico

- **A series of Academic Seminars**, organized by SANTILLANA to create strategies to promote academic achievement and promote new evaluative techniques to improve student outcomes.

Dominican Republic

- **Access to reading for disadvantaged sectors**

of the population, SANTILLANA made a Christmas donation of nearly 6,000 books to more than 15 NGOs in the country. The books, mostly novels aimed at children, young people and adults, were distributed in centers with limited resources in different provinces: schools, community centers, libraries, multipurpose centers and study halls.

Uruguay

- **Salir Adelante Program**: In collaboration with companies from different sectors, the *Salir Adelante* Program (Getting Ahead) program helps talented high school students from disadvantaged backgrounds.

Peru

- **VI International ConTICnuamos Congress**, held on November 7, 8 and 9, 2012, in the auditorium of the Convention Center of the Colegio Médico del Perú.



Blazing a trail in journalism

The EL PAÍS-UAM School of Journalism

The EL PAÍS-UAM School of Journalism is a non-profit foundation established in January 1987 as a result of a cooperation agreement between PRISA and the Universidad Autónoma de Madrid to provide journalism training to graduates from any field.

Since its foundation, the school, as part of its commitment to society, has contributed to the training of almost 1,000 professional journalists, who can in turn contribute to strengthening civil society and democracy. The role of the journalist in society is a theme that informs all the modules and activity in the Masters program, which places great emphasis on practical work experience, thereby allowing our trainee journalists to learn on the job.

As well as the usual course activity, in 2012 there was a student trip to Brussels to get to know the EU institutions first hand. Students were also able to learn from top journalists and leading figures from the worlds of politics and the arts at a range of conferences. There were two summer workshop sessions: on photojournalism and on interviews.

In 2012, 38 students, received an internship for one year in one of PRISA's companies. In *El País* alone, 936 students have been placed since the creation of the School. In fact, 30 % of the newsroom is made up of course graduates.

Starting 2013, the Masters in Journalism will run for two years instead of one, to expand the curriculum and to include a paid internship at a PRISA media company. The



Students of the EL PAÍS-UAM School of Journalism



program remains essentially the same, with the same stress on integrating print and digital media. There will also be new workshops on data processing and management and more time will be spent on video and social networks.

El País de los Estudiantes

El País de los Estudiantes is a free online school newspaper project, organized by *El País*, sponsored by Endesa and supported by the Regional Governments of the Canaries and Andalusia. The scheme, which has won international awards, aims to promote reading and teamwork among students aged 14 to 18 from all over Spain.

In 2012, 37,808 students from 2,646 schools took part in the initiative. Reviewing the entries, the jury, made up of professionals from *El País*, quickly discovered how the social and economic crisis had permeated the school newspapers papers in this edition of the

program. Over the past 11 years, more than 373,000 students have participated in the scheme, that sees groups of students, led by a teacher, work together like a real newsroom to produce an online newspaper.

Promotion and dissemination of culture and the arts

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**. In the area of innovation, PRISA is behind the **Cinco Días Awards for Business Innovation**, with a specific category for corporate social responsibility.

The Premios Ondas Awards

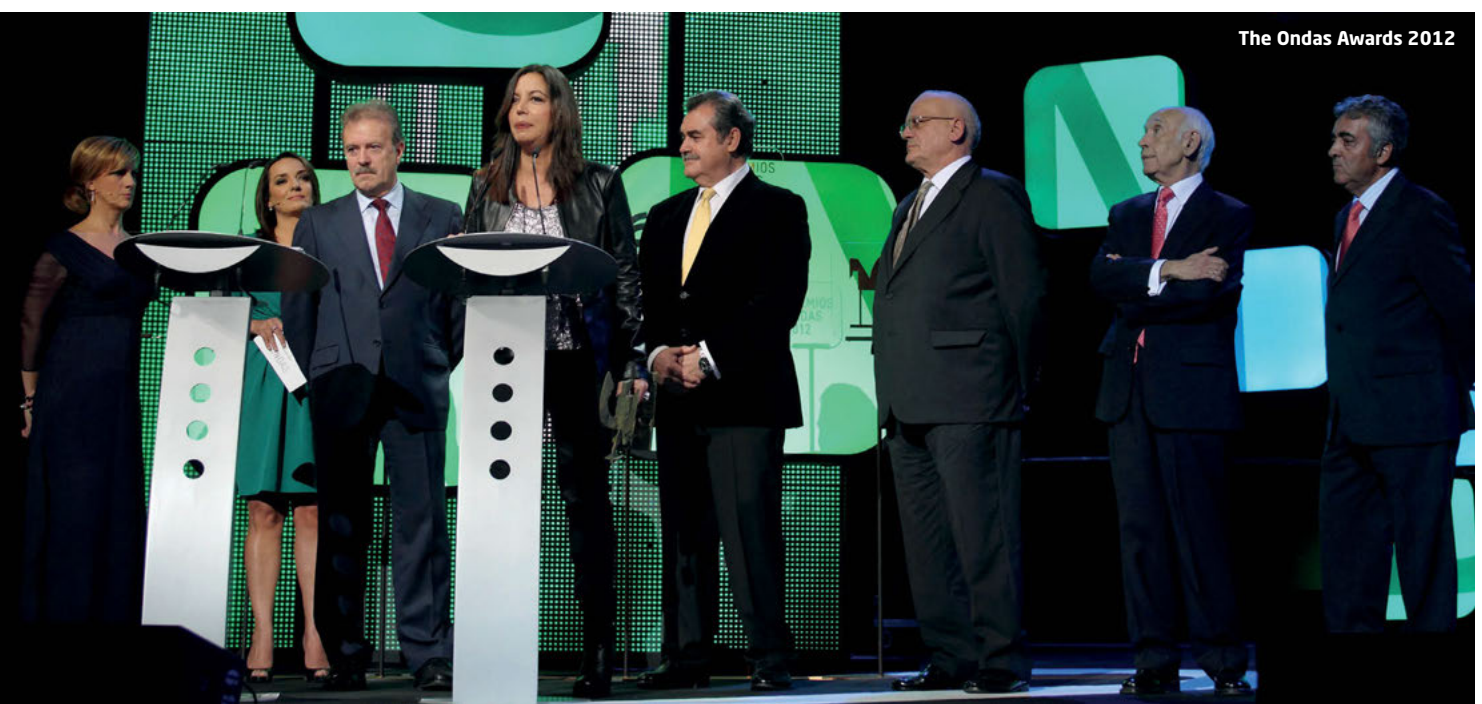
The 59th edition of the Premios Ondas Awards, awarded by PRISA through Radio Barcelona, honored a wide and varied group of professionals from the worlds of radio and television, including Luis del Olmo, Jordi Hurtado and the program *Hora 25*. Above all, the prizes also paid tribute to the long careers of great professionals on both sides of the Atlantic.

Javier Gallego, director of *Carne cruda* (Radio 3) received the award for best radio program for his 'skill at

pushing the limits'. Luis del Olmo, won the Special Jury Prize and German Sanchez, won for his radio show *Documentos RNE*. Angels Barceló, accompanied by leading figures from *Hora 25's* long history, picked up the award celebrating the Cadena SER's 40 years on the air. Javi Nieves took the award for music radio on behalf of Cadena 100, and the innovation in radio award went to Tea FM radio, at the University of Aragon.

Across the Atlantic, Don Francisco, the alias of Mario Kreutzberger, was honored for 50 years of his program, broadcast in over 40 countries, while the Colombian broadcaster Julio Sánchez Cristo, from the program *La W*, broadcast on W Radio, was recognized for his 36-year career.

In the television categories, award winners included Jordi Hurtado for the gameshow *Saber y ganar* (La 2); Anne Igartiburu for 15 years presenting TVE's celebrity news program; the contest *La Voz* (Telecinco) for its contribution to music; *Downton Abbey* (Antena 3) for best foreign drama series; *Isabel* (TVE), best Spanish series; Jon Sistiaga for news and current affairs coverage in *Reportajes Canal+*; Mariano Peña, best actor for his role in *Aida* (Telecinco); and Concha Velasco, best actress for *Gran Hotel* (Antena 3).



Premios Ortega y Gasset de Periodismo



Gemma Nierga presented the awards gala, held at the Liceo in Barcelona, in which a total of 26 awards were handed out. Angels Barceló, Pepa Bueno and Jose Antonio Ponseti came on stage to help Nierga to give out the prizes. And there was music from Pablo Alboran, India Martínez, Belinda and Eros Ramazzotti.

Ortega y Gasset Awards for Journalism

Created in 1984 by the newspaper *El País*, these awards are named after the Spanish philosopher and journalist José Ortega y Gasset. The prize honours work published in Spanish worldwide, recognizing, in particular, work that champions human rights, independence, rigor, curiosity and passion: in short all the hallmarks of excellent journalism.

The 29th edition of the Ortega y Gasset Prizes for Journalism took place against the backdrop of the wave of protests arising around the 15M *indignado* movement in Spain and paid tribute to the courageous commitment of Mexican journalists who cover the criminal gangs who kidnap and kill. The award in the print journalism category went to Humberto Padgett for *Los Muchachos Perdidos* (*The Lost Boys*) for his reporting on marginalized adolescents who turn to violence and organized crime.

Another young journalist won in the category for digital journalism, with Carmela Rios taking the prize for her Twitter coverage of the 15M protest movement. In the category of photojournalism, the winner was Carlos Jacobo Méndez. The jury lauded his picture, taken in Valencia during the 15M *indignado*

movement protests in 2011. In the category of outstanding career, the jury recognized Sir Harold Evans, former editor-in-chief of *The Sunday Times* and *The Times* and currently on the management team of the Reuters news agency.

The jury, meeting in Madrid, was made up of leading figures from the worlds of media, business and the arts and was chaired by art publications editor Elena Foster. The other members of the jury were actress and theater director Blanca Portillo, the writer Soledad Puértolas, the former editors of *El País* Jesus Ceberio, Juan Luis Cebrian and Joaquín Estefanía and the current editor Javier Moreno, and journalists Iñaki Gabilondo and Soledad Gallego-Díaz. Jose Manuel Calvo, deputy editor of *El País*, served as secretary of the jury.

Alfaguara Literary Prize

The Argentinian writer Leopoldo Brizuela (La Plata, Argentina, 1963) was the winner of the the Alfaguara XV Literary Prize, endowed with 133,306 euros and a commemorative sculpture by Martin Chirino, for his novel *Una misma noche*.

The novel revisits the story of victims and perpetrators during the darkest days of Argentina's military dictatorship, and can be read as both a purge and exorcism. "A work written in the dark, from the most intimate perspective, reflecting everyday society. An existential thriller," said Rosa Montero, president of the jury, which also included Montxo Armendáriz, Lluís Morral, Jürgen Dormagen, Antonio Orejudo and Pilar Reyes (who, as editor at Alfaguara, had no vote).



They all lauded the author’s “admirably restrained style that, with its stark economy of expression, manages to create a disturbing and hypnotic narrative”.

The Alfaguara Literary Prize has established itself as a benchmark for quality literary awards given to an unpublished work written in Spanish. Its prestige throughout the Spanish-speaking world means that winning works enjoy international distribution, supported by the simultaneous publishing of the winners in Spain, Latin America and the U.S. Winning works from the past 15 editions have been translated into 22 languages. This year saw a record number of entries -785 in all.

Cinco Días Awards for Business Innovation

The Cinco Días Awards for Business Innovation were established five years ago to mark the 30th anniversary of the business and finance newspaper to recognize the most innovative initiatives in the business world and to enhance the visibility of company efforts to improve processes, products and services.

In 2012, the winners were: Mutua Madrileña in the category for **Most Innovative Business Initiative in the field of corporate social responsibility**, for the “Young Professionals” program, an initiative in collaboration with the Fundación Éxit and the Madrid Association of Auto Repair Workshops (Asetra), aimed at school dropout prevention; **Most Innovative Business Initiative in the field of New Technologies**: Tecnalia, for the project “Oceantec”, a floating offshore

converter for harnessing wave energy; and **Most Innovative Business Initiative in association with a University**: SANTANDER CRUE (Conference of Rectors of Spanish Universities) CEPYME, and its close collaboration with the “Internship Program for University Students in SMEs”.

The awards gala ceremony, held at Madrid’s CaixaForum, included a keynote speech by the former Minister for Science and Innovation, Cristina Garmendia. Carmen Vela, Secretary of State for Research, Development and Innovation, closed proceedings at the ceremony, which was presented by the Cadena SER journalist Marta González Novo.

The awards jury, chaired by Emilio Ontiveros, founder and president of Analistas Financieros Internacionales (AFI), included Joaquín Estefanía, Director of the EL PAÍS-UAM School of Journalism; Javier Robles, President of Danone, Manuel Mora, Managing Director of Ecopapel, Carlos Moro, President of Grupo Matarromera and Jorge Rivera, Editor-in-chief of *Cinco Días*.

Fostering awareness of the issues facing society

In 2012, the Group continued its tradition of fostering and promoting social solidarity, human rights and the environment in order to raise awareness of these issues among readers, viewers, listeners and users. PRISA's media have long championed campaigns in favor of human rights and development as promoted by NGOs such as UNICEF, WWF, Intermón Oxfam, Ayuda en Acción, the Red Cross, Médicos sin Fronteras, Manos Unidas, 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.

In addition, during 2012, PRISA has gone a step further in strengthening the Group's corporate social responsibility policy with the approval of the Plans of Action for 2013/2015. The development of these Plans has been supported by the Fundación SERes, which has contributed by offering their knowledge and expertise in the area of best practices in other companies. The first initiative to get up and running is the PRISA **Social Responsibility Observatory**, a body representing all business units and whose responsibility is to develop and manage a comprehensive, global and cross-corporate

Social responsibility strategy, while at the same time channeling, supporting and coordinating the strategy of each of the companies and individual business units.

PRISA

PRISA collaborates with the WWF, the international conservation organization, to promote the year's biggest mass participation event, **Earth Hour**, which has been held since 2008. Hundreds of millions of people worldwide, companies, governments and educational institutions join together against climate change by

supporting the WWF's biggest awareness campaign, **Earth Hour**.

For the fourth consecutive year, PRISA, as official media partner, launched a major operation to support the WWF awareness campaign "Earth Hour", which mobilized all companies in all the countries where we operate, on both sides of the Atlantic. *Save the climate* was the slogan for this year's initiative, which called on millions of citizens to get involved in initiatives all over Spain, such as the human mosaic made up of 500 people in Madrid's Plaza de Oriente. With the ultimate aim of committing governments to act against climate change, PRISA supported the symbolic worldwide "lights out" initiative, which took place across 5,000 cities in 147 countries in 2012.

On environmental issues, PRISA also collaborated with the **UN Summit Conference on Sustainable Development**, also known as **Rio +20**, which brought together more than 130 heads of state and government from 128 countries. The Conference organizers received thousands of proposals from a hundred academies of science worldwide, and thousands of environmental NGOs mobilized for the occasion, all of whom were concerned about the future of the planet and the effects that unsustainable growth might have on wellbeing in both developed and developing countries.

PRISA and all its companies threw their weight behind the UNICEF España campaign '**Cumplédías**', which aims to raise public awareness of the consequences of child malnutrition, which affects millions of children worldwide, and of the need to prevent it. Acute child malnutrition has a devastating impact on children and is the most severe result of hunger. Moderate malnutrition requires immediate treatment to prevent the child from developing severe acute malnutrition, which carries a high mortality risk. By simply sending an SMS, members of the public could do their bit by providing children at risk with one day of treatment against malnutrition.

Promoting volunteering is another area in which the Group actively cooperates. Thus PRISA companies joined the **SOMOS** campaign, led by NGOs such as Action Against Hunger, Red Cross, UNICEF, Ayuda en Acción and Save the Children. Our media covered the campaign through both content and advertising, and some of our biggest media stars, including Jon Sistiaga, contributed a video which served as the introduction to the campaign that sought raise awareness among the public of the need to collaborate and participate in the work of various NGOs in our country. PRISA also participated in the **Summit for Innovation in the Voluntary Sector**, co-organized by the U.S. Embassy in Spain, Meridian International Center and the Fundación Rafael del Pino.

In addition, our employees actively collaborate with NGOs, as evidenced by the more than 300 kilos of food that were collected in December for **Bankilo**, the university-based chapter of Caritas -and that was just at our headquarters in Tres Cantos, where employees from SANTILLANA, PRISA TV and Corporate Center are concentrated. The same employees were

responsible for the collection of more than 600 kilos of bottle tops in the second half of the year, for the campaign **Tapones solidarios**, aimed at raising funds for genetic research, through the Fundación Síndrome de West.

On April 26, PRISA and **The Paley Center for Media** organized the first edition of the International Council to be held in Spain. Sixty-five top-level representatives from more than 18 countries met in Madrid to discuss the future of news and information, with the title *"News at the Speed of Life: A Global Conversation on the Reinvention of Journalism"* This initiative falls under one of PRISA's priority objectives, to engage and foster debate and conversation about the future of journalism and education, to improve democracy and our society as a whole.

Another important initiative was our participation as a global sponsor for the third edition of the **Red Innova**, a forum for debate on the latest trends in the ICT sector, which took place on June 15 and 16 at the Circo



International Council

Price in Madrid, and which was addressed by PRISA spokespersons in a number of sessions. Miguel Barro, Chief Digital Officer at SANTILLANA, participated in the panel discussion "Education. What are we doing wrong?" which debated the future of education and innovation. Meanwhile, Stephen Dove, PRISA TV's Chief Digital Officer, participated in the workshop which analyzed the future evolution of digital content in television platforms over the coming years.

MIT, in collaboration with PRISA as global sponsor, chose Málaga, here in Spain, to celebrate the most important conference on emerging technologies. **Em-Tech Spain**, the MIT Technology Review's prestigious annual conference, was held on October 26 and 27, and brought together experts, both national and international, to discuss the future of innovative technologies and how they will change the world.

In addition, PRISA is a trustee of the **ProCNIC Foundation**, the most important 'corporate sponsorship' initiative Spain in recent years, both in terms of the amount, the social relevance and financial support provided to the National Center for Cardiovascular Research and in terms of the group of large companies involved. Through its Board of Trustees, of which PRISA is a founding member, companies not only provide funds, but also participate in the decision making.

PRISA Radio

As a media company, PRISA Radio, like the other companies in the Group, is committed to making our CSR policy one of the fundamental pillars of our operations. This informs the planning of all activities, whether our own initiatives or those carried out through the support of third party initiatives. The Company strives to be perceived as one that is committed to corporate social responsibility and to ensure that this is reflected in our programming and our brands, and through content that will foster social transformation among audiences.

PRISA Radio is sensitive to the needs that constantly arise in the globalized and multicultural society where it operates, and the Company focuses its activity on the satisfaction of these needs, through its own initiatives or by supporting third party initiatives that promote



the principles of solidarity, respect, sustainability and responsibility in all segments of the population. The consistency between what we communicate and what we do is what builds trust and credibility in society.

Among the initiatives carried out by PRISA Radio in the past year, perhaps the most notable was the **Goals against Hunger** campaign to inform and educate society of the scourge of hunger and famine. The campaign involved a month and a half of intense journalistic work, with interviews, testimonies, and reports. A fundraising website (golescontraelhambre.com) was led by sportswriters and supported by figures from the worlds of sport and culture. The site received almost 20,000 visits, 8,500 video views and raised nearly 50,000 euros from the 33,000 goals scored and via direct donations, which went to Acción contra el Hambre (Action Against Hunger).

Meanwhile, Cadena Dial and Ayuda en Acción teamed up to launch a chain of virtual applause (**Aplausos-cadena.com**) to promote the Rights of Women worldwide. Cadena Dial made a firm commitment to

the initiative, all too aware that there is no country in the world where women and men enjoy equal rights and opportunities. A number of initiatives were carried out to inform and raise awareness of the issue, including a trip by professionals from the Ecuador station to learn more about this problem firsthand. The campaign concluded on November 25, International Day for the Elimination of Violence against Women. Cadena Dial Chain included the purple ribbon in all its digital media and social networking accounts, and encouraged followers to adopt it as a symbol of the struggle for the non-discrimination of women.

The promotion of contemporary art, especially by young artists, is another priority of the Company, channeled through the initiative **Arte 40**, which celebrated its fourth edition in Mexico with support from the National Council for Culture and the Arts (Conaculta). The first edition of this initiative to be held in Spain attracted more than 5,400 young artists.

PRISA Radio's music channels dedicate the proceeds from their awards galas to charity. Cadena DIAL's *Lo Mejor de Aquí y de Allí* gave the proceeds to the the NGO Ayuda en Acción to fund a project in Honduras to improve the living conditions of children and mothers in that country. The **40 Principales Awards** allocated its proceeds to *Luces para aprender*, an OEI initiative aimed at bringing solar power and Internet access to over 60,000 schools in Latin America, most of them located in inaccessible rural areas.

PRISA Radio stations in Spain and Latin America have collaborated with many other NGOs such as UNHCR, Caritas, Red Cross, Manos Unidas along with a host of smaller yet vital projects with direct impact on local communities.

SANTILLANA

SANTILLANA's commitment to society requires us to ensure quality that responds to the needs of the educational community. True to this purpose, we continue to work on new projects while at the same time fostering the shared values of democratic societies, particularly pluralism, solidarity, tolerance, respect, defense of peace and environmental protection.

In all those countries where we publish books, SANTILLANA collaborates on social initiatives related to the the world of education, by providing numerous congregations and religious institutions, foundations, cultural associations, government agencies, employers' associations, teachers' groups, unions, parent associations and universities with the support required to meet the needs of teacher training. We also offer grants and financial aid to attend events, we donate books to underprivileged children, we provide sponsorship for conferences and competitions, and we are active in the co-publishing of materials.

SANTILLANA donates a wide range of materials to foundations and NGOs, including the Fundación Entreculturas, Fundación Nido, Fundación Síndrome de West, the NGO Dignidad, and the Fundación Bobath, etc.

SANTILLANA also participates in events to foster reading in all those countries where we publish books, and our authors regularly visit schools and university events.

PRISA Noticias

PRISA Noticias's companies contribute content and products that respond to the concerns of society. *El País*, as a general-interest newspaper, pays special attention to issues related to the environment, education, equality, child protection, human rights, etc. both nationally and globally.

The weekly supplement *El País Semanal* regularly devotes its pages to the publication of reports with social content, focusing on the defense of Human Rights, written by journalists who travel to the remotest corners of the world to bring readers first-hand news.

El País collaborates actively with around 14 NGOs and regularly provides newspaper space for social and humanitarian causes. Depending on the relationship with the NGO, these spaces may be free or take the form of advertising at sharply discounted rates.

Furthermore, *Cinco Días*, as a media outlet, strives to create awareness among readers of all the values of CSR. We endeavor to cover all social concerns, the dialogue between social groups, and above all we seek



to foster respect for human rights through our weekly column *Good Governance*. There is also coverage of social initiatives carried out by leading companies, and agreements with Banesto, Caja Madrid, Banco Santander, La Caixa, Fundación Repsol, etc. Noteworthy is the launch of the new project CINCO DÍAS - CINCO CAUSAS (FIVE DAYS - FIVE CAUSES) created by the NGO Acción contra el Hambre, in collaboration with the newspaper, which led to a series of articles on social issues and emergency in the Horn of Africa. We also lend our support to the volunteer support program, Programa de Voluntariado Corporativo del Banco Santander, Haiti, etc.

Cinco Días also makes donations to the Fundación Dehón (Education Foundation) and provides advertising space to different NGOs such as the Red Cross, Manos Unidas, etc

PRISA Revistas contributes to social development and integration in partnership with the Red Cross through the donation of used mobile phones, collected by employees, to promote educational projects.

The program of the *El País de los Estudiantes* is also socially aware and reaches out to special education schools, prisons and other institutions.

PRISA TV

As a leading audio-visual entertainment company, PRISA TV is aware of the constant changes affecting society. We are responsive to society's needs and we endeavor at all times to be a socially responsible company. Our operations have always been marked by a commitment to bringing our viewers the very best content with all the latest technology. It's a commitment that this year has resulted in a total digital transformation, incorporating premium content to the online environment, with Canal+ YOMVI, offering customers a completely new user experience.

In the management area, PRISA TV maintains its commitment to Spanish cinema and, with the slogan *Estamos con nuestro cine* (We're with our cinema), we have worked on the production, promotion and distribution of Spanish films such as *Tadeo Jones*, *The Impossible* and *Carmina o revienta*. In addition, our commitment to original productions, which was first undertaken in 2010 and has been recognized with major awards, continues apace with new projects such as *Falcon*, a European co-production set in Seville and which aired in 2012. We also continue to promote the creation of documentaries and short films, that compete in the most prestigious competitions and we support creators via the Canal+ Awards.

With regards to socially responsible content, special mention should be made of programs that form part of the identity of Canal+, such as the *Informe Robinson* and the series of reports by Jon Sistiaga. These have sought out and told different, alternative stories while fostering social solidarity and good causes. Examples include a special report to mark the twentieth anniversary of the Barcelona Olympics, made by the producers of the *Informe Robinson*, and which illustrates the success of teamwork throughout an entire country, and the reports by Jon Sistiaga in Afghanistan (*Walking among bombs*) and on the mafia and criminal underworld surrounding soccer in Argentina (*Entre barras bravas*) which brought the journalist a well-deserved Ondas Award in 2012. In terms of outside productions, we should highlight the stunning documentary series *Frozen Planet*, a lavish BBC production that shows the viewer the last wild regions planet as never before seen.

PRISA TV's commitment to education is implemented through a number of agreements maintained with universities and research centers, developed to support

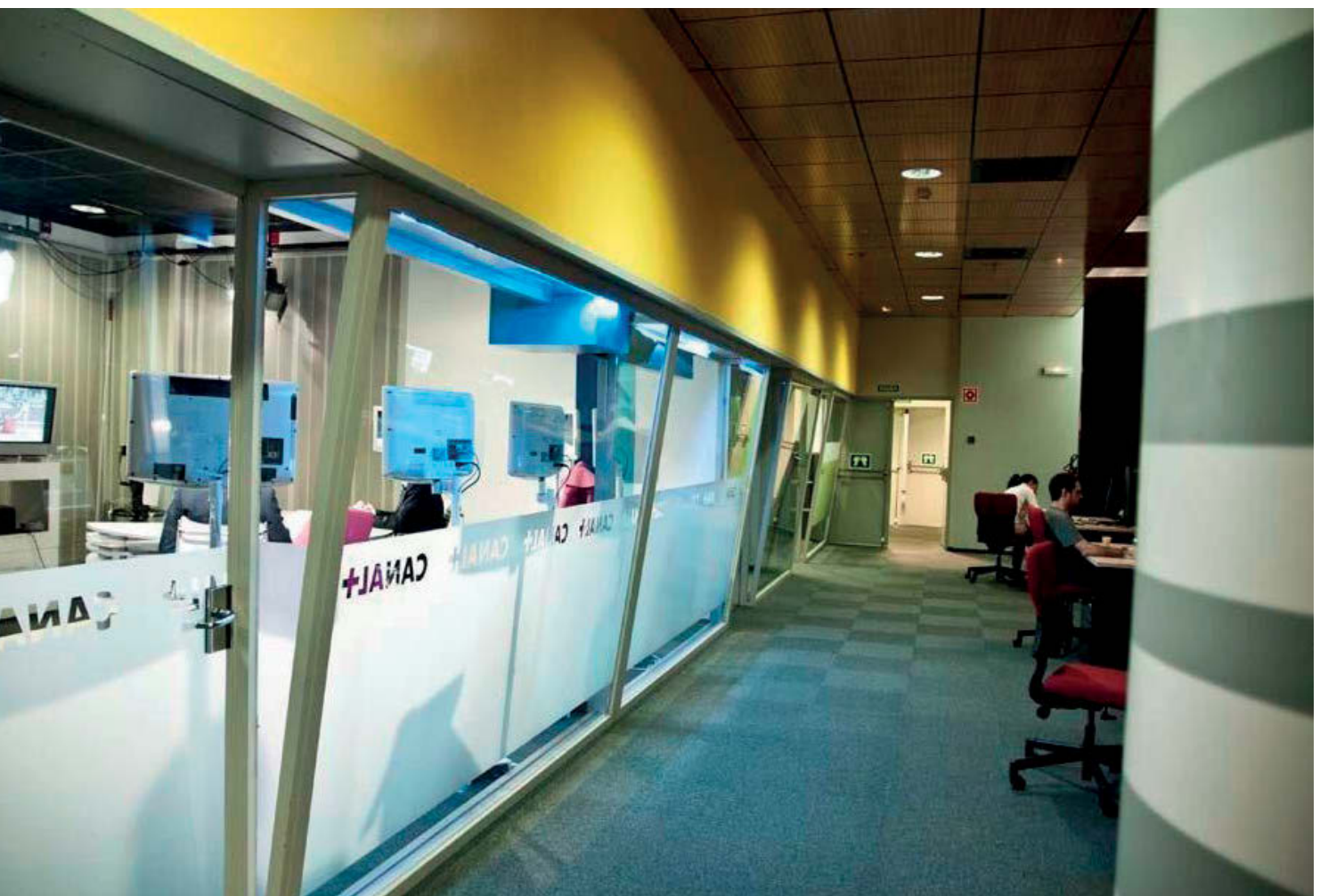
the training of students in the creation, development and broadcast of audiovisual productions.

Social responsibility is channeled through Project 025, which manages employee donations to development-aid NGOs or foundations. One such example is the Solidarity Day, held annually at company headquarters in Tres Cantos, Madrid, which sees PRISA TV workers voluntarily give over a day of their salary to fund charity projects.

Finally, PRISA TV collaborates with various NGOs by offering them advertising space to help them get their message across. In 2012 we collaborated with Save the Children, UNICEF, Aldeas Infantiles, the Caritas BANKILO campaign, the UN campaign against Organized Crime, SOMOS!, La Fundación Irene Megías and Paradores con Lorca.

Media Capital

Media Capital and its media supported many social causes and initiatives in 2012, in keeping with the Company's social responsibility policy.



Leading TV channel TVI continued its policy of social responsibility initiatives, placing its resources at the service of society through the development of (and collaboration on) a range of social projects with partners, customers and employees, thereby contributing to a better understanding of the world we live in. The Company's radio stations also maintained existing initiatives from previous years and launched a number of successful new initiatives which showed good levels of engagement by listeners.

TVI's news services remain committed to quality, in-depth, serious and distinctive news that goes beyond merely providing facts, and instead frames, analyzes and anticipates the problems facing modern society. A number of the news services' programs and output won recognition in Portugal and abroad.

Entertainment formats -namely *Você na TV* and *A Tarde é Sua*- spoke eloquently once again in 2012 on behalf of institutions and families.

A number of nationally produced TV series also addressed issues facing society.

In the field of culture, TVI maintained its tradition of providing programming chiefly in Portuguese, and broadcast a number of productions that promoted the country's different regions and cultures, whether it be through TV series content (produced by Plural) or entertainment (*Somos Portugal*).





07

Responsible resource management and commitment to human capital

07

Responsible resource management and commitment to human capital

Providing guarantees to our stakeholders with respect to our duties and obligations as a business is crucial to our responsibility as an organization.

We would never reach our business objectives without the efforts and dedication of our professionals who together make up a diverse and multidisciplinary team, all sharing common goals. 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.

A great team of professionals

PRISA had 12,191 employees at the end of 2012. Staff numbers are down by 7.9 % as compared to 2011 (13,159) due to the operational efficiency plan implemented this year in response to the economic downturn, the systematic fall in advertising revenues, the rapid emergence of new technologies, new consumer habits and regulatory changes. This situation has obliged PRISA to implement a number of measures to cut costs and improve efficiency and productivity, including dramatic organizational and staffing adjustments. In 2012 we were forced to resort to a labor force adjustment plan and we endeavored to ensure that the impact was the minimum necessary. These adjustments have been carried out responsibly and with a firm commitment to reach agreements with the legal representation of workers. We also recognised compensation plans that were a significant improvement over those legally established for these situations. Noteworthy measures included reaching agreements on outplacement services to ease the transition of employees to new jobs and on financial help to attend occupational training courses.

The very nature of the services provided by PRISA to society in the fields of news and information, communication, education and entertainment, means that the Company is closely bound to the social milieu in which it operates. This link will only develop its full potential if we have professionals who share these same principles, as fortunately is the case.

Within the group, we run a range of collaborative initiatives with educational institutions to raise awareness and involve students in business organization (universities and business schools), and we donate technical material to schools and faculties.

In some of the businesses, social responsibility is channeled through the association "O25 Project" which manages donations from employees and from the Company and distributes the funds thus raised to NGOs and development aid foundations. One noteworthy event is the organization's annual *Solidarity day*.

PRISA workforce



Workforce by sex

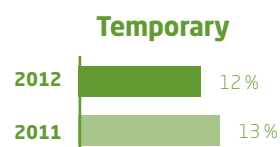
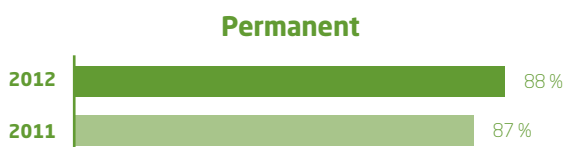
	2012	2011
Female	5,644 (46 %)	6,286 (48 %)
Male	6,547 (54 %)	6,873 (52 %)

Workforce by geographic region

	2012	2011
Spain	6,313 (52 %)	7,042 (54 %)
International	5,878 (48 %)	6,117 (46 %)

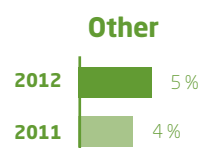
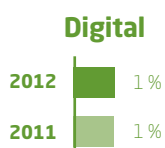
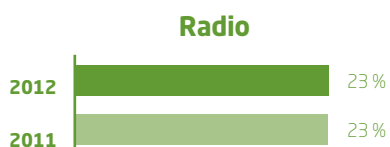
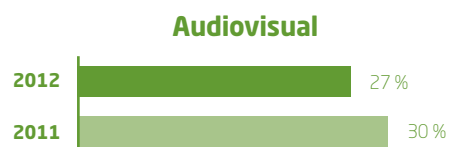
PRISA personnel by contract type

	2012	2011
Permanent	88 %	87 %
Temporary	12 %	13 %



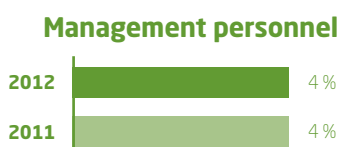
PRISA personnel by business area

	2012	2011
Education-Publishing	33 %	32 %
Audiovisual	27 %	30 %
Radio	23 %	23 %
Press	11 %	10 %
Digital	1 %	1 %
Other	5 %	4 %



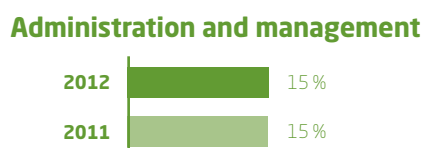
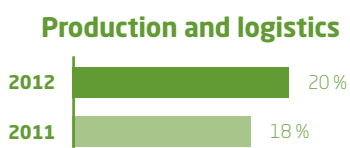
PRISA personnel by area of activity

	2012	2011
Qualified technical personnel	49 %	48 %
Middle management	12 %	12 %
Management personnel	4 %	4 %
Other	35 %	36 %



PRISA employees by employment category

	2012	2011
Sales and marketing	34 %	35 %
Content	31 %	32 %
Production and logistics	20 %	18 %
Administration & management	15 %	15 %



Commitment to our human capital

Our Human Resources policy is a reflection of our conviction that our human capital is our best guarantee for meeting our commitments to society. We believe that:

- There is only one way to inform, educate and understand people and that is through people.
- There is only one way to be world leaders in communication, and that is by developing leaders among our team members.
- There is only one way to be responsible in society, and that is by having independent and socially committed professionals.

All the Group's companies believe in strict respect for the basic labor rights as recognized by the International Labor Organization, especially in issues related to equality and non-discrimination on the basis of sex, ideology or beliefs. Similarly, each company strictly adheres to the labor laws of the country in which it operates.

Apart from certain company directors, all our staff are subject to labor agreements in each of their companies. These agreements substantially improve working conditions and thus provide our professionals with a stimulating and competitive working environment, free of financial concerns, with job security, independence and sophisticated technology. Staff enjoy total freedom to participate in trade unions and the Group fosters social dialogue.

PRISA's commitment to human capital has the following main goals:

- To promote and foster the defense and effective practice of the principle of equality between the sexes, ensuring the same rights to access to work and professional development at all levels.
- To increase women's chances of gaining posts of greater responsibility within the Company, thus reducing inequalities.
- To prevent discrimination on grounds of sex by means of a special protocol for taking action where necessary.

- To establish measures that favor the balance between the personal lives and professional responsibilities of our employees.

Equality

PRISA's staff structure shows an almost equal breakdown by sex. In 2012, within the Group, 46 % of employees were women and 54 % were men, compared with figures of 48 % for women and 52 % for men in 2011. Additionally, 27 % of senior management posts were occupied by women in 2012, compared with 29 % in 2011. The figure for middle management is 37 %, the same as last year.

Social benefits

It is Group policy to provide companies with adequate resources so as to offer employment benefits that will be sufficiently attractive to the very best professionals. It is worth noting that PRISA operates in 22 countries and has more than three hundred companies. Each market in which it operates has special characteristics to which Human Resource Management Policy must be sensitive and thereby be in a position to offer an appropriate response to both the needs and the expectations of the professionals joining these companies. Within this framework, in 2012 we designed a flexible benefits program, implemented in Spain in January 2013 and under review for possible implementation in Portugal. The objective of this plan is to allow our employees to select their benefits in accordance with their real needs and thereby potentially increase their net salary.

Flexibility

PRISA's companies have come to understand the real benefits of offering balanced work days that provide an optimum balance our staff's professional and personal lives. Many of our companies offer employees flexible work days, home working, and the possibility of working intensive shifts in summer, at Christmas and Easter.



Workplace health and safety

Throughout 2012, PRISA remained committed to its objective of promoting a preventive culture throughout its businesses. Noteworthy in this regard is the Group's commitment to comprehensive compliance with current regulations and the integration of risk prevention in the management of companies.

The main initiatives undertaken by the Joint Prevention Service have focused on encouraging training that will contribute to the physical welfare of workers (posture, computer workstations, lighting improvements in the workplace, etc.) and through specific preventive projects aimed at improving working conditions to increase our employees levels of protection and welfare while they work.

Professional development of our workforce

At PRISA, our professionals are our greatest asset. That's why we are wholeheartedly committed to a policy of continuous training aimed at maintaining the highest standards of professionalism, quality and competitiveness.

In 2012 we have strengthened our commitment to internal training programs, investing 0.7 million euros in training, a figure that, in the 2013 budgets, is set to reach 1.3 million euros.

In 2012, a survey we conducted a survey on adaption to change and the ability to learn throughout the entire organization to measure the degree of implementation of innovation and the degree of creativity in work processes. We analyzed people's assessments of the state of knowledge management and their views on internal training. We even measured employees evaluations on the quality of leadership and middle management. Close to 30 % of the total Group workforce participated in the study. It was a success, both in terms of results, and in terms of fostering a new perception of the organization.

In 2012 we also identified agents of change in several business units of the Group with the aim of involving them, under the coordination of the PRISA's Corporate Transformation Office, in initiatives that will steer the organization towards greater innovation and technological progress. This also has the effect of endowing the organization with a more horizontal model in that it recognizes individual talent. The participation of these agents is critical to the cultural change required by the digital and collaborative world

.In parallel to the identification of agents of change, we employed the same methodology to draw up a map of internal motivation to identify the main concerns of employees who were part of the sample, and to match their demands with ongoing initiatives contained in the Corporate Transformation Plan.

In addition, in 2012 have launched a range of tools geared towards fostering organizational transformation and PRISA culture.

PRISA Jobs is a tool included in the Toyoutome intranet, that posts internal vacancies and facilitates job rotation among employees of the Group. This improves the working environment and enables employees to develop their skills, their interests and talents.

The total of job offers managed in 2012 was 53 and the total number of internal candidates was 71.

By the end of the year, we were able to facilitate ten changes of post to internally cover jobs (18 % of total job postings). The challenge is increase the percentage of internal rotation during 2013 and thereby cover a greater number of vacancies at intermediate and higher levels of the organization.

Campus PRISA is an online training portal for all Group employees via the Toyoutome intranet.

With nearly 1,200 students enrolled in courses specializing in the digital field, CAMPUS PRISA has become yet another tool that fosters transformation and the improvement of the working environment. All course modules are being designed and taught by employees of the organization, which is once again promoting a culture of knowledge and creativity among the workforce.

Since its launch in June 2012, CAMPUS PRISA has grown progressively and continuously, with notable peaks in registration coinciding with the launch of each new module and course. The total number of users enrolled at the end of December was 1,151.

The goal for 2013 is to increase the offer of courses to meet the most urgent needs that are detected anywhere in the organization.

Finally, **Mi Idea!** is an open innovation platform aimed at getting all employees more involved by making suggestions, sharing ideas for improvement projects and even intellectual property patents. This tool is designed to identify both individual talent as well as any groundbreaking new ideas that may emerge from any part of the organization. Moreover, the innovation departments of each business unit set challenges to encourage participation. The number of users at the end of December was 256, who provided a total of 204 ideas.

Total average investment in training per employee



Working environment and internal communications at PRISA

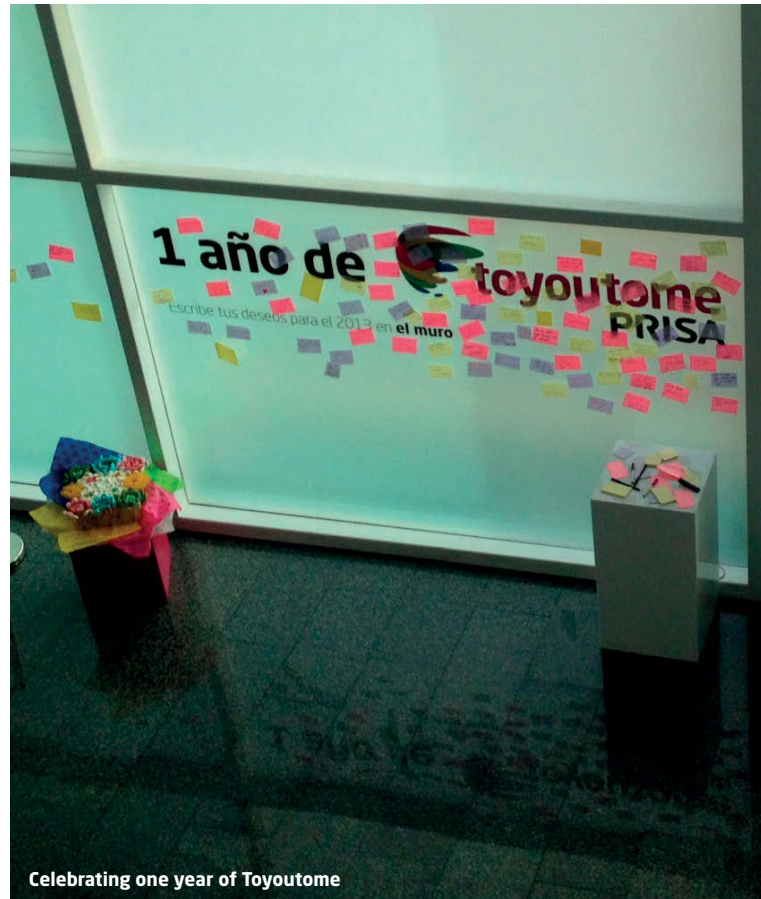
PRISA maintains open and fluid channels of communication with employees, that have improved notably over the course of 2012 thanks to the consolidation of Toyoutome as global intranet. This platform forms the basis of all internal communication from the communications departments to the business units.

Toyoutome has become the main channel of information for all employees to channel the flow of news and initiatives that are generated by the various units of the Company. During 2012, all major Group actions have had an immediate impact internally, and all our employees have been duly informed of all relevant business related topics. Throughout the year we have published, the Company's quarterly results, appointments, information on strikes, updates on employment regulation, and so on.

Toyoutome has also served as a platform for the three new tools that form part of the transformation project which the Group has undertaken: PRISA Jobs, Campus PRISA and Mi Ideal

In November we launched the PRISA **newsletter**, a global project that every month compiles the most important news from all business units. It also includes useful information about new tools available on the intranet: PRISA Jobs, Campus and PRISA Club. This newsletter, as well as providing timely information, also serves to showcase and give greater visibility to the most interesting projects being implemented by the units. It also has a section reserved for social responsibility initiatives, in response to this area's strategic for the Company.

Meanwhile, every week the relevant departments (Transformation, Technology, Communication, HR) receive a report on the Toyoutome project (blog, tweets and intranet), which provides data on traffic and the tools most used by employees.



Celebrating one year of Toyoutome

Toyoutome, has also served as a platform for channeling complaints and concerns, yet another example of the Company's commitment to transparency in our work processes. Through the Complaints Channel, employees can report any irregularities or non-compliance in accounting, internal control, auditing or company control systems.

Influencing the value chain

The goal of **PRISA's purchases and procurement policy** is to build up a solid base of suppliers and collaborators which will enable all our companies to acquire goods and services under the strict criteria of efficiency, cost, coverage and technical and productive capacity. PRISA also evaluates the supplier's integrity and its fulfillment of its **fiscal, labour, human rights, environmental and, above all, the legal obligations** in force in that country.

The Corporative Purchases Department is the first contact PRISA will have with potential suppliers and this body oversees the relations of suppliers with the Group's companies. Since 2009 it has focused on three areas of action related to Group CSR policy:

1. **Selection and management of suppliers** – these are seen as crucial stakeholders in the Company's day-to-day operations.
2. **Paper management.** Paper is the most important raw material used by most of the business units and its sustainable use must be part of any environmental policy.
3. To determine new areas where we can improve **identification, measurement and management** of the Company's environmental impact.

To aid the the department to fulfill its obligations, a series of guidelines has been drawn up which govern the relationship between PRISA and its suppliers:

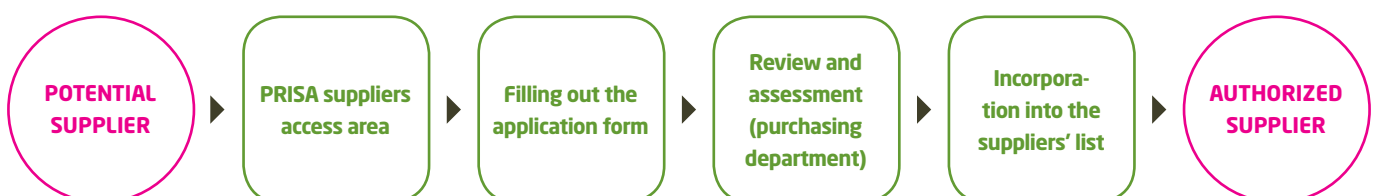
- PRISA's relations with suppliers are governed by principles of **objectivity, transparency, non-exclusivity and equal opportunities**.

- All suppliers involved in any adjudication process will receive complete and detailed **information** about the goods and/or services to be supplied.
- The information supplied will be identical for all suppliers, ensuring that no single supplier enjoys any initial advantage, thus fostering **legitimate competition**.
- Potential suppliers will not be invited to participate in the **adjudication process**.
- All those who apply to become suppliers have a right to request an **evaluation** of their particular adjudication process.
- All applications will receive a **reply** accompanied by comments on their acceptance or rejection. A negative reply is in no way an obstacle to submitting future applications, once the reasons behind the rejection have been addressed.
- The results of the **adjudication** process, including a summary of the **criteria** employed, will be communicated to the supplier in writing.
- Initiatives for constant **improvement** are in place, which boost quality to the benefit of both parties. The supplier is welcome to make any suggestions as is felt necessary to improve relations between the Group and suppliers.

Selection and management of suppliers

The acquisition process is based on the principles of objectivity, transparency, non-exclusivity and equal opportunities. The specifications of procurement processes and negotiating rounds for potential PRISA suppliers are detailed in the application forms, where there

Certification process for PRISA suppliers



NOTE: All suppliers who wish to be approved by PRISA, will be accessed online at Supplier Area.

Supplier Evaluation

	2012	2011
Management system is certified or is being implemented plus voluntary codes	48 %	48 %
Formal procedures to respond to customer concerns	78,89 %	78,85 %
Legislative Framework	95,28 %	95,86 %
Adequate environmental safeguards	76,30 %	75,81 %
Guidelines on corporate governance	85,56 %	85,71 %
Incorporation of social responsibility indicators in management code	80,42 %	81,43 %

Authorized suppliers

	Total	Spain	Foreign
2012 (new)	99	89	10
2011 (new)	115	113	2
Previous years	2,934	2,847	87
TOTAL	3,033	2,936	97

*NOTE: Among the suppliers associated with Spain, there is a substantial part on multinational companies based in the country.

is also information on conditions and obligations that the Group requires of all its suppliers.

There are four criteria in the process of adjudicating and authorizing potential suppliers:

- **Quality** of the product/service offered.
- How the service **matches our requirements**.
- **Cost** and ability to deliver on issues related to CSR..
- **Confirmation and certification** that the Group's **CSR** criteria have been met.

All potential suppliers interested in becoming certified as PRISA suppliers should apply via the Electronic Purchases Platform, which manages Group-supplier relations, all aspects of the process, including potential supplier registration, application, the certification and authorization of all our suppliers worldwide as well as ongoing follow-up and periodic assessment according to those criteria previously outlined.

All suppliers must be certified and authorised prior to forming part of our list of suppliers.

For the past six years, the Department of Corporate Purchases has been managing and updating a data base of the Group's chief suppliers, evaluating them on key CSR criteria, including paper management, recycling and reuse of fungibles and CO2 emissions. Applicants must be in full compliance with Conventions 138 and 182 of the **International Labor Organization (ILO)** governing child labor. Non-compliance with these conventions will nullify any contracts between the parties.

PRISA favors suppliers who meet CSR criteria and who have SA 8000, ISO 9001 certification etc. Indeed, 74 % of our suppliers have a quality certification.

In 2012, as in previous years, PRISA carried out a study of a sample of our wide number of suppliers. In 2012, the number surveyed was 180, as compared to 175 in 2011, and they were evaluated by service and percentage in volume of purchases.

Environmental impact management

PRISA is committed to reducing the costs and the impact that our operations may have on the environment. The Group's **Environmental Security Policy** includes a series of basic principles in the area of legal compliance that contribute to the continuous improvement of our operations:

- PRISA will comply with all applicable legal requirements, and will, whenever possible, make every effort to anticipate them.
- The group will actively strive to reduce and prevent pollution and waste, and to conserve energy in all its operations.
- The group will require its suppliers to conduct their operations in an environmentally responsible manner.
- The group will ensure the safety of industrial operations, to avoid negative impact on the environment.

This policy is divided into three levels of action:

- Emission control
- Consumption control
- Waste Control

The aim is to provide safe products and services that respect the environment throughout their life cycle, and

to conduct operations in an environmentally responsible manner.

Emission control

In 2010 the Corporate Purchasing Department began collecting data on suppliers who provide services in order to establish the equivalent weight of CO₂ generated by travel and accommodation derived from Group activities. The result (a decrease of the impact caused by Group trips made in 2012) confirms the trend towards reductions seen over the previous year.

Consumption control

Responsible use of paper

PRISA has always carefully managed all stages of the **lifecycle of paper**. The group works with paper manufacturers who guarantee their adherence to environmental standards and recycling, either directly or indirectly, and all business units using paper committed themselves over the course of 2012 to reducing their use, whether by modifying formats or opting for lower weights of paper, while still guaranteeing the quality of the finished product.

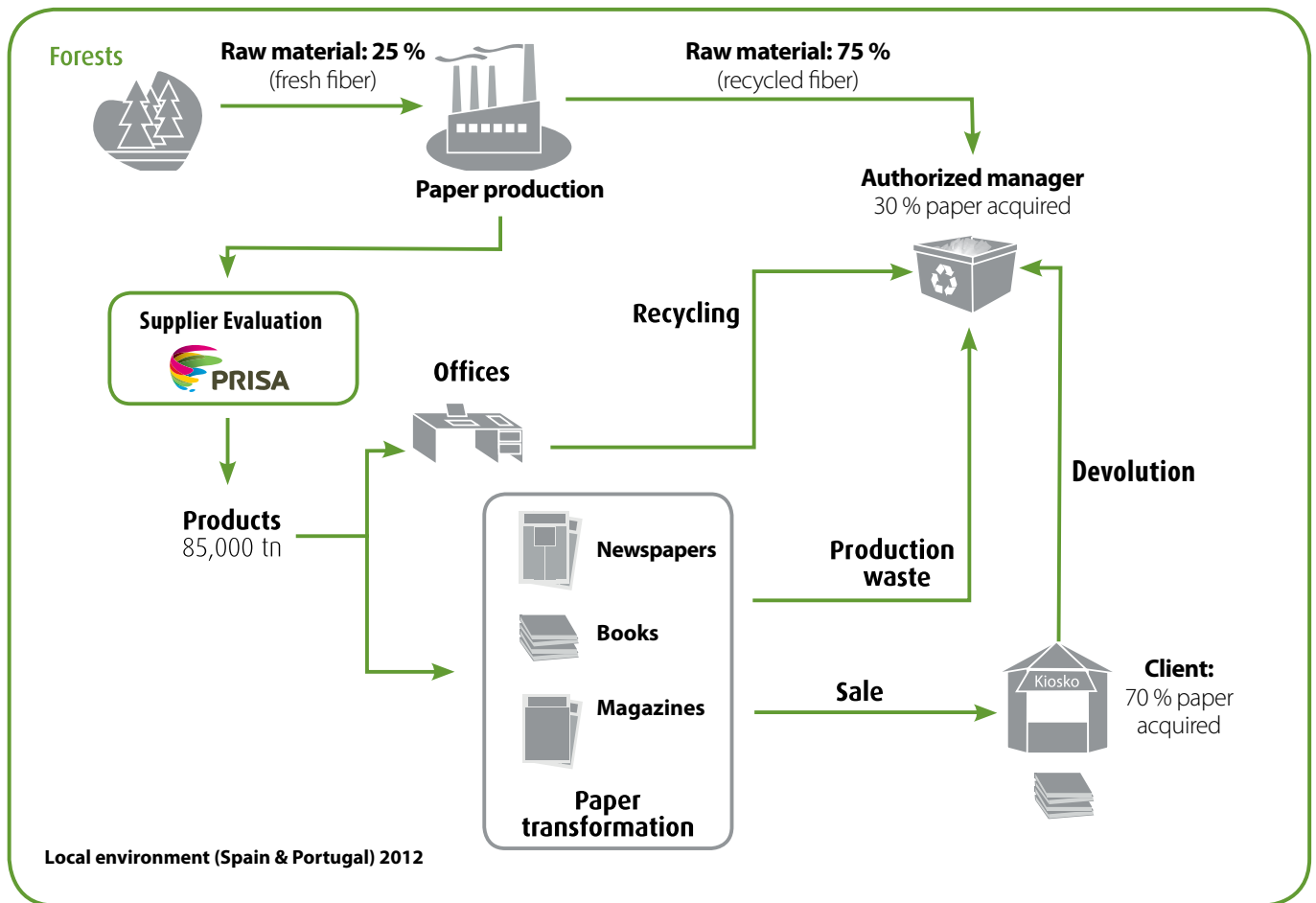
PRISA's suppliers must comply with certain environmental requirements in the manufacture of paper. The

CO₂ emissions (PRISA: Spain and Portugal)

From of transport	Unit of measure	Conversion factor kg CO ₂ / unit of measure	2012			Equivalent CO ₂ in kg	Conversion factor kg CO ₂ / unit of measure	2011			Equivalent CO ₂ in kg
			Spain	Portugal	Total			Spain	Portugal	Total	
Hotel	RN	28	12,439	S/D	12,439	348,292	28	14,987	S/D	14,987	419,636
Air	Miles	0.18	12,068,311	1,119,419	13,187,730	2,373,791	0.18	15,707,842	2,564,868	18,272,710	3,289,088
Train	Km	0.06	3,049,569	S/D	3,049,569	182,974	0.06	3,182,968	S/D	3,182,968	190,978
Rent a car	Km	0.123	692,857	S/D	692,857	85,221	0.123	767,179	S/D	767,179	94,363
Total			15,823,176	1,119,419	16,942,595	2,990,279		19,672,976	2,564,868	22,237,844	3,994,065

Notes: The sources for conversion factors are: <http://www.nef.org.uk/greencompany/co2calculator.htm> (air), http://www.responsabilidad.net/002_calcemision.html (train) and sources prepared by AVIS for rent a car, due to the variability of consumption in used cars.

Paper life cycle in the PRISA Group



paper industry’s high level of environmental awareness provides a further guarantee that suppliers are generally not merely complying to environmental legislation but that they are wholeheartedly committed to issues in this area.

Almost all PRISA suppliers possess the capacity to produce PEFC and FSC accredited paper, thus guaranteeing that controls are being carried out at the various stages of the production process – from forest to printer – although this does involve higher costs.

PRISA NOTICIAS - Pressprint

Pressprint is the printers for the Group’s print media in Spain. Its operations require the use of paper, ink and aluminum plates. Pressprint uses technological innovation to constantly optimize and responsibly manage their use. Over the year, Pressprint continued its policy of improving procedures, both in terms of managing raw materials as well as waste management.

In 2012 we continued implementing the use of “Chem Low” plates, which require a less aggressive chemical concentrate and simplifies cleaning. Furthermore, a processor that optimizes chemical use has been installed on one of our four production lines in Madrid.

The plan for 2013 is to continue installing these processors over the course of the year.

Parameters have been adjusted for the consumption of ink, water and fountain solution additives in the printing process to optimize the amount of ink used per million printed pages.

Both ink and solvents are sourced by PRISA from suppliers who are reviewed every year to ensure they are in possession of quality certificates for ink and solvents.

Ink

	2012	2011	%
Madrid	321,564	290,557	10.67 %
Barcelona	74,373	96,641	-23.04 %

Solvent

	2012	2011	%
Madrid	20,000	21,000	-4.76 %
Barcelona	13,212	16,150	-18.19 %

Plates

	2012	2011	%
Madrid	58,789	44,055	33.44 %
Barcelona	23,529	26,384	-10.82 %

Energy consumption

During 2012, all Group companies have run campaigns to raise awareness and to foster a more rational use of energy at their facilities and to rationalize energy consumption.

To this end it we are in contact with a number of energy efficiency consultants to analyze the efficiency of the range of systems that currently exist in the market. During 2013 projects will be launched to replace existing lighting with LED technology.

Corporate center: direct consumption by primary source

Primary source	2012	2011	%
ELECTRICITY kw/h	3,579,835	4,136,179	-19.4 %
GAS kw/h	23,000	24,000	-2.12 %
WATER m³	9,017	9,268	-14.16 %

SANTILLANA constantly strives to promote recycling and reduce energy consumption by means of awareness drives among employees. During 2012, and coinciding with the relocation of the Company headquarters in Calle Torrelaguna, all excess material was recycled. A paper and cardboard compactor has been installed in our warehouse.

SANTILLANA: direct consumption by primary source

Materias primas	2012	2011	%
ELECTRICITY kw/h⁽¹⁾	666,158	1,723,480	-61.35 %
DIESEL kw/h	N/A	N/A	N/A
GAS kw/h	8,598	17,300	-50.30 %
WATER m³	4,884	7,403	-34.03 %
PAPER Tm⁽²⁾	N/A	N/A	N/A

⁽¹⁾Includes data up to July 24, 2012 from headquarters in Torrelaguna. No data are available for the new location, Tres Cantos, which are included in the data for PRISA TV.

⁽²⁾Volumes of non-recycled paper consumed in the production of books. All paper used is chlorine free and comes from factories with Environmental Management Systems (ISO or ESMAS). Almost all the paper used has PEFC certification and around 30 % also have FSC certification.

PRISA TV has continued to apply environmental measures to control energy consumption and optimize on costs of paper and corporate digital stationery. Also during 2012, new multi-functional equipment has been installed to send and scan documents without printing them, with corresponding savings in paper and ink.

To avoid excessive waste generation -office furniture, technical and audiovisual equipment- donations have been made to the Tres Cantos Public Administration, the Red Cross in Tres Cantos and other NGO's in the town.

PRISA TV: direct consumption by primary source

Primary source	2012	2011	%
ELECTRICITY kw/h	16,569,623	15,197,346	9 %
DIESEL kw/h	1,700	1,700	-
GAS kw/h	6,212,155	5,738,196	8.26 %
WATER m³	29,524	42,121	-29.91 %
PAPER Tm	86,60	62,66	38.21 %

Media Capital: direct consumption by primary source

Primary source	2012	2011	%
ELECTRICITY kw/h	5,751,256	5,823,233	-1.24 %
DIESEL kw/h	1,233	2,500	-50.68 %
GAS kw/h	102,725	195,767	-47.53 %
AGUA m³	-	9,590	-
PAPEL Tm	-	26.22	-

In 2012, **PRISA RADIO** has continued to promote measures to reduce the consumption of energy, water and raw materials. There are also measures to ensure the proper management of waste, fumes and noise, the replacement of air conditioning systems with inverter technology systems, elimination of pipes and acoustic insulation fibers that are potentially polluting, the recycling all computer equipment and consumables, and an equipment acquisition policy that complies with eco standards: low consumption, low pollution batteries.

PRISA Radio: direct consumption by primary source

Materias primas	2012	2011	%
ELECTRICIDAD kw/h	6,840,000	7,200,000	-0.95 %
GASOIL kw/h	950	59	49.15 %
GAS kw/h	N/A	N/A	N/A
AGUA m³	40,721	42,653	-4.52 %
PAPEL Tm	16	21	-23.81 %

Company offices have also implemented the massive use of videoconferencing to reduce travel and therefore energy consumption, which has produced savings of 35 %.

Technological innovation enables us to maximize the use of resources and facilitates responsible waste management

In 2012 PRISA News replaced the Uninterruptible Power Supply (UPS) with new technology to reduce energy consumption by 40 % compared to the previous apparatus and we have invested in improving water pumping facilities to reduce consumption.

Work has continued on the optimal use of paper by reducing both weight and size. To accomplish this, there has been a process of modifying and adjusting the presses.

In order to optimize the amount of ink used per million printed pages, we have adjusted consumption parameters for ink, water and fountain solution additives.

We also continued implementing the use of "Chem Low" plates, which require a less aggressive chemical concentrate and simplifies cleaning and reduces waste.

Magazines by PRISA Revistas bear a label (beside the barcode) to encourage responsible recycling with the slogan "Please recycle this magazine."



PRISA Noticias: direct consumption by primary source

Materias primas	2012	2011	%
ELECTRICIDAD kw/h	12,587,522	14,635,938	-13.99 %
GASOIL kw/h	N/A	N/A	N/A
GAS kw/h	4,049,905	5,202,737	-22.16 %
AGUA m³	10,918	14,908	-26.67 %
PAPEL Tm	47,231	63,661	-25.81 %

Digital area

Among digital area's environment-friendly measures are those aimed at ensuring that all lights, computers and heating/air conditioning systems remain turned off as much as possible; and other initiatives in the area of recycling and use of paper.

PRISA Digital has also installed energy efficient computers and is currently embarking on the process of changing over to Cloud Hosting and other online solutions such as home working as we embrace green computing.

Waste control

Corporate Center

All office printers are removed to a Madrid recycling plant, where they are recycled according to current norms and made available to suppliers for re-use. The Company responsible for the operation is a Special Employment Center, meaning that PRISA thus fulfills a double objective: helping the environment and aiding workers with disabilities.

Recycling activity	2012	2011	Results 2012-11
Disposal of IT consumer goods	305 cartridges	394 cartridges	- 22.6 %
Disposal and recycling of paper	76 Tn	96 Tn	- 20.8 %
Disposal and recycling of batteries	250 Kg	290 Kg	- 13.8 %
Disposal and recycling of fluorescent lamps	188 units	176 units	+16.48 %

PRISA Noticias

Pressprint has authorized managers who are responsible for removing contaminated residues from ink, such as solvents. Aluminum is gathered in containers which are then collected by an authorized agent. In 2012, 82,318 kg of aluminum thus produced were melted down for the development of new products.

Pressprint recycles -either at our own plants in Madrid and Barcelona, or through outsourcing- residual paper as well as returned newspapers and magazine supplements. Waste and residue generated during the printing process are classified by potential use and are removed by recycling companies. Returned newspapers and magazine supplements are recycled by companies located nearby the distributors' collection depots. We ensure that recycling companies possess the appropriate certification in waste management and disposal.

Other recycled waste includes plastic containers, oils, toners, and scrap iron, copper and other materials generated in the decommissioning of obsolete machinery. Obsolete computers and other IT devices that may pose a risk to the environment are regularly removed by certified and authorized waste-management companies.

Recycling companies used by Pressprint:

- Paper, cardboard and aluminum plates: SAICA.
- Used toner: BIOTONER
- Lamps and lighting: S.I.G – Ambilamp
- Used oil: FONDOMOVIL
- Contaminated cleaning materials: MEWA.

Appendix I

Application and scope of this Report

Appendix I

Application and scope of this Report

This Annual Report provides a faithful and transparent overview of the degree of development of the actions and commitments of PRISA in economic, social and environmental areas over the course of 2012, and is similar to those of the past five years. The data presented here provide a broad summary of all the activities and operations of the Group in all the countries where it is present. Further, the data provided are either an aggregate of all the information at a Group level or broken down by company, depending on the nature of said information with the goal of making it more amenable to the reader.



PRISA declares this report, corresponding to 2012, to be Class B.

The Report contains information on the Group's business units, PRISA News, Radio PRISA PRISA TV and SANTILLANA in the markets in which it operates.

- Spain
- Puerto Rico
- Venezuela
- Chile
- Ecuador
- Peru
- Uruguay
- Argentina
- Bolivia
- Brazil
- Colombia
- Costa Rica
- Guatemala
- Honduras
- El Salvador
- Paraguay
- Dominican Republic
- Mexico

- USA
- Portugal
- France
- United Kingdom

Just as in 2011, in producing this Report, we have followed the recommendations of the *Guide for the Creation of Sustainability Reports* from the **Global Reporting Initiative™**, a key international organization in Sustainability Reporting. The **GRI-G3.1 Technical Protocols** and the **Principles of the Global Compact** have been taken into consideration in the evaluation of data for our calculations, leading us to reformulate and combine some indicators found in the Guide, to improve clarity and adapt them to our activity. (see APPENDIX II)

In writing this report we have taken into account:

- Meetings under the supervision of the Communications Department to discuss the most relevant topics.
- The results of the internal audit on corporate social responsibility.
- Benchmarking from other companies in the sector, both national and international.

The information and results provided here refer to 2012, although in some specific cases, information from previous years has also been provided, as this illustrates the Group's evolution over time. It is to be hoped that this Report will satisfy all its readers and as always, we welcome comments and suggestions via our web page: www.prisa.com.

Guiding principles behind the Report

This Report provides reliable and balanced information on PRISA's endeavors to meet the challenges raised by social responsibility.

In keeping with the guidelines as set out by the Global Reporting Initiative™, the contents of this report reflect the following principles:

Materiality. The information should cover topics and indicators that reflect the organization's significant economic, environmental, and social impacts, or those

that would substantively influence the assessments and decisions of stakeholders.

To meet this objective, the relevant data for the Group have been identified and categorized according to the established thresholds and the risks these pose for each of our companies.

Stakeholder Inclusiveness. Stakeholders are entities or individuals that can reasonably be expected to be significantly affected by the Group's activities. The Company should endeavor to satisfy the demands and concerns of these groups through the improvement and maintenance of the quality of its products and services.

Timeliness. This current report provides continuity to those presented in previous years. Worth mentioning is that there has been an ongoing interchange of information among the different companies of the Group over the course of the year.

Clarity. The report should present information in a way that is understandable, accessible, and usable by the organization's range of stakeholders. Information should be presented in a manner that is comprehensible to stakeholders who have a reasonable understanding of the organization and its activities. Graphics and consolidated data tables can help make the information in the report, such as management and control mechanisms, as well as plans of action and commitments, accessible and understandable.

Reliability and transparency. Information used in the preparation of a report has been reliably and comprehensively gathered, recorded, compiled, analyzed, and disclosed in order to reflect the real situation of PRISA.

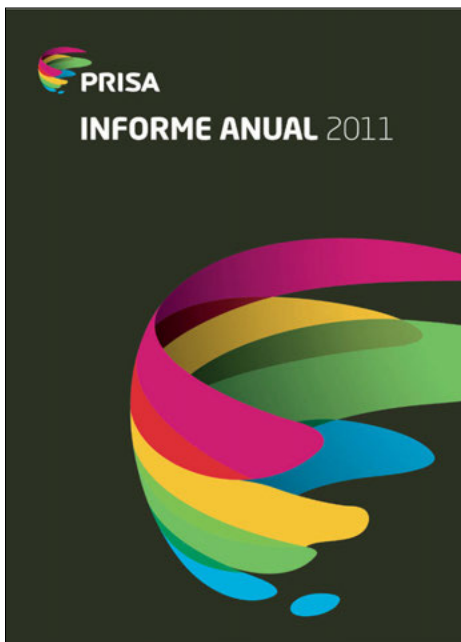
Significant changes over the period covered by this report affecting the size, structure and holdings of the Company.

- PRISA's Board of Directors appoints Juan Luis Cebrian as Executive Chairman and Fernando Abril-Martorell as CEO.

- Ignacio Polanco Moreno is named PRISA's honorary president and Manuel Polanco Moreno is named vice president.
- PRISA's Board of Directors incorporates two new directors: Arianna Huffington (US), chair, president, and editor-in-chief of The Huffington Post Media Group, and the Spanish economist and businessman Jose Luis Leal.
- Ignacio Santillana is named non-executive chairman of the publishing group SANTILLANA.
- José Luis Sainz is appointed CEO of PRISA Radio and SER, combining these roles with that of CEO of PRISA Noticias. This appointment is aimed at responding to new challenges in the area of news and information, and the acceleration of the process of digital migration and alignment of the Company's business policy.



2010



2011



2012

Appendix II

Correlation of indicators with GRI-G3.1 Guidelines and with United Nations Global Compact

Appendix II

Correlation of indicators with GRI-G3.1 Guidelines and with United Nations Global Compact

In accordance with the methodological criteria as laid out in the GRI-G3.1 Guidelines for the preparation of Sustainability Reports, we detail in the table below where the Guide's Performance Indicators correspond with the chapters of the PRISA's Corporate Responsibility Report. We are self-declaring a "B" Application Level.



Red Pacto Mundial
España

Correlation of indicators with GRI-G3.1 Guidelines

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3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	49-79; 143-144
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CUSTOMER HEALTH AND SAFETY		
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	15-22; 41-49
PRODUCT AND SERVICE LABELLING		
PR3	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	-
MARKETING COMMUNICATIONS		
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	15-22; 41-49; 94-99
COMPLIANCE		
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	-

Correlation of indicators with United Nations Global Compact

PRINCIPLE	AREA	PAGE
1. Businesses should support and respect the protection of internationally proclaimed human rights.	Evaluation	20-22; 43-44
	Policies	44-47; 75-93; 110-121; 133-135
	Actions	20-22; 29-30; 43-44; 75-92
	Follow up and monitoring of impact	38-40; 127-136; APPENDIX I
2. Businesses should make sure that they are not complicit in human rights abuses.	Evaluation	124-134
	Policies	124-134
	Actions	124-134
	Follow up and monitoring of impact	124-134
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Evaluation	124-134
	Policies	50-52; 124-132
	Actions	50-52; 124-132
	Follow up and monitoring of impact	50-52; 124-132
4. Businesses should support the elimination of all forms of forced and compulsory labour.	Evaluation	124-134
	Policies	124-134
	Actions	124-134
	Follow up and monitoring of impact	124-134
5. Businesses should support the effective abolition of child labour.	Evaluation	133-134
	Policies	133-134
	Actions	133-134
	Follow up and monitoring of impact	133-134
6. Businesses should support the elimination of discrimination in respect of employment and occupation.	Evaluation	124-134
	Policies	124-134
	Actions	124-134
	Follow up and monitoring of impact	124-134
7. Businesses are asked to support a precautionary approach to environmental challenges	Evaluation	21-23; 115-123; 124-129; 133-139
	Policies	21-23; 115-123; 124-129; 133-139
	Actions	21-23; 115-123; 124-129; 133-139
	Follow up and monitoring of impact	21-23; 115-123; 124-129; 133-139
8. Businesses should undertake initiatives to promote greater environmental responsibility.	Evaluation	21-23; 115-123; 124-129; 133-139
	Policies	21-23; 115-123; 124-129; 133-139
	Actions	21-23; 115-123; 124-129; 133-139
	Follow up and monitoring of impact	21-23; 115-123; 124-129; 133-139
9. Businesses should encourage the development and diffusion of environmentally friendly technologies.	Evaluation	43-47; 133-139
	Policies	43-47; 124-125; 133-139
	Actions	43-47; 133-139
	Follow up and monitoring of impact	43-47; 133-139
10. Businesses should work against corruption in all its forms, including extortion and bribery.	Evaluation	18-39; 133-139
	Policies	18-39; 133-139
	Actions	18-39; 133-139
	Follow up and monitoring of impact	18-39; 133-139

Appendix III

Contacts and relations with stakeholders

Appendix III

Contacts and relations with stakeholders

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