REPORT BY THE BOARD OF DIRECTORS, PREPARED IN ACCORDANCE WITH THE PROVISIONS OF THE PUBLIC LIMITED COMPANIES LAW, REGARDING THE SEVENTH POINT ON THE AGENDA OF THE GENERAL SHAREHOLDERS’ MEETING WHICH IS TO BE HELD ON 15TH APRIL 2004.

The aim of the agreement proposed by the Board of Directors is to authorise a salary system which consists of the awarding of company share actions to Executive Directors and Managers of Grupo Prisa (henceforth the participators), as determined by the Board of Directors (following the recommendations of the Appointments and Salaries Committee), in order to facilitate and increase their stockholding in the company’s shares, under the protection of Article 130 of the Public Limited Companies Law and Article 19 of the Articles of Association.

By virtue of this system, the company may award each participator with a certain number of share options which will give them the right to acquire further shares in the company once more than 24 and less than 48 months have passed since the awarding of said options.

The number of share options that correspond to each participator will be decided by the Board of Directors, based on proposals made by the Appointments and Salaries Committee, and will depend on the participator’s fixed salary, which will be adjusted using a coefficient related to their level of responsibility within the company.

This agreement also gives the Board of Directors the power to apply, implement and develop the agreement. Similarly, the Board of Directors is delegated the power to undertake any agreements necessary in order to fulfil the obligations arising from the aforementioned share options system, in the manner considered most beneficial to the interests of the company and, when appropriate, to agree the capital increases necessary for this purpose, within the limits established in the agreement itself and in the conditions of the first section (letter b) and second section of Article 153 of the Public Limited Companies Law, with the elimination of the right to preferential subscription, provided that the Board of Directors first fulfils the requirements established in Article 159.2 of the Public Limited Companies Law.

The total number of share options awarded to the participators must not exceed 1% of the share capital, thus the increase in capital will not exceed 50% of the company’s capital, as established by Article 153.1.b) of the Public Limited Companies Law.

In accordance with the provisions of Article 159.2 of the Public Limited Companies Law, express note is made of the powers delegated to the Board of Directors to exclude the right to preferential subscription in relation to shares issues which are the object of delegation. This is justified by the aim of the proposed agreement, namely to promote the involvement of the company’s Executive Directors and Managers by making them shareholders.
The type of capital increase issue will be determined in accordance with the requirements established by Article 159.2 of the Public Limited Companies Law. Therefore, in compliance with the said precept, when each capital increase agreement is made by means of the delegation established in favour of the Board of Directors, reports must be prepared by the administrators and the accounts auditors as required by section 1.b) of the aforementioned Article 159, and the sum of the nominal value of the shares to be issued plus the amount of the issue premium (when applicable) must correspond to the reasonable value defined in the report prepared by the aforementioned accounts auditors.

The agreement that the General Shareholders’ Meeting proposes for adoption is as follows:

“A salaries programme via the awarding of share options to the company’s executive managers and directors, with the authorisation and delegation of the Board of Directors in relation to this matter, including powers to increase share capital in accordance with the stipulations of Article 153.1.b) of the Corporate Law, with the power to exclude the right to preferential subscription.

Under the protection of Article 130 of the Public Limited Companies Law and Article 19 of the Articles of Association, an agreement has been reached to authorise a salary system which consists of the awarding of company share options to Executive Directors and Managers of Grupo Prisa (henceforth the participants), in order to facilitate or increase their stockholding in the company’s shares, according to the terms indicated below.

1. General description of the system

By virtue of this system, the company may award each participant with a certain number of share options which will give them the right to acquire further shares in the company once more than 24 and less than 48 months have passed since the awarding of said options.

This options system may be offered to Executive Directors and Managers of Grupo Prisa, as determined by the Board of Directors, upon the recommendation of the Appointments and Salaries Committee.

The number of options that correspond to each participant will be decided by the Board of Directors, based on proposals made by the Appointments and Salaries Committee, and will depend on the participant’s fixed salary, which will be adjusted using a coefficient related to their level of responsibility within the company. The total number of share options awarded must not exceed 1% of the share capital. Up to 328,218 options may correspond to the Executive Directors and up to 1,859,907 options may correspond to the Managers.
The options and rights derived from this system will be non-transferable, except in the case of the participator's death and within the limits established by the Board of Directors.

2. Exercising options

The strike price of each option will be the simple arithmetic average of the closing values of the company's shares on the electronic stock market during the ninety working days immediately prior to the date of the company's Ordinary General Meeting of 15th April 2004.

The deadline for the awarding of options will be 31st December 2004, except in the case of participators who join the system at a later date, although never later than 31st July 2005.

3. Authorisation for the Board of Directors

Powers are given to the Board of Directors, which may delegate to this effect in the Appointments and Salaries Committee, for the application, implementation and development of this agreement, including the establishment of anti-dilution rules which would allow the options system to be adapted in order to maintain their value should the company's capital be modified.

Similarly, the Board of Directors is delegated the power to undertake any agreements necessary in order to fulfil the obligations arising from the aforementioned share options system, in the manner considered most beneficial to the interests of the company and, when appropriate, to agree the capital increases necessary for this purpose, within the limits established in the agreement itself and in the conditions of the first section (letter b) and second section of Article 153 of the Public Limited Companies Law, with the elimination of the right to preferential subscription, provided that the Board of Directors first fulfils the requirements established in Article 159.2 of the Public Limited Companies Law.

4. Expiry

If the Board of Directors does not make use of the authorisation to implement this share options system before 31st December 2004, this agreement will become null and void.