

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

AUDIT COMMITTEE

**ANNUAL REPORT
2009**

Madrid, April, 2010

ANNUAL REPORT OF THE AUDIT COMMITTEE
2010

I.- INTRODUCTION

The Audit Committee of PROMOTORA DE INFORMACIONES, S.A. (hereinafter PRISA or GRUPO PRISA where applicable) issues this report to enable the Board of Directors to make available to shareholders information concerning the Committee's operations and activities during the 2009 financial year.

The Audit Committee was set up in 2001 (under the name "Audit and Compliance Committee") and has progressively adapted its operations and composition to the rules and codes which have since then been published with a view to achieving maximum efficiency and transparency for listed companies.

PRISA'S Audit Committee is governed by the Eighteenth Additional Provision of the Securities Market Law, by Article 21bis of the Company Bylaws and by the Regulation of the Board of Directors of PRISA passed on June 21, 2001 and amended on July 17, 2003; March 18, 2004; January 18, 2007, October 18, 2007 and June 18, 2009.

II.- COMPOSITION

The composition of the Audit Committee is as follows:

Chairman: Mr. José Buenaventura Terceiro Lomba - Independent External Director

Members: Mr. Ramon Mendoza Solano – External Director (representing a significant shareholding).
Ms. Agnes Noguera Borel – External Director (representing a significant shareholding)
Mr. Borja Jesus Perez Arauna – External Director (representing a significant shareholding)

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

At the June 18, 2009 meeting of the Board of Directors Mr. Matías Cortés Domínguez tendered his resignation as chairman and member of the Audit Committee and, after receiving a favorable report from the Corporate

Governance, Appointments and Remuneration Committee, the Board appointed Mr. José Buenaventura Terceiro Lomba as new committee chairman.

Mr. José Buenaventura Terceiro Lomba had already served as chairman of the Audit Committee from January, 2004 until October, 2007 and, thus, since over a year has transpired since his resignation, his appointment complies with the terms of the Eighteenth Additional Provision of the Securities Market Act, as well as Article 21bis of the Bylaws and Article 24 of the Board of Directors Regulation concerning the reelection of the Audit Committee chairman.

III.- FUNCTIONS AND POWERS

Pursuant to the provisions of the Board of Directors Regulation, the main function of the Audit Committee is to support the Board of Directors in its supervisory and management tasks.

As established by the mentioned Regulation, the Audit Committee has the following basic responsibilities:

- a. Within the scope of its powers, to report at annual shareholders meetings on issues raised by shareholders, pursuant to the provisions of the Law and the Shareholders Meeting Regulation.
- b. To propose to the Board of Directors the appointment of external account auditors pursuant to Section 204 of the consolidated text of the Corporations Law, to be submitted at the annual shareholders meeting.
- c. To supervise internal auditing services.
- d. To supervise the Company's financial information process and internal monitoring systems.
- e. To maintain contact with the external auditors in order to receive information on those issues that could compromise their independence and any others related to the accounts auditing process, together with any other communication provided for in accounts auditing legislation and rules.

In addition, and regardless of other tasks that may be assigned it by the Board of Directors, the Audit Committee shall have the following powers:

- a. To advise and make proposals to the Board of Directors concerning the auditors' contract conditions, the scope of professional their mandate and, if warranted, the revocation or non-renewal of the external auditors, as well as supervising their performance of audit contract obligations;

- b. To propose the selection, appointment, reappointment or removal of the person in charge of the company's internal audit service.
- c. To review the company accounts, oversee compliance with legal requirements and the proper application of generally accepted accounting principles, as well as to issue opinions on proposals to amend accounting principles and criteria suggested by the management;
- d. To review the issue prospectuses and information concerning the quarterly and half-yearly financial statements that the Board must provide the markets and their supervisory bodies;
- e. To analyze and issue opinions concerning specific investment transactions when, owing to their importance, the Board so requests;
- f. To issue opinions concerning the creation or acquisition of interests in entities domiciled in countries or territories considered as tax havens.
- g. To exercise all other powers granted the committee in the Regulation.

In accordance with the provisions of the Board of Directors Regulation, the Audit Committee may seek external advice when it deems it warranted when carrying out its functions.

IV.- MEETINGS

Pursuant to the Board of Directors Regulation, the Audit Committee shall meet periodically as required and at least four (4) times a year.

The meetings held and principal matters discussed during 2009 were the following:

February, 2009

The Committee reviewed the financial information for the second semester 2008, that was subsequently released to the markets.

March, 2009

A favorable opinion was issued with regard to the section concerning risk control in the 2008 Corporate Governance Report.

The Audit Committee Report for 2008 was likewise approved.

In relation to the external auditors, the Committee analyzed the proposed professional fees for 2008.

It was resolved to extend the appointment of the present auditors DELOITTE, S.L., as auditor of the accounts of the company and its consolidated group, for a period of one year to audit the 2009 financial statements.

The external auditor presented his final conclusions concerning the 2008 annual consolidated accounts of Promotora de Informaciones, S.A., which in all significant aspects represent a true and fair view of the assets, financial position and earnings, changes in consolidated net equity and consolidated cash flow for the year ending December 31, 2008, with the exception of the effects that may derive from the situation described in the following paragraph, which shall be included in the audit report of the 2008 annual accounts:

“As indicated in Note 1 of the attached consolidated annual report, during 2008 the Group increased and reinforced its presence in the audiovisual sector through asset acquisitions, a strategy that has had a significant impact on the Group’s dimension and on its short-term financial indebtedness.

In the debt restructuring process initiated by its directors, the Group has negotiated with the majority of financial entities that granted it a bridge loan (1,836,000,000 euros, see Note 12) an extension of that loan until March 31, 2010, and it is doing the same with the remaining lenders. At the date of this report it is not possible to estimate when this final agreement will be formalized and, in consequence, the effects and circumstances that may derive therefrom.”

The report of the audit of Prisa’s annual individual accounts for 2008 will likewise include a paragraph in the same terms describing the annual consolidated accounts.

In that regard, it is the opinion of the Audit Committee that Prisa will soon successfully complete the agreement to extend the bridge loan until March 31, 2010, and the situation described in the individual and consolidated audit reports for 2008 will cease to exist.

In consequence, the Committee resolved to have the Board of Directors prepare the individual and consolidated accounts.

April 2009

A review was conducted of the financial information for the first quarter of 2009, to be made public to the markets.

July 2009

The Committee reviewed the financial information for the first semester of 2009 prior to its release to the markets.

Likewise, the Director of Internal Audits presented his proposed Internal Audit Plan for 2009, which the Committee approved, likewise providing a general summary of the internal audits conducted during 2008.

Finally, the Director of Internal Audits presented a risk map for the company, its consolidated group and the business units.

October 2009

The Committee reviewed the third quarter 2009 financial information, that was subsequently made public to the markets.

The Committee likewise analyzed the company's share register, updated to September, 2009 and prepared according to the provisions of Commission (EC) Regulation 809/2004 of April 29, 2004.

Finally, the professional fees for the external auditor for Portugal for 2009 and 2010 were discussed.

V.- EXTERNAL AUDITORS

5.1. Relations with the External Auditors

The Audit Committee proposed that the Board of Directors extend the appointment of DELOITTE, S.L. as auditors of the accounts of the Company and its Consolidated Group for the term of one year. Based on the Board of Directors' proposal, the shareholders present at the General Shareholders' Meeting of PRISA on June 18, 2009 passed a resolution to appoint that firm to audit the financial statements corresponding to the 2009 financial year.

Since the Audit Committee customarily conducts a periodic review of the company's procedures for preparing financial information, as has been the case in past years, the Committee requested that the external auditor report on the most relevant aspects of the work carried out during the external audit. In that regard, Mr. Luis Jiménez Guerrero, partner at DELOITTE, S.L. and the person in charge of the external audit of the Company and its Consolidated Group attended the meeting held on March 31, 2009.

The fees paid in 2009 for DELOITTE, S.L.'s auditing services provided to GRUPO PRISA companies, subsidiaries and other related entities amounted to 1,877,000 euros, of which 136,000 were for services rendered to PRISA. The

fees paid other auditors who participated in the audit of the Group's companies amounted to 324,000 euros.

In other respects, the fees for other professional services provided to Group companies by the principal auditors and its associate companies during 2009 amounted to 1,285,000 euro, of which 293,000 euro were for services provided to PRISA, while other professional services provided by other auditors participating in the audits of various Group companies amounted to 1,925,000 euro.

The foregoing information concerning professional fees shall be included in PRISA's individual annual report and in the consolidated annual report of GRUPO PRISA for the 2009 financial year.

5.2. External Audit Reports

Recalculation of the 2008 Annual Accounts

In March, 2009 PRISA's Board of Directors prepared the company's individual and consolidated group accounts and their corresponding Management Reports for 2008.

The external auditor DELOITTE, S.L. issued opinions that expressed reservations with respect to the date on which the extension of the maturity date of the Bridge Loan would become effective. (See the summary of the Audit Committee's March, 2009 meeting).

Given that on May 13, 2009 PRISA reached an agreement with the banks financing its Bridge Loan to extend its maturity date until March 31, 2010, thus ending the situation described in the 2008 individual and consolidated audit reports, in order for the 2008 Annual Accounts to reflect the Company and Group's new financial position and to obtain their corresponding audit reports without reservations, the Board of Directors resolved to recalculate the individual and consolidated group's Annual Accounts and to redraft their respective Management Reports for 2008.

The audit report issued with respect to the recalculated accounts eliminated the reservation expressed in the previous report.

The recalculated accounts and their respective audit reports are available on the Company website (www.prisa.com).

2009 Annual Accounts

During the Audit Committee meeting held on March 18, 2010 the external auditors presented their final conclusions concerning the audit of the 2009 annual individual and consolidated accounts of Promotora de Informaciones, S.A.

The audit report issued on April 23, 2010 indicates that in all significant aspects those accounts represent a true and fair view of the assets, financial position, earnings, changes in net equity and cash flow for the year ending December 31, 2009, with the exception of any effects that may derive from the eventual approval and authorizations described by the auditor in the following paragraph included in both the consolidated, as well as the individual audit report:

“As indicated in Note 1.c) of the attached consolidated annual report, in the next few months the Group will implement two capital increases to finalize the restructuring process agreed with its creditor banks with respect to its syndicated loan and bridge loan, fixing May 19, 2013 as the maturity date for both. The capital increases will be approved at the annual shareholders meeting of the parent company, once the pertinent authorizations have been obtained from the securities authorities”.

The Audit Committee reviewed this matter at its April 27, 2010 meeting, expressing its confidence that the Group will obtain the authorizations and approval required to implement the agreed capital increases and, thus, to successfully complete its debt restructuring process.

VI.- INTERNAL AUDIT

The principal objective of the Internal Audit Department is to provide GRUPO PRISA management and the Audit Committee with the reasonable assurance that the environment and systems of internal control in place in the Group companies have been correctly designed and managed.

To achieve that objective, the Department carries out the functions it has been assigned, which include:

- a. Evaluating the suitability of internal control systems to increase the effectiveness of procedures to manage and control the risks inherent in Group company activities.
- b. Reviewing operations with a view to verifying whether the results achieved meet the established objectives and goals, and to ensure that operations and programs are being implemented and carried out as planned.
- c. Obtaining independent opinions and advice concerning the interpretation and application of current accounting legislation and norms.

- d. Evaluating the efficiency with which Group resources are used.
- e. Reviewing measures to safeguard assets and to verify their existence.
- f. Reviewing the feasibility and integrity of the Group companies' operational and financial information, and the means used to identify, evaluate, classify and disseminate that information.

The Internal Audit Director designs an Annual Internal Auditing Activities Plan based on the identification and evaluation of risks inherent in the activities carried out by Grupo Prisa's business units, in order to determine priorities with respect to internal auditing activities that are consistent with the goals defined by the Organization.

The Annual Internal Auditing Activities Plan reflects all of the activities that the Internal Auditors plan to carry out during the financial year. The plan specifically sets forth the activities and projects to be undertaken, the nature of the tasks involved, and the resources available to the Internal Audit Department.

The most significant projects carried out by the Internal Audit Department during the 2009 financial year include:

- a. Review of the degree of compliance with the valuation and accounting standards adopted by GRUPO PRISA, and evaluation of the suitability and effectiveness of the internal control environment in the Grupo Santillana companies located in Mexico, Venezuela, Colombia and Chile.
- b. Review of the accuracy and integrity of financial information disclosed to GRUPO PRISA by the Unión Radio companies located in the United States and the subgroup companies Gran Vía Musical and Antena 3 Radio.
- c. Review of the degree of compliance with the valuation and accounting standards adopted by GRUPO PRISA, and evaluation of the suitability and effectiveness of the internal control environment in the Group's film production companies in Spain and Portugal that belong to Grupo Media Capital, Plural Entertainment España, S.L. and Plural Entertainment Portugal, S.A.
- d. Review of the degree of compliance with the valuation and accounting standards adopted by GRUPO PRISA, and evaluation of the suitability and effectiveness of the internal control environment in Progresia Portugal, a company of the Media Capital, SGPS, S.A. group.

The director of the Internal Audit Department attended all of the Audit Committee's meetings in 2009, specifically informing the Committee about the activities of the Internal Audit Department concerning the development of the Group's risk map, long-term internal audit plan and annual internal audit plan.

VII.- EVALUATION OF THE AUDIT COMMITTEE

To contribute to the Board's evaluation, pursuant to Article 5 of the Board of Directors Regulation the Audit Committee members have evaluated its composition and operations and have submitted to the Board their partial report to be included in the general one to be submitted to the Board for its approval.

Madrid, April 27, 2010