



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

**ANNUAL REPORT ON COMPLIANCE WITH THE COMPANY'S
RULES OF CORPORATE GOVERNANCE
(Article 25.b, Section 10 of the Board of Directors Regulation)**

**CORPORATE GOVERNANCE, APPOINTMENTS
AND REMUNERATION COMMITTEE**

2010

Madrid, February 2011.

(Free translation from the original in Spanish language)

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CORPORATE GOVERNANCE, APPOINTMENTS AND REMUNERATION COMMITTEE

2010

I.- INTRODUCTION

The Corporate Governance, Appointments and Remuneration Committee of PROMOTORA DE INFORMACIONES, S.A. (hereinafter, PRISA or GRUPO PRISA, where reference to the consolidated Group is made) was created in July 2001 under the name of "Remuneration and Appointments Committee". Subsequently, from January 18, 2007, when amendment of the Regulation of the Board of Director was made, the corporate governance functions were strengthened and assumed by the Committee

The Corporate Governance, Appointments and Remuneration Committee (hereinafter the Committee) is governed by article 21 ter of by Article 21bis of PRISA Bylaws and by the Regulation of the Board of Directors.

The Committee issues this report to examine compliance with the company's rules of corporate governance during the 2010 financial year, in accordance with the provisions of Article 25.b, Section 10 of the Board of Directors Regulation.

II.- COMPOSITION

The current composition of the Committee is as follows:

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

Members:

Mr. José Buenaventura Terceiro Lomba – External Independent Director
Mr. Diego Hidalgo Schnur – External Director (representing significant shareholdings)
Mr. Borja Pérez Arauna- External Director (representing significant shareholdings)
Mr. Harry Sloan- External Independent Director

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

Up to the Extraordinary General Shareholders Meeting of PRISA held on November 27, 2010, the Committee was chaired by Mr. Gregorio Marañón and Bertran de Lis and was also composed by Mr. Diego Hidalgo Schnur, Mr José Buenaventura Terceiro Lomba and Mr. Adolfo Valero Cascante.

Within the framework of the Extraordinary Shareholders Meeting held to approve and implement the agreements reached with Liberty Acquisition Holdings Corp.

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(hereinafter, "Liberty"), the Board of Directors in full presented its resignation, and the Shareholders proceeded to appoint a new Board of Directors. Resignation from the Board likewise entailed the resignation of the Committee members.

The Board of Directors meeting held after the shareholders meeting appointed Mr. Gregorio Marañón y Bertrán de Lis as Chairman of the new Committee and also appointed Mr. Diego Hidalgo Schnur, Mr. Borja Pérez Arauna and Mr. Diego Hidalgo Schnur, as members of the Committee.

Article 21 ter of the Bylaws set forth that the Corporate Governance, Appointments and Remuneration Committee shall be composed exclusively of external directors and article 25 of the Board of Directors Regulation likewise provides that its president shall be an independent director, which are, in fact, the cases.

The committee's secretary is the secretary to the Board of Directors, in accordance with the mentioned rules.

III. ACTIVITIES OF THE COMMITTEE IN 2010

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

- 1) To report on proposals for appointment of executive Directors, proprietary Directors, other external Directors (non proprietary or independent) and Honor Directors, and propose the appointment of independent Directors.
- 2) To issue opinions on the proposal for the appointment of the Secretary to the Board.
- 3) To make proposals to the Board concerning: i) the general remuneration policies affecting directors and senior management, ii) the individual remuneration of executive directors and other conditions set forth in their contracts and iii) the individual remuneration of honorary directors.
- 4) To ensure compliance with the company's remuneration policies.
- 5) To approve standard senior management contracts.
- 6) To issue opinions on the proposals for the appointment of the members of the other committees of the Board of Directors and of the Executive Committee.
- 7) To issue opinions on proposals for appointment of company representatives on the governing bodies of subsidiaries.
- 8) To propose the Annual Report on Corporate Governance to the Board of Directors.
- 9) To present a report to the Board of Directors, evaluating the performance and composition of the Board.

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- 10) To verify compliance with the Internal Code of Conduct concerning securities markets, this Regulation and, in general, the Company's rules of governance, and to make the proposals required to ensure such compliance. In that regard it shall be the duty of the Corporate Governance, Appointments and Remuneration Committee to receive information and, if warranted, issue reports concerning disciplinary measures taken with respect to senior management.
- 11) To exercise such other powers granted to the committee in this Regulation (among others, those in relation to the transactions between the Company and the Directors).

During 2010 the Committee met eight times and, among others, addressed the following matters that fall within its powers:

Background: Restructuring of the share capital of PRISA

During 2010 PRISA has signed an agreement ("Business Combination Agreement" or "BCA") with the US company Liberty Acquisition Holdings Corp. (which has the legal form of a "special purpose acquisition company").

Under this agreement, PRISA has carried out certain corporate actions and particularly two capital increases, which have involved a change in the shareholding structure of the Company and also the amendment of the Company's Bylaws and internal regulations. The capital increases are the following:

- i) Capital increase by issuance of 241,049,050 Class A shares, issued in exchange for a cash consideration with preemption rights implemented through warrants (the **Warrants**).
- ii) Capital increase by issuance of 224,855,520 Class A Shares and 402,987,000 non-voting convertible Class B shares, issued by compensation in kind by contribution of all common shares and warrants of Liberty Acquisition Holdings, Corp., once absorbed by its subsidiary, Liberty Acquisitions Holdings Virginia, Inc. (the company resulting from the merger, hereinafter "**Liberty**")

Ordinary shares and convertible shares quote in the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia, through the Spanish Stock Exchange Interconnection System ("Sistema de Interconexión Bursátil Español", SIBE) and also as American Depositary Shares (ADS) in the New York Stock Exchange.

PRISA Warrants quote on the platform of the Spanish Stock Warrants.

As a result of these issuances of securities, the Company is subject to new legal reporting obligations in the Spanish and American markets.

a) Amendments to the Company's Internal Regulations.

Corporate Bylaws

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After this Committee issued its opinion, and at the Board's proposal, the shareholders at the November 27, 2010 extraordinary shareholders meeting, resolved to amend several articles of the Bylaws, to the following purposes:

- (a) To facilitate the issue of non-voting and preferential shares, and the participation of new shareholders in the Company's share capital;
- (b) To adapt the Bylaws to the provisions of Royal Legislative Decree 1/2010, of July 2, approving the consolidated text of the Capital Corporations Act;
- (c) To adapt the Bylaws to the rules of Good Corporate Governance, in accordance with the recommendations contained in the Unified Code of Good Governance approved as the sole document of good governance recommendations by the National Securities Market Commission (CNMV) on May 22, 2006, without prejudice to adapting them to the particular circumstances and specific needs of the Company and its environment, likewise adapting the Bylaws to reflect the provisions of Law 12/2010, of June 30, which amends, among others, Law 24/1988, of July 28 on the Securities Market. Among other modifications, it is underscored the addition of a new article 21 ter which provides for the composition and functioning of the Corporate Governance, Appointments and Remuneration Committee.

The aforementioned amendment to the Bylaws likewise required amending several of the Company's corporate governance documents, and particularly the Annual Shareholders Meeting Regulation and the Board of Directors Regulation, in order to maintain the necessary coherence among the internal rules of the Company.

Board of Directors Regulation

Pursuant to the provisions of Article 25. b) 10 of the Board of Directors Regulation, the Committee issued a favorable opinion concerning the proposed amendment to the Regulation (which was approved by the Board on November 25, 2010).

The modifications to this Regulation came from the desire of the Board of progress in the construction and improvement of corporate governance through the following specific measures:

- a) To review general requirements for Directors in line with the Corporate Governance.
- b) Advancing in the definition of external Directors, both representing significant shareholder and independent.
- c) Reinforce the character and the presence of independent directors on the Board of Directors and the Audit Committee.
- d) Specify the definition and solution to the existence of structural conflicts of interest that may be permanent in some member of the Board of Directors.
- e) Adapt to changes in statutory regulation.

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- f) Adapt the Regulation to the Royal Decree 1/2010, dated 2 July, approving the text of the Corporation Law and the Law 12/2010 of 30 June, amending, among others, the Law 24/1988 of 28 July, the Securities Market.

General Shareholders' Meeting Regulation

After this Committee issued its opinion, and at the Board's proposal, the shareholders at the November 27, 2010 extraordinary shareholders meeting, resolved to amend several articles of the General Shareholders' Meeting Regulation, with the purpose of reflecting the amendments introduced in the Company Bylaws, and also adapting Article 19 (*Requests for Information during Shareholders' Meetings*) to Article 197 of the Capital Corporations Act.

After these amendments, the consolidated text of the Bylaws, the Board of Directors Regulation and the General Shareholders Meeting Regulation, were filed at the CNMV, recorded on the Companies Register, and made available to the public on the company webpage.

b) Composition of the Board of Director, the Executive Commission and the Committees:

In addition to other ordinary changes, execution of the aforementioned capital increases has meant a change in the composition of the governing bodies of the company, as described below:

Composition of the Board of Directors:

- i) Ordinary Shareholders Meeting held on June 30, 2010: Mr. Javier Diez de Polanco ceased as Director, because its office expired.

Likewise and after having received the favorable opinion of this Committee, the members of the Board of Directors was fixed in 13 and the Director Mr. Borja Pérez Arauna was reelected.

- ii) Extraordinary Shareholders Meeting held on November 27, 2010: Prior to the Shareholders Meeting, the Board of Directors in full presented its resignation, in order to facilitate the approval of the composition of the new Board of Directors.

The Shareholders at said Shareholders Meeting, fixed in 15 the number of Directors and appointed the following directors, being their status also explained, as provided in article 8.3 of the Board of Directors Regulation:

- Mr. Juan Luis Cebrián was appointed as executive director, after having received the opinion of this Committee (article 25, b), 1) of the Board of Directors Regulation).
- Mr. Ignacio Polanco, Mr. Manuel Polanco, Mr. Nicolás Berggruen, Mr. Martin Franklin, Mr. Diego Hidalgo, Mrs Agnès Noguera an Mr D. Borja Pérez Arauna, were appointed as directors representing significant shareholdings, after having received the opinion of this Committee (article 25, b), 1) of the Board of Directors Regulation).

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- Mr. Juan Arena de la Mora, Mr. Matías Cortés Domínguez, Mr. Gregorio Marañón y Bertrán de Lis, Mr. Alain Minc, Mr. Emmanuel Roman, Mr. Harry Sloan and Mr. Ernesto Zedillo, were appointed as independent directors, at proposal of this Committee (article 25, b), 1) of the Board of Directors Regulation).

Composition of the Executive Commission and the Committees of the Board of Directors:

In accordance with the provisions of article 25, b), 6) of the Board of Directors Regulation, the Committee issued favorable opinions concerning proposals of appointment of the members of the Executive Commission, the Audit Committee and this Committee, which were all approved by the Board of Directors held on November 27, 2010, immediately after of the Shareholders Meeting.

Qualitative Composition:

Finally, it should be underscored that in compliance with the provisions of Article 8.3 of the Board of Directors Regulation, the status of each director was explained in the 2009 Annual Report on Corporate Governance, after having been verified by the Corporate Governance, Appointments and Remuneration Committee. This will be done again in the 2010 Annual Report on Corporate Governance.

c) Composition of the Board of Director of the subsidiary companies:

Pursuant to article 25, b), 7) of the Board of Directors Regulation, the Committee issued favorable opinions concerning proposals of appointment of the company representatives on the Board of Directors of its subsidiaries PRISA RADIO, S.L. and PRISA TELEVISION, S.A.U.

d) Remuneration Policy:

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

Remuneration Policy

2010

The Committee proposed its Report on the Annual Remuneration Policy of the Board of Directors and Management Team for 2010 which was submitted for approval at the Annual Shareholders Meeting held on June 30, 2010, as an integral part of the Management Report concerning the annual consolidated accounts for 2009.

2011

The Committee will present to the Board of Directors its report on the policy to be applied to annual compensation of the board and management team for 2011.

Variable Remuneration

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The Committee approved the payment of the 2009 bonuses for senior Group managers.

Contractual conditions of Senior Management

The Committee approved the contractual conditions of senior officers.

Directors Compensation

The Committee presented its proposed 2010 compensation for executive directors to the Board, pursuant to the provisions of Article 28 of the Company Bylaws and Articles 5 and 25 of the Board of Directors Regulation. In consonance with the cost-reduction policy, the proposal envisioned freezing remuneration, taking as a reference compensation as per December 31, 2009, to which an 8% reduction had already been applied during the second semester of 2009.

Board of Directors Compensation

The Committee proposed to the Board the compensation of the Board of Directors provided in article 19 of the Bylaws, for the 2010 fiscal year (keeping it frozen respect to the remuneration paid in 2009) and for the 2011 fiscal year.

The Committee likewise proposed the per diem allowances for attendance at board meetings and board committee meetings.

This proposals have been advised by the firm of consulting services, Spencer Stuart.

e) Related-Party Transactions:

The Committee issued a favorable opinion concerning certain related-party transactions with directors, as provided in the Board of Directors Regulation.

f) Annual Report on Corporate Governance:

In accordance with the provisions of Article 25.b.8 of the Board of Directors Regulation, the Committee offered its 2009 Report on Corporate Governance to the Board of Directors for its approval.

Likewise on that same date the Committee will offer its 2010 Report on Corporate Governance to the Board of Directors.

g) Other Corporate Governance obligations:

During 2010 the committee has been discussing the implications that the above described operation has had on the company's corporate governance and in particular, new reporting requirements that have arisen in the Spanish and American markets.

IV.- COMPANY COMPLIANCE WITH RULES OF CORPORATE GOVERNANCE

(Free translation from the original in Spanish language)

The Corporate Governance, Appointments and Remuneration Committee has examined compliance with the company's rules and procedures of corporate governance during the 2010 financial year.

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

a) Operations of the Board of Directors, Executive Committee, Audit Committee and Corporate Governance, Appointments and Remunerations Committee.

During 2010 the Board of Directors held 7 meetings, and has carried out the functions attributed it in the Company Bylaws and in its regulation.

The Executive Committee held 11 meetings and fulfilled the functions set forth in the Board of Directors Regulation, during 2010.

The Audit Committee held 7 meetings and has issued a report verifying the correct compliance with its functions during 2010.

Likewise, and as indicated in chapter IIII of this report, the Corporate Governance, Appointments and Remunerations Committee held 8 meetings during 2010.

b) Disclosure of Company Information to the Markets

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

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

In compliance with legislation currently in force, during 2010 the company issued its periodic public earnings reports on the following dates:

- 19.02.10.: The company issued its earnings report for the 2009 financial year.
- 13.05.10.: The company issued its earnings report for the first quarter of 2010.
- 21.07.09.: The company issued its 2010 half-year earnings report.
- 07.09.10.: The company issued its earnings report for the eight first months of 2010.
- 08.11.10.: The company issued its earnings report for the third quarter of 2010 (with the results of the first nine months of the year).

During 2010 the company likewise forwarded to the National Securities Market Commission announcements of relevant information concerning the following matters:

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- Sale of separate 22% share capital stakes of DTS, Distribuidora de Televisión Digital SA ("Digital+") to Telefónica de Contenidos SAU and to Gestevisión Telecinco SA, and the sale of Sogecuatro SA ("Cuatro" channel) to Gestevisión Telecinco SA.
- Information concerning legal disputes in which PRISA TELEVISION S.A.U. is involved and particularly, relating the legal status of the football rights.
- Information concerning the recapitalization of Promotora de Informaciones S.A. and negotiations with potential investors.
- Continuous and up dated information regarding the "Business Combination Agreement" reached between PRISA and Liberty Acquisition Holdings Corp. (LIBERTY).
- Information concerning negotiations to incorporate new investors for its Portuguese subsidiary Media Capital.
- Information concerning the renegotiation of the company's debt and extension of the term of the bridge loan.
- Execution of the sale of 25% of Grupo Santillana de Ediciones SL (Santillana) to DLJ South American Partners LP (DLJSAP).
- Information regarding a recapitalization of the journal Le Monde, in which PRISA has a 15% shareholding.
- 2009 Annual Report on Corporate Governance.
- Additional Information pursuant to Article 116bis of the Securities Market Law.
- Filing of Form F-4 (Registration Statement) at the US Securities and Exchange Commission (SEC) within the framework of the transaction between Liberty Acquisition Holdings Corp. (Liberty) and PRISA.
- Notice of meeting, shareholders meeting as held, and related documents regarding an Ordinary Shareholders Meeting (held on June 2010) and an Extraordinary Shareholders Meeting (held on November 2010).
- Amendments to the Board of Directors Regulation.
- Changes in the composition of the Board of Directors, Executive Committee and the Committees.
- Information regarding the warrants issued by PRISA.
- Register of the Stock Sheets ("*Notas de Valores*") submitted at the CNMV, in connection with the capital increase resolutions adopted by the Extraordinary Shareholders Meeting of PRISA.
- Sale of the registered office of PRISA TELEVISION (the building in which it operates).

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- Presentations about the company and information released concerning meetings with analysts and investors.

ii) Prospectus ("Documento de Registro"), and Stock Sheets ("Nota de Valores"), registered by the CNMV:

In connection with the capital increases resolutions adopted by the Extraordinary Shareholders Meeting of PRISA, held on November 27th, 2010, the *CNMV* has registered the following documents:

- Prospectus ("*Documento de Registro*") drafted pursuant to the provisions of Annex I of "*Reglamento CE nº 809/2004 de la Comisión de 29 de abril de 2004.*"
- Stock Sheet ("Nota de Valores") on the admission to trading of Class A shares and non-voting convertible Class B shares, issued by compensation in kind.
- Stock Sheet ("Nota de Valores") on the admission to trading of Class A shares issued in exchange for a cash consideration with preemption rights implemented through warrants.
- The full text of the Prospectus ("*Documento de Registro*") and the Stock Sheets ("*Nota de Valores*") are available on the Company website and on the website of the CNMV.

iii) Form F-4 and Relevant Information notified to the US Securities and Exchange Commission, regulatory body of US securities market.

On May 7, 2010, PRISA filed Form F-4 (Registration Statement) at the US Securities and Exchange Commission (SEC) within the framework of the transaction announced on March 5, 2010 between Liberty and PRISA. Subsequently, on August 19, 2010, PRISA submitted at the SEC, the Registration Form F-4, with the latest amendments included in the BCA signed by LIBERTY. This Form has been updated until its approval, at the request of the SEC.

Its content is available on the websites of the SEC and PRISA.

Form F-4 is an informational document prepared in compliance with the provisions of the 1933 Securities Act and U.S. securities markets usage, which offers complete detailed information concerning the registration of securities by private foreign issuers in the United States.

Therefore, Form F-4 authorized by the SEC has been necessary for listing the securities issued by PRISA within the framework of the transaction described in the backgrounds of this report, in the American stock exchanges.

In addition, PRISA has other reporting obligations to the SEC and by virtue of Rule 13a-16, of the *Securities Exchange Act* of 1934, must send to the SEC a translation of the same Relevant Information which is communicated to the CNMV.

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

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

In compliance with the Internal Code of Conduct, the following actions were taken during the financial year 2010:

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

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

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

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

This report was approved in Madrid at the meeting of the Corporate Governance, Appointments and Remuneration Committee held on February 17, 2011.
