Promotora de Informaciones, S.A. (Prisa) and Subsidiaries

Consolidated Financial Statements and Consolidated Directors' Report for 2011, together with Auditors' Report

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs as adopted by the European Union (see Notes 2 and 30). In the event of a discrepancy, the Spanish-language version prevails.

Deloitte.

Deloitte, S.L.
Plaza Pablo Ruiz Picasso, 1
Torre Picasso
28020 Madrid
España

Tel.: +34 915 14 50 00
Fax: +34 915 14 51 80
www.deloitte.es

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails.

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Promotora de Informaciones, S.A.:

We have audited the consolidated financial statements of Promotora de Informaciones, S.A. ("the Company") and Subsidiaries ("the Group"), which comprise the consolidated balance sheet at December 31, 2011 and the related consolidated income statement, consolidated statement of recognized income and expense, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended. As indicated in Note 2 to the accompanying consolidated financial statements, the directors are responsible for the preparation of the Group's consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group. Our responsibility is to express an opinion on the consolidated financial statements taken as a whole based on our audit work performed in accordance with the audit regulations in force in Spain, which require examination, by means of selective tests, of the evidence supporting the consolidated financial statements and evaluation of whether their presentation, the accounting principles and policies applied and the estimates made comply with the applicable regulatory financial reporting framework.

In our opinion, the accompanying consolidated financial statements for 2011 present fairly, in all material respects, the consolidated equity and consolidated financial position of Promotora de Informaciones, S.A. and Subsidiaries at December 31, 2011, and the consolidated results of their operations and their consolidated cash flows for the year then ended, in conformity with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group.

The accompanying consolidated directors' report for 2011 contains the explanations which the directors of Promotora de Informaciones, S.A. consider appropriate about the Group's situation, the evolution of its business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2011. Our work as auditors was confined to checking the consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Promotora de Informaciones, S.A. and Subsidiaries.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Fernando García Beato

April 26, 2012

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

PROMOTORA DE INFORMACIONES, S.A. (PRISA) AND SUBSIDIARIES

Consolidated Financial Statements for 2011 prepared in accordance with International Financial Reporting Standards as adopted by the European Union, together with Consolidated Directors' Report for 2011

PROMOTORA DE INFORMACIONES, S.A. (PRISA) AND SUBSIDIARIES

Consolidated Financial Statements for 2011 prepared in accordance with International Financial Reporting Standards as adopted by the European Union

PROMOTORA DE INFORMACIONES, S.A. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2011 AND 2010
(Thousands of euros)

ASSETS	Notes	12/31/2011	12/31/2010
A) NON-CURRENT ASSETS		**6,178,703**	**6,293,489**
I. PROPERTY, PLANT AND EQUIPMENT	5	307,441	295,560
II. GOODWILL	6	3,645,077	3,903,514
III. INTANGIBLE ASSETS	7	331,260	360,512
IV. NON-CURRENT FINANCIAL ASSETS	8	121,688	70,611
V. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	9	604,082	613,542
VI. DEFERRED TAX ASSETS	20	1,166,694	1,046,030
VII. OTHER NON-CURRENT ASSETS		2,461	3,720
B) CURRENT ASSETS		**1,699,696**	**1,854,312**
I. INVENTORIES	10	275,403	203,152
II. TRADE AND OTHER RECEIVABLES			
1. Trade receivables for sales and services		940,067	999,237
2. Receivable from associates		29,500	35,908
3. Receivable from public authorities	20	61,374	39,733
4. Other receivables		309,776	255,492
5. Allowances		(71,076)	(84,683)
		1,269,641	1,245,687
III. CURRENT FINANCIAL ASSETS		56,494	160,260
IV. CASH AND CASH EQUIVALENTS		98,158	244,988
V. OTHER CURRENT ASSETS		-	225
C) ASSETS CLASSIFIED AS HELD FOR SALE		**125**	**3,653**
TOTAL ASSETS		**7,878,524**	**8,151,454**

EQUITY AND LIABILITIES	Notes	12/31/2011	12/31/2010
A) EQUITY	**11**	**2,218,035**	**2,650,185**
I. SHARE CAPITAL		84,786	84,698
II. OTHER RESERVES		1,152,640	1,120,539
III. ACCUMULATED PROFIT		380,282	798,876
- From prior years		831,500	871,746
- For the year: Profit attributable to the Parent		(451,218)	(72,870)
IV. TREASURY SHARES		(2,505)	(4,804)
V. EXCHANGE DIFFERENCES		9,755	20,213
VI. NON- CONTROLLING INTERESTS		593,077	630,663
B) NON-CURRENT LIABILITIES		**3,882,329**	**3,526,496**
I. NON-CURRENT BANK BORROWINGS	12	3,176,491	2,931,190
II. NON-CURRENT FINANCIAL LIABILITIES	12-13	302,864	362,754
III. DEFERRED TAX LIABILITIES	20	30,409	28,555
IV. LONG-TERM PROVISIONS	14	356,520	185,592
V. OTHER NON-CURRENT LIABILITIES		16,045	18,405
C) CURRENT LIABILITIES		**1,778,160**	**1,974,773**
I. TRADE PAYABLES		1,180,075	1,234,846
II. PAYABLE TO ASSOCIATES		13,870	16,361
III. OTHER NON-TRADE PAYABLES		115,865	99,583
IV. CURRENT BANK BORROWINGS	12	223,625	411,109
V. CURRENT FINANCIAL LIABILITIES	12-13	88,853	17,788
VI. PAYABLE TO PUBLIC AUTHORITIES	20	114,814	154,879
VII. PROVISIONS FOR RETURNS		8,686	9,804
VIII. OTHER CURRENT LIABILITIES		32,372	30,403
TOTAL EQUITY AND LIABILITIES		**7,878,524**	**8,151,454**

The accompanying Notes 1 to 30 and Appendix I and II are an integral part of the consolidated balance sheets at 31 December 2011 and 2010.

PROMOTORA DE INFORMACIONES, S.A. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS FOR 2011 AND 2010
(Thousands of euros)

	Notes	12/31/2011	12/31/2010
Revenue		2,641,281	2,687,773
Other income		83,169	134,958
OPERATING INCOME	15	2,724,450	2,822,731
Cost of materials used		(824,120)	(839,223)
Staff costs	16	(674,322)	(592,081)
Depreciation and amortisation charge	5-7	(171,331)	(170,363)
Outside services	16	(788,813)	(794,500)
Change in allowances, write-downs and provisions	16	(45,171)	(37,210)
Impairment of goodwill	6	(252,944)	(51,179)
Other expenses		(3,485)	(2,023)
OPERATING EXPENSES		(2,760,186)	(2,486,579)
PROFIT FROM OPERATIONS		(35,736)	336,152
Finance income		7,296	8,765
Finance costs		(205,153)	(178,769)
Changes in value of financial instruments		6,586	8,677
Exchange differences (net)		(3,881)	2,116
FINANCIAL LOSS	17	(195,152)	(159,211)
Result of companies accounted for using the equity method	9	(19,694)	(99,553)
Loss from other investments	8	5,867	(4,302)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		(244,715)	73,086
Income tax	20	(147,973)	(73,024)
PROFIT FROM CONTINUING OPERATIONS		(392,688)	62
Loss after tax from discontinued operations	18	(2,646)	(35,011)
CONSOLIDATED PROFIT FOR THE YEAR		(395,334)	(34,949)
Profit attributable to non-controlling interests		(55,884)	(37,921)
PROFIT ATTRIBUTABLE TO THE PARENT		(451,218)	(72,870)
BASIC EARNINGS PER SHARE (in euros)	**22**	(0.62)	(0.28)

The accompanying Notes 1 to 30 and Appendix I and II are an integral part of the consolidated income statements for 2011 and 2010.

PROMOTORA DE INFORMACIONES, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF RECOGNIZED INCOME AND EXPENSE FOR 2011 AND 2010
(Thousands of euros)

	12/31/2011	12/31/2010
CONSOLIDATED PROFIT FOR THE YEAR	(395,334)	(34,949)
Income and expense recognized directly in equity	(23,248)	40,639
Translation differences	(23,248)	40,639
TOTAL RECOGNIZED INCOME AND EXPENSE	(418,582)	5,690
Attributable to the Parent	(467,413)	(45,817)
Attributable to non-controlling interests	48,831	51,507

The accompanying Notes 1 to 30 and Appendix I and II are an integral part of the consolidated statements of recognized income and expense for 2011 and 2010.

PROMOTORA DE INFORMACIONES, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR 2011 AND 2010
(Thousands of euros)

	Share capital	Share premium	Reserves	Reserves for first-time application of IFRSs	Prior years´ accumulated profit	Treasury shares	Exchange differences	Accumulated profit for the Year	Equity attributable to the Parent	Non-controlling interests	Equity
Balance at December 31, 2009	**21,914**	**112,665**	**793,370**	**(72,338)**	**352,999**	**(3,044)**	**(1,561)**	**50,479**	**1,254,484**	**118,535**	**1,373,019**
Capital increases (Note 11a y 11b)	62,784	296,363							359,147		359,147
Treasury share transactions (Note 11f)											
- Delivery of treasury shares			-			510			510		510
- Purchase of treasury shares			-			(5,723)			(5,723)		(5,723)
- Sale of treasury shares			-			3,291			3,291		3,291
- Reserves for treasury shares			(162)			162			-		-
Distribution of 2009 profit											
- Dividends									-		-
- Reserves			(7,683)		58,162			(50,479)	-		-
Income and expense recognised											
- Translation differences (Note 11h)					5,279		21,774		27,053	13,586	40,639
- Profit for 2010								(72,870)	(72,870)	37,921	(34,949)
Other			(1,353)	(323)	455,306				453,630	(25,506)	428,124
Changes in non-controlling interests											
- Dividends paid during the year										(18,222)	(18,222)
- Due to changes in scope of consolidation										(713)	(713)
- Due to changes in percentage of ownership										503,538	503,538
- Due to capital increases										1,524	1,524
Balance at December 31, 2010	**84,698**	**409,028**	**784,172**	**(72,661)**	**871,746**	**(4,804)**	**20,213**	**(72,870)**	**2,019,522**	**630,663**	**2,650,185**
Capital increases (Note 11a y 11b)	88	1,022							1,110		1,110
Conversion of financial liabiities into equity		27,829							27,829		27,829
Treasury share transactions (Note 11f)											
- Delivery of treasury shares			-			3,425			3,425		3,425
- Purchase of treasury shares			-			(2,082)			(2,082)		(2,082)
- Reserves for treasury shares			(956)			956			-		-
Distribution of 2010 profit											
- Dividends								(5,990)	(5,990)		(5,990)
- Reserves			3,292		(82,152)			78,860	-		-
Income and expense recognised in equity											
- Translation differences (Note 11h)					(5,737)		(10,458)		(16,195)	(7,053)	(23,248)
- Profit for 2011								(451,218)	(451,218)	55,884	(395,334)
Other			914		47,643				48,557	(13,609)	34,948
Changes in non controlling interest											
- Dividends paid during the year										(73,021)	(73,021)
- Due to changes in scope of consolidation										(2,343)	(2,343)
- Due to capital increases										2,556	2,556
Balance at December 31, 2011	**84,786**	**437,879**	**787,422**	**(72,661)**	**831,500**	**(2,505)**	**9,755**	**(451,218)**	**1,624,958**	**593,077**	**2,218,035**

The accompanying Notes 1 to 30 and Appendix I and II are an integral part of the consolidated statements of changes in equity for 2011 and 2010.

PROMOTORA DE INFORMACIONES, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS FOR 2011 AND 2010
(Thousands of euros)

	12/31/2011	12/31/2010
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	**(244,715)**	**73,086**
Depreciation and amortisation charge and provisions	472,648	260,179
Changes in working capital	**(77,855)**	**(181,017)**
Inventories	(17,658)	21,051
Accounts receivable	(81,213)	(92,651)
Accounts payable	(82,750)	44,250
Other current assets	103,766	(153,667)
Income tax recovered (paid)	(52,991)	(31,537)
Other adjustments to profit	172,132	151,124
Financial loss	195,152	159,211
Gains and losses on disposal of assets	-	(30,665)
Other	(23,020)	22,578
CASH FLOWS FROM OPERATING ACTIVITIES	**269,219**	**271,835**
Recurrent investments	**(217,978)**	**(206,009)**
Investments in intangible assets	(141,025)	(126,285)
Investments in property, plant and equipment	(76,953)	(79,724)
Investments in non-current financial assets	(11,951)	(16,158)
Proceeds from disposals	5,706	90,000
Other cash flows from investing activities	(20,426)	2,263
CASH FLOWS FROM INVESTING ACTIVITIES	**(244,649)**	**(129,904)**
Proceeds and (payments) relating to equity instruments	2,951	573,652
Proceeds relating to financial liability instruments	209,286	47,461
Payments relating to financial liability instruments	(151,469)	(1,651,978)
Dividends and returns on other equity instruments paid	(83,032)	(25,668)
Interest paid	(124,392)	(124,787)
Other cash flows from financing activities	(29,715)	1,186,266
CASH FLOWS FROM FINANCING ACTIVITIES	**(176,371)**	**4,946**
Effect of foreign exchange rate changes	4,971	15,301
CHANGE IN CASH FLOWS IN THE YEAR	**(146,830)**	**162,178**
Cash and cash equivalents at beginning of year	**244,988**	**82,810**
Cash and cash equivalents at end of year	**98,158**	**244,988**

The accompanying Notes 1 to 30 and Appendix I and II are an integral part of the consolidated statements of cash flows for 2011 and 2010.

PROMOTORA DE INFORMACIONES, S.A. (PRISA) AND SUBSIDIARIES

Notes to the Consolidated Financial Statements for 2011 and 2010 prepared in accordance with International Financial Reporting Standards as adopted by the European Union

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs as adopted by the European Union (see Notes 2 and 30). In the event of a discrepancy, the Spanish-language version prevails.

PROMOTORA DE INFORMACIONES, S.A. (PRISA)
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS FOR 2011 AND 2010

(1) GROUP ACTIVITIES AND PERFORMANCE

a) Group activities

Promotora de Informaciones, S.A. ("Prisa" or "the Company") was incorporated on January 18, 1972, and has its registered office in Madrid, at Gran Vía, 32. Its business activities include, inter alia, the exploitation of printed and audiovisual media, the holding of investments in companies and businesses and the provision of all manner of services.

In addition to the business activities carried on directly by the Company, Prisa heads a group of subsidiaries, joint ventures and associates which engage in a variety of business activities and which compose the Group ("the Prisa Group" or "the Group"). Therefore, in addition to its own separate financial statements, Prisa is obliged to present consolidated financial statements for the Group including its interests in joint ventures and investments in associates.

The Group's consolidated financial statements for 2010 were approved by the shareholders at the Annual General Meeting held on June 24, 2011.

The consolidated financial statements for 2011 were authorized for issue and approved by the Company's directors on February 24, 2012.

These consolidated financial statements are presented in thousands of euros as this is the currency of the main economic area in which the Group operates. Foreign operations are accounted for in accordance with the policies described in Note 2d.

Shares of Prisa are admitted to trading on continuous market of the Spanish Stock Exchanges (Madrid, Barcelona, Bilbao and Valencia), and since November 29, 2010, on the New York Stock Exchange.

b) Group performance

At the end of December 2011, the Group signed the refinancing of its borrowing with its creditor banks. This refinancing consists of transforming the syndicated loan into a bullet loan with a single maturity of March 19, 2014, and deferring this maturity until December 19, 2014, provided certain targets are met; extending the maturity of the bridge loan and the bilateral loans until January 15, 2015, with a deferral of this maturity until September 19, 2015, also contingent on the fulfilment of certain targets; and extending the maturity of the subordinated loan until January 16, 2015 and September 21, 2015, when the conditions for extending the other loans were in place *(see Note 12).*

With the approval of this process, 75,000,000 warrants were converted by Timón, a principal shareholder of Prisa, and by Messrs. Martin Franklin and Nicolas Berggruen, for €150,000,000, into Company shares (*see Note 23*).

The financial flexibility permitted by this new structure will allow the Group to focus on developing its business and on the transformation process in which it is immersed, with a particular emphasis on digital technologies.

(2) BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

a) Application of International Financial Reporting Standards (IFRSs)

The Group's consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union, in conformity with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council, taking into account all mandatory accounting policies and rules and measurement bases with a material effect, as well as with the Commercial Code, the obligatory legislation approved by the Institute of Accounting and Auditors of Accounts, and other applicable Spanish legislation.

In accordance with IFRSs, the following should be noted in connection with the scope of application of International Financial Reporting Standards and the preparation of these consolidated financial statements of the Group:

- The IFRSs are applied in the preparation of the consolidated financial information of the Group. The financial statements of individual companies that are part of the Group are prepared and presented in accordance with accounting standards in each country.

- In accordance with IFRSs, these consolidated financial statements include the following consolidated statements of the Group:

  - Consolidated balance sheet
  - Consolidated income statement
  - Consolidated statement of recognized income and expense
  - Consolidated statement of changes in equity
  - Consolidated statement of cash flows

- As required by IAS 8, uniform accounting policies and measurement bases were applied by the Group for all transactions, events and items in 2011 and 2010.

In 2011, the following amendments to accounting standards came into force which, therefore, were taken into account when preparing the accompanying consolidated financial statements:

- Amendments to IAS 32 *Financial Instruments: Presentation - Classification of Rights Issues*
- Revised IAS 24- *Related Party Disclosures*
- Improvements to IFRSs
- Amendment to IFRIC 14 *Prepayments of a Minimum Funding Requirement*
- IFRIC 19 *Extinguishing Financial Liabilities with Equity*

The application of these amendments and interpretations did not have a significant impact on the Group's consolidated financial statements for this year.

At December 31, 2011, the Prisa Group had not applied the following standards or interpretations issued, since the effective application thereof was required subsequent to that date or they have not been adopted by the European Union.

Standards, amendments, and interpretations		Mandatory application for financial years beginning on or after
Approved for use in the EU		
Amendment to IFRS 7-	Financial Instruments: Disclosures – Transfers of financial assets	**July 1, 2011**
Not yet approved for use in the EU		
IFRS 9	Financial Instruments: Classification and measurement	**January 1, 2015 (*)**
Amendment to IAS 12	Income Tax - Deferred tax in connection with investment property	**January 1, 2012**
IFRS 9 and IFRS 7	Effective date and disclosures on transition	**N/A**
IFRS 10	Consolidated financial statements	**January 1, 2013**
IFRS 11	Joint arrangements	**January 1, 2013**
IFRS 12	Disclosure of interests in other entities	**January 1, 2013**
IFRS 13	Measuring fair value	**January 1, 2013**
IAS 27 (Revised)	Individual financial statements	**January 1, 2013**
IAS 28 (Revised)	Investments in associates and joint ventures	**January 1, 2013**
Amendment to IAS 1	Presentation on other comprehensive income	**July 1, 2012**
Amendment to IAS 19	Employee benefits	**January 1, 2013**
Amendment to IAS 32	Offsetting financial assets and financial liabilities	**January 1, 2014**
Amendment to IFRS 7	Offsetting financial assets and financial liabilities	**January 1, 2013**
IFRIC interpretation 20	Stripping costs in the production phase of a surface mine	**January 1, 2013**

(*) The original date of application was January 1, 2013. On December 16, 2011, the IASB approved deferring the date to January 1, 2015.

All the accounting principles and measurement bases with a material effect on the consolidated financial statements were applied.

As at the date of authorization of the accompanying financial statements, the directors are assessing the potential impact of the future application of these standards on the Group's consolidated financial statements.

b) Fair presentation and accounting principles

The consolidated financial statements were obtained from the separate financial statements of Prisa and its subsidiaries and, accordingly, they present fairly the Group's equity and financial position at December 31, 2011, and the results of its operations, the changes in equity and the cash flows in the year then ended. The Group prepared its financial statements on a going concern basis. Also, with the exception of the consolidated statement of cash flows, these consolidated financial statements were prepared in accordance with the accrual basis of accounting.

Given that the accounting policies and measurement bases applied in preparing the Group's consolidated financial statements for 2011 may differ from those applied by some of the Group companies, the necessary adjustments and reclassifications were made on consolidation to unify these policies and bases and to make them compliant with IFRSs as adopted by the European Union.

c) **Responsibility for the information and use of estimates**

The information in these financial statements is the responsibility of the Group's directors.

In the consolidated financial statements for 2011 estimates were occasionally made by executives of the Group and of the entities in order to quantify certain of the assets, liabilities and obligations reported herein. These estimates relate basically to the following:

- The measurement of assets and goodwill to determine the possible existence of impairment losses *(see Note 4e)*
- The useful life of property, plant, and equipment, and intangible assets *(see Notes 4b and 4d)*
- The hypotheses used to calculate the fair value of financial instruments *(see Note 4f)*
- The assessment of the likelihood and amount of undetermined or contingent liabilities
- Estimated sales returns received after the end of the reporting period

Although these estimates were made on the basis of the best information available at the date of preparation of these consolidated financial statements on the events analyzed, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in the coming years. Changes in accounting estimates would be applied prospectively, with the effects recognized in the future related consolidated income statements.

In 2011, there were no significant changes in the accounting estimates made at the end of 2010, apart from those used to determine goodwill *(see Note 6)*.

d) Basis of consolidation

The consolidation methods applied were as follows:

Full consolidation-

Subsidiaries are fully consolidated and all their assets, liabilities, income, expenses and cash flows are included in the consolidated financial statements after making the corresponding adjustments and eliminations. Subsidiaries are companies in which the Parent controls a majority of the voting power or, if this is not the case, has the power to govern their financial and operating policies. The fully consolidated companies are listed in Appendix I.

The results of subsidiaries which are acquired or sold during the year are included in the consolidated income statement from the effective date of acquisition or until the effective date of disposal, as appropriate.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values. Any excess of the cost of the subsidiary's acquisition over the Parent Company's share of the net fair value of its assets and liabilities is recognized as goodwill. Any deficiency is credited to the consolidated income statement.

The share of third parties of the equity of Group companies is presented under *"Equity – Non-controlling interests"* in the consolidated balance sheet and their share of the profit for the year is presented under *"Profit attributable to non-controlling interests"* in the consolidated income statement.

The interest of non-controlling shareholders is stated at those shareholders' proportion of the fair values of the assets and liabilities recognized.

All balances and transactions between the fully consolidated companies were eliminated on consolidation.

Proportionate consolidation-

Under this consolidation method, the Group combines the balances and eliminations are made in proportion to the Group's ownership interest in the capital of these entities. The assets and liabilities consolidated under proportional consolidation are classified in the consolidated balance sheet according to their nature. Similarly, the Group's share of the income and expenses of these entities is recognized in the consolidated income statement on the basis of the nature of the related items. The fully consolidated companies are listed in Appendix I. The effect of proportionate consolidation on the Group's consolidated financial statements is not significant.

Equity method-

Associates are accounted for using the equity method. Associates are companies in which Prisa holds direct or indirect ownership interests of between 20% and 50%, or even if the percentage of ownership is less than 20%, it has significant influence over their management.

The companies accounted for using the equity method are listed in Appendices I and II, together with their main financial aggregates.

Additionally the Group consolidates the investment in the joint venture Dédalo Grupo Gráfico, S.L. using the equity method. The impact of consolidating the remaining joint ventures using the equity method would not be significant at December, 2011.

Under the equity method, investments are recognized in the balance sheet at the Group's share of net assets of the investee, adjusted, if appropriate, for the effect of transactions performed with the Group, plus any unrealized gains relating to the goodwill paid on the acquisition of the company.

Dividends received from these companies are recognized as a reduction in the value of the Group's investment. The Group's share of the profit or loss of these companies is included, net of the related tax effect, in the consolidated income statement under *"Result of companies accounted for using the equity method."*

Other matters -

The items in the balance sheets and income statements of the foreign companies included in the scope of consolidation were translated to euros using the closing rate method, i.e. all assets, rights and obligations were translated at the exchange rates prevailing at the end of the reporting period. Income statement items were translated at the average exchange rates for the year. The difference between the value of the equity translated at historical exchange rates and the net equity position resulting from the translation of the other items as indicated above is recognized under "*Equity– Exchange differences*" in the accompanying consolidated balance sheet.

Balances and transactions in currencies of hyperinflationary economies are translated at the closing exchange rate. At December 31, 2011, the only country in which the Group operates that pursuant to IAS 21 should be considered to be a hyperinflationary economy is Venezuela.

In keeping with standard practice, these consolidated financial statements do not include the tax effect of transferring to Prisa's accounts the accumulated reserves and retained earnings of the other consolidated companies, since it is considered that these balances will be used as equity by said companies.

The data relating to Sociedad Española de Radiodifusión, S.L., Prisa Radio, S.L., Grupo Santillana de Ediciones, S.L., Prisa Brand Solutions, S.L.U., Dédalo Grupo Gráfico, S.L., Promotora de Emisoras de Televisión, S.A., Gran Vía Musical de Ediciones, S.L., Grupo Latino de Radiodifusión Chile, Ltda., Sistema Radiópolis, S.A. de C.V., Grupo Media Capital SGPS, S.A., Antena 3 de Radio, S.A. and Prisa Televisión, S.A.U. contained in these notes were obtained from their respective consolidated financial statements.

(3) CHANGES IN THE GROUP STRUCTURE

The most significant changes in the scope of consolidation in 2011 were as follows:

Subsidiaries

In January 2011, Prisa Digital Inc. was incorporated, 50% owned by Prisa Digital, S.L., and 50% owned by Prisa Inc.

In March 2011, Radio Lleida, S.L. issued equity to its existing shareholders: Radio España de Barcelona, S.A. (22.17%), Sociedad Española de Radiodifusión, S.L. (44.33%) and Prensa Leridiana, S.A. (33.50%) - in proportion to their percentage stakes in exchange for non-cash consideration. The contribution by Prensa Leridiana, SA was 100% of Comunicacions Pla, S.L., which became a wholly owned subsidiary of Radio Lleida, S.L.

In June 2011, Prisa Noticias, S.L. and Prisa Gestión de Servicios, S.L. were incorporated, 100% owned by Promotora de Informaciones, S.A.

Also in June 2011, Promotora de Emisoras de Televisión, S.A. acquired 60% of Televisión Digital de Baleares, S.L. This company ceased to be consolidated by the equity method to become fully consolidated.

In addition in June 2011, Algarra, S.A., Onda la Finojosa, S.A. and Sociedad de Radiodifusión Aragonesa, S.A. merged with Sociedad Española de Radiodifusión, S.L.

In July 2011, Emissões de Radiodifusão, S.A. acquired 100% of Rádio Litoral Centro Empresa de Radiodifusão, Lda., and Radio Comercial, S.A. acquired 100% of Rádio Nacional- Emissões De Radiodifusão, Lda.

Also in July 2011, Sistemas de Ensino UNO, Ltda., was incorporated, a wholly owned subsidiary of Santillana Sistemas Educativos, S.L. of which Ítaca, S.L. holds one share.

In August 2011, Kimberley Trading, S.A. merged with Media Global, SGPS, S.A.

In September 2011, Inevery DPS, S.L., was incorporated, 99.9996% owned by Grupo Santillana de Ediciones, S.L. and 0.0004% owned by Ítaca, S.L.

In November 2011, Produções Audiovisuais, S.A. acquired 100% of Rádio Voz Alcanena, Lda., Comunicações Sonoras, S.A. and Radiodifusão, Lda.

Jointly controlled entities

In November 2011, My Major Company Spain, S.L., was incorporated, 50% owned by Gran Vía Musical de Ediciones, S.L.

Associates

In April 2011, Ediciones Conelpa, S.L was incorporated, 50% owned by Ediciones El País, S.L.

In July 2011, Macrolibros, S.L. was incorporated, wholly owned by Dédalo Offset, S.L., as a result of the partial spin-off of the latter.

In October 2011, Canal+ Investments (U.S), Inc, 60% owned by Prisa TV, S.A.U., was dissolved.

In November 2011, Prisa Noticias, S.L. acquired 50% of Kioskoymás, sociedad gestora de la plataforma tecnológica, S.L.

When comparing the information for 2011 and 2010, these changes, the effect of which is presented separately in these notes to the consolidated financial statements in the *"Changes in the consolidation scope"* column, should be taken into account.

(4) ACCOUNTING POLICIES

The principal accounting policies used in preparing the accompanying consolidated financial statements for 2011 and comparative information were as follows:

a) Presentation of the consolidated financial statements

In accordance with IAS 1, the Group opted to present the assets in its consolidated balance sheet on the basis of a current/non-current assets distinction. Also, income and expenses are presented in the consolidated income statement according to the nature of the related item. The statement of cash flows was prepared using the indirect method.

b) Property, plant, and equipment

Property, plant and equipment are carried at cost, net of the related accumulated depreciation and of any impairment losses.

Property, plant and equipment acquired prior to December 31, 1983, are carried at cost, revalued pursuant to applicable legislation. Subsequent additions are stated at cost, revalued pursuant to Royal Decree-Law 7/1996 in the case of Agrupación de Servicios de Internet y Prensa, A.I.E., Pressprint, S.L.U., Sociedad Española de Radiodifusión, S.L., Ítaca, S.L. and Algarra, S.A.

The costs of expansion, modernization or improvements leading to increased productivity, capacity or efficiency or to a lengthening of the useful lives of the assets are capitalized.

Period upkeep and maintenance expenses are charged directly to the consolidated income statement.

Property, plant and equipment are depreciated by the straight-line method at annual rates based on the years of estimated useful life of the related assets, the detail being as follows:

	Years of estimated useful life
Buildings and structures	30 - 50
Plant and machinery	5 – 10
Digital set-top boxes	7
Digital access cards	3
Other items of property, plant and equipment	4 – 20

Assets held under finance leases are presented in the consolidated balance sheet based on the nature of the leased assets, and are depreciated over the expected useful life using the same method as that used to depreciate owned assets.

The gain or loss arising on the disposal or derecognition of an asset is determined as the difference between the selling price and the carrying amount of the asset and is recognized in the consolidated income statement.

c) **Goodwill**

Any excess of the cost of the investments in the consolidated companies over the corresponding underlying carrying amounts at the date of acquisition or at the date of first time consolidation, provided that the acquisition is not after control is obtained, is allocated as follows:

- If it is attributable to specific assets and liabilities of the companies acquired, by increasing the value of the assets whose market values were higher than the carrying amounts at which they had been recognized in their balance sheets and whose accounting treatment was similar to that of the same assets of the Group.
- If it is attributable to non-contingent liabilities, by recognizing it in the consolidated balance sheet if it is probable that the outflow of resources to settle the obligation embody economic benefits and the fair value can be measured reliably.
- If it is attributable to specific intangible assets, by recognizing it explicitly in the consolidated balance sheet provided that the fair value at the date of acquisition can be measured reliably.
- The remaining amount is recognized as goodwill.

Changes in ownership interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. Once control is obtained, additional investments in subsidiaries and decreases in ownership interest without the loss of control do not affect the amount of goodwill. When a parent loses control of a subsidiary, it derecognizes the carrying amount of assets (including any goodwill) and liabilities and the share of non-controlling interests, recognizing the fair value of the consideration received and any residual ownership in the subsidiary. The remaining difference is taken to profit or loss in the income statement for the year.

The assets and liabilities acquired are measured provisionally at the acquisition date, and the provisional amounts are reviewed within a period of a year from the acquisition date.

Therefore, until the definitive fair value of the assets and liabilities has been established, the difference between the acquisition cost and the carrying amount of the company acquired is provisionally recognized as goodwill.

Goodwill is considered to be an asset of the company acquired and, therefore, in the case of a subsidiary with a functional currency other than the euro, it is valued in that subsidiary's functional currency and is translated to euros using the exchange rate prevailing at the reporting date.

Goodwill acquired on or after January 1, 2004 is measured at acquisition cost and that acquired earlier is recognized at the carrying amount at December 31, 2003, in accordance with Spanish GAAP. In both cases, since January 1, 2004, goodwill has not been amortized and at the end of each reporting period goodwill is reviewed for impairment (i.e. a reduction in its recoverable amount to below its carrying amount) and any impairment loss is recognized *(see Note 4e)*.

d) Intangible assets

The main items included under "Intangible assets" and the measurement bases used were as follows:

Computer software-

"Computer software" includes the amounts paid to develop specific computer programs or the amounts incurred in acquiring from third parties the licenses to use programs. Computer software is amortized using the straight-line method over a period ranging from three to six years, depending on the type of program or development, from the date on which it is brought into service.

Prototypes-

This account includes basically prototypes for the publication of books, which are measured at the costs incurred in materials and work performed by third parties to obtain the physical medium required for industrial mass reproduction. The prototypes are amortized using the straight-line method over three years from the date on which they are launched on the market, in the case of textbooks, atlases, dictionaries and major works, and over two years in the case of other publications. The cost of the prototypes of books that are not expected to be published is charged to the income statement for the year in which the decision not to publish is taken.

New subscribers – Installation and connection-

This item includes the direct costs incurred in the installation of equipment and the connection of new subscribers to digital satellite pay TV, net of accumulated amortization. These costs are amortized over a useful life of seven years, which is the estimated average subscription period. The Group writes off the carrying amount of the installation and connection costs relating to subscriptions canceled during the year. These costs are individually identifiable for each subscriber, by DTS, and future economic benefits will flow from them for the digital satellite pay TV business.

This item also includes certain costs incurred in installing community digital satellite TV receivers (required to complete the satellite TV signal reception system), net of the related accumulated amortization. These costs are also amortized over an estimated useful life of seven years.

These costs are amortized using the method described above by crediting directly the related asset account in the balance sheet.

Advances on copyrights-

This account includes the advances paid to authors for the acquisition of book publishing rights. These advances are taken to expenses in the income statement from the date on which the book is launched on the market, at the rate established in each contract, which is applied to the book cover price. These items are presented in the balance sheet at cost, less the portion charged to income. This cost is reviewed each year and, where necessary, an allowance is recognized based on the projected sales of the related publication.

Audiovisual rights-

"Audiovisual rights" in the accompanying consolidated balance sheet includes the cost of various long-term audiovisual rights and rights of publicity (including both the cost of rights currently being exploited and the cost of the options to exploit these rights in the future). These rights are amortized on the basis of the income obtained therefrom over the term of the related contracts. At the date of preparation of these consolidated financial statements no decision had been taken not to exercise these options, which were recognized at their expected recoverable amount.

Other intangible assets-

"Other intangible assets" includes basically the amounts paid to acquire administrative concessions for the operation of radio frequencies, which are subject to temporary administrative concessions. These concessions are generally granted for renewable ten-year periods and are amortized using the straight-line method over the term of the arrangement, except in cases where the renewal costs are not significant, in which case they are deemed to be assets with an indefinite useful life.

e) Impairment losses

At each reporting date, or whenever it is considered necessary, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets might have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the amount of the impairment loss (if any). In the case of identifiable assets that do not generate cash flows that are largely independent of those from other assets or groups of assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Cash-generating units to which goodwill has been assigned and intangible assets with an indefinite useful life are systematically tested for impairment at the end of each reporting period or when the circumstances so warrant.

Recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is taken to be the present value of the estimated future cash flows to derive from the asset based on most recent budgets approved by management. These budgets include the best estimates available of the income and costs of the cash-generating units based on industry projections and future expectations.

These projections cover the following five years and include a residual value that is appropriate for each business. These cash flows are discounted to their present value at a rate that reflects the weighted average cost of capital employed adjusted by the country risk and business risk corresponding to each cash-generating unit. Therefore, in 2011 the rates used ranged from 7.4% to 10.6% depending on the business being analyzed.

If the recoverable amount is lower than the asset's carrying amount, the related impairment loss is recognized in the consolidated income statement for the difference.

Impairment losses recognized on an asset in previous years are reversed when there is a change in the estimate of its recoverable amount by increasing the carrying amount of the asset up to the limit of the carrying amount that would have been determined had no impairment loss been recognized for the asset. The reversal of the impairment loss is recognized immediately as income in the consolidated income statement. An impairment loss recognized for goodwill must not be reversed.

f) Financial instruments

Non-current financial assets-

"Non-current financial assets" includes the following categories:

- *Loans and receivables:* these assets are recognized at amortized cost, i.e. cash delivered less principal repayments, plus accrued interest receivable, in the case of loans, and the present value of the related consideration in the case of receivables. The Group records the related allowance for the difference between the recoverable amount of the receivables and their carrying amount.

- *Held-to-maturity investments:* investments that the Group has the positive intention and ability to hold to the date of maturity. They are carried at amortized cost.

- *Available-for-sale financial assets:* this category includes the remaining assets not included in the two categories above. These are almost entirely equity investments. These assets are carried on the consolidated balance sheet at fair value when this can be measured reliably. If the market value of investments in unlisted companies cannot be determined reliably, which is generally the case, these investments are measured at acquisition cost or at a lower amount if there is any indication of impairment.

Cash and cash equivalents-

"Cash and cash equivalents" in the consolidated balance sheet includes cash on hand and at banks, demand deposits and other short-term highly liquid investments that are readily convertible into cash and are not subject to a risk of changes in value.

Financial liabilities-

1. **Financial liabilities**

Loans, bonds and other similar liabilities are carried at the amount received, net of transaction costs. Interest expenses, including premiums payable on settlement or redemption and transaction costs, are recognized in the consolidated income statement on an accrual basis using the effective interest method. The amount accrued and not paid is added to the carrying amount of the instrument if settlement is not made in the accrual period.

Accounts payable are recognized initially at market value and are subsequently measured at amortized cost using the effective interest method.

2. **Compound financial instruments**

Compound financial instruments are non-derivative instruments that have both a liability and an equity component.

The Group recognizes, measures and presents separately the liability and equity components created by a single financial instrument.

The Group distributes the value of its instruments in accordance with the following criteria which, barring error, will not be subsequently reviewed.

a. The liability component is recognized by measuring the fair value of a similar liability that does not have an associated equity component.
b. The equity component is measured at the difference between the initial amount and the amount assigned to the liability component.
c. The transaction costs are distributed in the same proportion.

Derivative financial instruments and hedge accounting-

The Group is exposed to fluctuations in the exchange rates of the various countries in which it operates. In order to mitigate this risk, foreign currency hedges are used, on the basis of its projections and budgets, when the market outlook so requires.

Similarly, the Group is exposed to foreign currency risk as a result of potential fluctuations in the various currencies in which its bank borrowings and debts to third parties are denominated. Accordingly, it uses hedging instruments for transactions of this nature when they are material and the market outlook so requires.

The Group is also exposed to interest rate risk since all of its bank borrowings bear interest at floating rates. In this regard, the Group arranges interest rate hedges, basically through contracts providing for interest rate caps.

Pursuant to IFRSs, changes in the value of these financial instruments are recognized as finance income or finance costs, since by their nature they do not qualify for hedge accounting under IFRSs.

For instruments settled at a variable amount of shares or in cash, the Company recognizes a derivative financial liability when measuring these financial instruments using the Black-Scholes model.

g) Investments accounted for using the equity method

As discussed in *Note 2d*, investments in companies over which the Group has significant influence are accounted for using the equity method. The goodwill arising on the acquisition of these companies is also included under this heading.

Investments in companies accounted for using the equity method whose carrying amount is negative at the end of the reporting period are recognized under *"Non-current liabilities – Long-term provisions" (see Notes 9 and 14)* at their negative excluding the financial effect given the nature of the investments.

h) Inventories

Inventories of raw materials and supplies and inventories of commercial products or finished goods purchased from third parties are measured at the lower of their average acquisition cost and market value.

Work in progress and finished goods produced in-house are measured at the lower of average production cost and market value. Production cost includes the cost of materials used, labor and in-house and third-party direct and indirect manufacturing expenses.

The main inventory item is *"Audiovisual rights,"* which are stated at acquisition cost and taken to income as follows:

1. Broadcasting rights for the "Canal+" premium pay TV family of channels:

- *Film broadcasting rights acquired from third parties (outside productions):* the cost of these rights is recognized in the income statement on a straight-line basis from the date of the first showing or commercial release until the expiry of the broadcasting rights.
- *Sporting event broadcasting rights:* these rights are taken to income in full at the date of the first showing.
- *Acquired series broadcasting rights:* the cost of these rights is taken to income on a straight-line basis over the various showings.
- *Other rights:* these relate basically to documentaries, in-house productions and introductory program slots, and are recognized as cost of sales when broadcast.

2. Broadcasting rights for free-to-air television channels: mainly broadcasting rights acquired from third parties; they are taken to income in accordance with the number of showings.

Obsolete, defective or slow-moving inventories are reduced to their realizable value.

The Group assesses the net realizable value of the inventories at the period end and recognizes the appropriate write-down if the inventories are overstated. When the circumstances that previously caused inventories to be written down no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed.

i) Assets classified as held for sale

Assets classified as held for sale are considered to be groups of assets directly associated with them, to be disposed of together as a group in a single transaction that is expected to be realized within twelve months from the date of their classification under this heading.

Assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

j) Long-term provisions

Present obligations at the consolidated balance sheet date arising from past events which could give rise to a loss for the Group, which is uncertain as to its amount and timing, are recognized in the consolidated balance sheet as provisions at the present value of the most probable amount that it is considered the Group will have to pay to settle the obligation.

Provisions for taxes-

The provisions for taxes relate to the estimated amount of the tax debts whose exact amount or date of payment has not yet been determined, since they depend on the fulfillment of certain conditions.

Provisions for third-party liability-

At the end of 2011, certain litigation and claims were in process against the Group companies arising from the ordinary course of their operations. The Group's legal advisers and directors consider that the outcome of these proceedings and claims will not have a significant effect on the financial statements for the years in which they are settled.

"Provisions for third-party liability" also includes the estimated amount required to cover potential claims arising from obligations assumed by the consolidated companies in the course of their commercial operations and the estimated termination benefits payable to employees whose contracts will foreseeably be terminated.

k) Recognition of income and expenses

Revenue and expenses are recognized on an accrual basis, regardless of when the resulting monetary or financial flow arises.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for the goods and services provided in the normal course of business, net of discounts, and other sales-related taxes.

The accounting policies applied to recognize the revenue of the Group's main businesses are as follows:

- *Revenue from subscribers* arising from the pay TV business is recognized when the subscribers are registered in the system. Subscription revenue is recognized on a monthly basis. *Pay per view* revenue is recognized when the program acquired by the subscriber is screened.

- *Advertising revenue* is recognized when the advertisement appears in the media, less the amount of volume rebates offered to the media agencies.

- *Revenue from book sales* is recognized on the effective delivery thereof. Where the sales of the copies are subject to sales returns, the actual sales returns are deducted from the revenue recognized. Also, the amounts corresponding to rebates or trade discounts that are not of a financial nature are deducted from revenue.

- *Revenue from the sale of newspapers and magazines* is recognized on the effective delivery thereof, net of the related estimated provision for sales returns. Also, the amounts relating to distributors' fees are deducted from revenue.

- The *revenue* and the costs associated with *audiovisual production* agreements are recognized in the income statement by reference to the stage of completion at the balance sheet date, using the percentage of completion method. When the final outcome of the agreement cannot be estimated reliably, the revenue must only be recognized to the extent that it is probable that the costs incurred will be recovered, whereas the costs are recognized as an expense for the year in which they are incurred. In any case, the expected future losses would be recognized immediately in the income statement.

- *Revenue related to intermediation services* is recognized at the amount of the fees received when the goods or services under the transaction are supplied.

- *Other income:* this item includes broadcasting services, sales of add-ons and collections, telephone hotline services, music sales, organization and management of events, e-commerce, Internet services, leases and other income.

l) **Offsetting**

Assets and liabilities are offset and the net amount presented in the consolidated balance sheet when, and only when, they arise from transactions in which the Group has a contractual or legally enforceable right to set off the recognized amounts and its intends to settle them on a net basis, or to realize the asset and settle the liability simultaneously.

m) Tax matters

The current income tax expense or receipt represents the sum of the current tax expense and the deferred tax assets and liabilities. The current income tax expense, which determines the payment obligation to the tax authorities, is calculated by applying the tax rate in force to the taxable profit, after deducting the tax relief and tax credits generated and taken in the year.

Deferred tax assets and liabilities arise from temporary differences defined as the amounts expected to be payable or recoverable in the future which result from differences between the carrying amounts of assets and liabilities and their tax bases. These amounts are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled.

Deferred tax assets may also arise from the carryforward of unused tax loss and unused tax credits.

Deferred tax liabilities are recognized for all taxable temporary differences, unless the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit (loss) nor taxable profit or loss.

Deferred tax assets are recognized for temporary differences to the extent that it is considered probable that the consolidated companies will have sufficient taxable profits in the future against which the deductible temporary difference can be utilized, and the deferred tax assets do not arise from the initial recognition of an asset or liability that is not a business and, at the time of the transaction, affects neither accounting profit (loss) nor taxable profit (loss). The other deferred tax assets (carryforward of tax losses and unused tax credits) are only recognized if it is considered probable that the consolidated companies will have sufficient future taxable profits against which they can be utilized.

The deferred tax assets and liabilities recognized are reassessed at the end of each reporting period in order to ascertain whether they still exist, and the appropriate adjustments are made on the basis of the findings of the analyses performed and the tax rate then in force.

n) Loss after tax from discontinued operations

A discontinued operation is a line of business that the Group has decided to abandon and/or sell and whose assets, liabilities and net profit or loss can be distinguished physically, operationally and for financial reporting purposes.

The income and expenses of the discontinued operations are presented separately in the consolidated income statement under *"Loss after tax from discontinued operations."*

o) **Foreign currency transactions**

Foreign currency transactions are translated to euros (the Group's functional currency) at the exchange rates ruling at the transaction date. During the year, differences arising between the result of applying the exchange rates initially used and that of using the exchange rates prevailing at the date of collection or payment are recognized as finance income or finance costs in the consolidated income statement.

Also, balances receivable or payable at December 31 each year in currencies other than the functional currency in which the consolidated companies' financial statements are denominated are translated to euros at the closing exchange rates. Any resulting translation differences are recognized as finance income or finance costs in the consolidated income statement.

Balances and transactions in currencies of hyperinflationary economies are translated at the closing exchange rate. At December 31, 2011, the only country in which the Group operates that pursuant to IAS 21 should be considered to be a hyperinflationary economy is Venezuela. Prisa has not been affected materially by the hyperinflation effect.

p) Current/non-current classification

Debts are recognized at their effective amount and debts due to be settled within twelve months from the balance sheet date are classified as current items and those due to be settled within more than twelve months as non-current items.

q) **Consolidated statements of cash flows**

The following terms are used in the consolidated statements of cash flows with the meanings specified:

- Changes in cash flows in the year: inflows and outflows of cash and cash equivalents, which are short-term, highly -liquid investments that are subject to an insignificant risk of changes in value.
- Operating activities: the principal revenue-producing activities of the Group and other activities that are not investing or financing activities.
- Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash and in cash equivalents. For transactions between the parent and non-controlling interests, these only include those representing a change of control, in accordance with IAS 27.

- Financing activities: activities that result in changes in the size and composition of equity and borrowings, as well as transactions between the parent and non-controlling interests which do not represent a change of control in accordance with IAS 27.

r) Environmental impact

In view of the printing activities carried on by certain consolidated Group companies, mainly Pressprint, S.L.U., and in accordance with current legislation, these companies control the degree of pollution caused by waste and emissions, and have an adequate waste disposal policy in place. The expenses incurred in this connection, which are not significant, are expensed currently.

The evaluation carried out indicates that the Group does not have any environmental liability, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position or results.

(5) PROPERTY, PLANT, AND EQUIPMENT

2011

The changes in 2011 in *"Property, plant and equipment"* in the consolidated balance sheet were as follows:

	Thousands of euros							
	Balance at 12/31/2010	Monetary adjustment	Translation adjustment	Changes in scope of consolidation	Additions	Disposals	Transfers	Balance at 12/31/2011
Cost:								
Land and buildings	90,428	941	(1,694)	63	3,910	(1,195)	360	92,813
Plant and machinery	491,240	689	(664)	(6,902)	12,016	(20,058)	1,208	477,529
Digital set-top boxes and cards	367,862	-	-	-	44,235	(48,823)	-	363,274
Other items of property, plant and equipment	108,231	609	(261)	(483)	13,001	(10,004)	9,782	120,875
Advances and property, plant and equipment in the course of construction	5,067	-	(1,258)	6	3,791	(261)	(3,681)	3,664
Total cost	**1,062,828**	**2,239**	**(3,877)**	**(7,316)**	**76,953**	**(80,341)**	**7,669**	**1,058,155**
Accumulated depreciation:								
Buildings	(27,743)	(280)	444	(34)	(2,308)	919	71	(28,931)
Plant and machinery	(350,776)	(485)	840	6,939	(27,130)	21,255	(37)	(349,394)
Digital set-top boxes and cards	(291,279)	-	-	-	(24,774)	47,538	-	(268,515)
Other items of property, plant and equipment	(84,900)	(368)	201	524	(7,988)	6,996	(7,227)	(92,762)
Total accumulated depreciation	**(754,698)**	**(1,133)**	**1,485**	**7,429**	**(62,200)**	**76,708**	**(7,193)**	**(739,602)**
Impairment losses:								
Buildings	(182)	-	-	-	-	-	-	(182)
Plant and machinery	(195)	-	-	-	(7)	7	-	(195)
Digital set-top boxes and cards	(11,901)	-	-	-	-	1,320	938	(9,643)
Other items of property, plant and equipment	(292)	-	2	-	(5)	163	(960)	(1,092)
Total impairment losses	**(12,570)**	**-**	**2**	**-**	**(12)**	**1,490**	**(22)**	**(11,112)**
Property, plant and equipment, net	**295,560**	**1,106**	**(2,390)**	**113**	**14,741**	**(2,143)**	**454**	**307,441**

2010

The changes in 2010 in *"Property, plant and equipment"* in the consolidated balance sheet were as follows:

	Thousands of euros							
	Balance at 12/31/2009	Monetary adjustment	Translation adjustment	Changes in scope of consolidation	Additions	Disposals	Transfers	Balance at 12/31/2010
Cost:								
Land and buildings	152,551	809	5,378	-	457	(62,740)	(6,027)	90,428
Plant and machinery	467,271	481	6,490	(579)	17,078	(19,338)	19,837	491,240
Digital set-top boxes and cards	359,775	-	-	-	46,382	(38,295)	-	367,862
Other items of property, plant and equipment	179,045	268	2,140	(538)	7,225	(81,983)	2,074	108,231
Advances and property, plant and equipment in the course of construction	19,699	(1)	63	-	8,581	(103)	(23,172)	5,067
Total cost	**1,178,341**	**1,557**	**14,071**	**(1,117)**	**79,723**	**(202,459)**	**(7,288)**	**1,062,828**
Accumulated depreciation:								
Buildings	(31,486)	(259)	(1,502)	-	(2,795)	5,552	2,747	(27,743)
Plant and machinery	(331,388)	(364)	(5,586)	268	(27,980)	15,275	(1,001)	(350,776)
Digital set-top boxes and cards	(309,780)	-	-	-	(18,566)	37,067	-	(291,279)
Other items of property, plant and equipment	(145,976)	(204)	(1,554)	407	(11,164)	72,486	1,105	(84,900)
Total accumulated depreciation	**(818,630)**	**(827)**	**(8,642)**	**675**	**(60,505)**	**130,380**	**2,851**	**(754,698)**
Impairment losses:								
Buildings	(182)	-	-	-	-	-	-	(182)
Plant and machinery	(515)	-	-	-	(308)	308	320	(195)
Digital set-top boxes and cards	(13,128)	-	-	-	-	1,227	-	(11,901)
Other items of property, plant and equipment	(132)	-	(19)	-	(219)	55	23	(292)
Total impairment losses	**(13,957)**	**-**	**(19)**	**-**	**(527)**	**1,590**	**343**	**(12,570)**
Property, plant and equipment, net	**345,754**	**730**	**5,410**	**(442)**	**18,691**	**(70,489)**	**(4,094)**	**295,560**

Additions-

The most significant additions in 2011 were as follows:

- *"Digital set-top boxes and cards,"* in the amount of EUR 44,235 thousand, from investments made by DTS Distribuidora de Televisión Digital, S.A. in iPlus, a next-generation decoder.

- "*Plant and machinery,"* in the amount of EUR 12,016 thousand, primarily from investments made by Prisa Televisión, S.A.U. in new IT projects for the rendering of TV services and VOD (*video on demand*), and by Grupo Media Capital, SGPS, S.A. for the upgrade of its TV studios and for program production equipment.

- *"Other items of property, plant and equipment,"* in the amount of EUR 13,001 thousand, from the investment by Santillana in material for digital classrooms (iPads, MacBooks, etc.), as well as the investment to prepare the new offices in Colombia and Mexico for use.

Disposals-

In 2011, the Prisa Televisión Group derecognized the cost, accumulated depreciation and impairment losses relating to digital set-top boxes and cards that were not in an adequate condition to be used.

In addition, Ediciones El País, S.L., derecognized fully depreciated plant and machinery in the amount of EUR 17,640 thousand.

There are no restrictions on holding title to the property, plant, and equipment other than those indicated in *Note 12*.

There are no future property, plant, and equipment purchase commitments.

At December 31, 2011, the Prisa Group´s assets included fully amortized property, plant, and equipment amounting to EUR 441,964 thousand (December 31, 2010: EUR 493,421 thousand).

Non-current assets held under leases-

At December 31, 2011, *"Property, plant, and equipment"* on the consolidated balance sheet included assets held under finance leases amounting to EUR 68,447 thousand (December 31, 2010: EUR 7,221 thousand).

On June 15, 2011, and for a period of five years, Prisa TV signed a master lease agreement with Cisco System Capital Spain, S.L in the amount of USD 80 million, to finance the purchase of iplus set-top boxes, which includes purchases made since May 2010.

Cisco System Capital Spain, S.L. has reached an agreement with Prisa TV to become the exclusive supplier of the set-top boxes required, over the next five years, for the Company's line of business.

The breakdown of the carrying amounts of non-current assets held under finance leases by nature of the leased asset at December 31, 2011 and 2010 is as follows (in thousands of euros) is as follows:

	12/31/2011			12/31/2010		
	Cost	**Accumulated depreciation**	**Carrying amount**	**Cost**	**Accumulated depreciation**	**Carrying amount**
Digital set-top boxes and cards	77,819	(13,797)	64,022	14,924	(10,459)	4,465
Plant and machinery	6,812	(3,389)	3,423	4,903	(2,717)	2,186
Other items of property, plant and equipment	2,413	(1,411)	1,002	2,141	(1,571)	570
Total	**87,044**	**(18,597)**	**68,447**	**21,968**	**(14,747)**	**7,221**

The Group companies take out insurance policies to cover the potential risks to which the various items of property, plant, and equipment are exposed. At December 31, 2011 and 2010, the insurance policies taken out sufficiently covered the related risks.

(6) GOODWILL

2011

The detail of the goodwill relating to fully and proportionately consolidated Group companies and of the changes therein in 2011 is as follows:

	Thousands of euros				
	Balance at 12/31/2010	Translation adjustment	Impairment	Changes in scope of consolidation	Balance at 12/31/2011
Antena 3 de Radio, S.A.	6,115	-	-	-	6,115
Editora Moderna, Ltda.	60,565	-	-	-	60,565
Editora Objetiva, Ltda.	13,543	(1,306)	-	-	12,237
Prisa Brand Solutions, S.L.U.	33,944	-	(33,944)	-	-
GLR Chile, Ltda.	65,020	(4,734)	-	-	60,286
Grupo Media Capital, SGPS, S.A.	639,881	-	(219,000)	-	420,881
Propulsora Montañesa, S.A.	8,608	-	-	-	8,608
Sistema Radiópolis, S.A. de C.V.	28,787	-	-	-	28,787
Sociedad Española de Radiodifusión, S.L.	29,470	-	-	-	29,470
Prisa Televisión, S.A.U.	2,987,587	-	-	-	2,987,587
Other companies	29,994	(71)	-	618	30,541
Total	**3,903,514**	**(6,111)**	**(252,944)**	**618**	**3,645,077**

The detail, by business segment, of the goodwill relating to fully and proportionately consolidated Group companies and of the changes therein in 2011 is as follows:

	Thousands of euros				
	Balance at 12/31/2010	Translation adjustment	Impairment	Changes in scope of consolidation	Balance at 12/31/2011
Radio	161,967	(4,762)	-	-	157,205
Education	75,020	(1,349)	-	-	73,671
Audiovisual	3,627,469	-	(219,000)	-	3,408,469
Other	39,058	-	(33,944)	618	5,732
Total	**3,903,514**	**(6,111)**	**(252,944)**	**618**	**3,645,077**

2010

The detail of the goodwill relating to fully and proportionately consolidated Group companies and of the changes therein in 2010 is as follows:

	Thousands of euros					
	Balance at 12/31/2009	Translation adjustment	Disposals	Impairment	Transfers	Balance at 12/31/2010
Antena 3 de Radio, S.A.	6,115	-	-	-	-	6,115
Editora Moderna, Ltda.	60,565	-	-	-	-	60,565
Editora Objetiva, Ltda.	11,827	1,716	-	-	-	13,543
Prisa Brand Solutions, S.L.U.	33,944	-	-	-	-	33,944
GLR Chile, Ltda.	54,549	10,471	-	-	-	65,020
Grupo Media Capital, SGPS, S.A.	689,554	-	(260)	(50,000)	587	639,881
Propulsora Montañesa, S.A.	8,608	-	-	-	-	8,608
Sistema Radiópolis, S.A. de C.V.	28,787	-	-	-	-	28,787
Sociedad Española de Radiodifusión, S.L.	29,470	-	-	-	-	29,470
Prisa Televisión, S.A.U.	3,364,754	-	(377,167)	-	-	2,987,587
Other companies	31,430	330	-	(1,179)	(587)	29,994
Total	**4,319,603**	**12,517**	**(377,427)**	**(51,179)**	**-**	**3,903,514**

The detail, by business segment, of the goodwill relating to fully and proportionately consolidated Group companies and of the changes therein in 2010 is as follows:

	Thousands of euros				
	Balance at 12/31/2009	Translation adjustment	Disposals	Impairment	Balance at 12/31/2010
Press	1,179	-	-	(1,179)	-
Radio	151,222	10,745	-	-	161,967
Education	73,248	1,772	-	-	75,020
Audiovisual	4,054,896	-	(377,427)	(50,000)	3,627,469
Other	39,058	-	-	-	39,058
Total	**4,319,603**	**12,517**	**(377,427)**	**(51,179)**	**3,903,514**

The goodwill arising on the acquisition of Prisa Televisión Group, amounting to EUR 3,364,754 thousand, formed part of the audiovisual business segment and related to two cash-generating units: a free-to-air TV channel (Cuatro) and a pay TV channel (Canal+). In 2010, due to the spin-off of the free-to-air TV business into Sociedad General de Televisión Cuatro, S.A., goodwill was allocated to the two abovementioned cash-generating units as follows:

	Thousands of euros
Canal+- pay TV	2,987,587
Cuatro – free-to-air TV	377,167
Total	**3,364,754**

Due to the abovementioned allocation, the disposal of Prisa Televisión, S.A.U.'s goodwill amounting to EUR 377,167 thousand corresponded to the derecognition of Sociedad General de Televisión Cuatro, S.A.'s goodwill as a result of its sale to Mediaset España Comunicación, S.A. (formerly Gestevisión Telecinco, S.A.) on December 28, 2010. The derecognition of this goodwill was recognized in 2010 on the accompanying consolidated income statement under *"Loss after tax from discontinued operations,"* with a reduction in the proceeds of the sales *(see Note 18)*.

Impairment tests

At the end of each reporting period, or whenever there are indications of impairment, the Group tests goodwill for impairment to determine whether it has suffered any permanent loss in value that reduces its recoverable amount to below its carrying amount.

To perform the aforementioned impairment test, the goodwill is allocated to one or more cash-generating units. The recoverable amount of each cash- generating unit is the higher of value in use and the net selling price that would be obtained from the assets associated with the cash-generating unit. In the case of the main cash-generating units to which goodwill has been allocated, their recoverable amount is their value in use.

Value in use was calculated on the basis of the estimated future cash flows based on the business plans most recently approved by management. These business plans include the best estimates available of income and costs of the cash-generating units using industry projections and future expectations.

These projections cover the following five years and include a residual value that is appropriate for each business, applying a constant expected growth rate ranging from 0% to 2.5% depending on the business analyzed.

In order to calculate the present value of these flows, they are discounted at a rate that reflects the weighted average cost of capital employed adjusted for the country risk and business risk corresponding to each cash-generating unit. Therefore, in 2011 the rates used ranged from 7.4% to 10.6% depending on the business being analyzed.

Prisa Televisión-

According to five-year forecasts, management has based its value-in-use calculations for Prisa Televisión's audiovisual business on the following:

Variations in the number of subscribers and ARPU (average revenue per user). Combined, these variables account for the largest share of Prisa TV's revenue (89.7% of revenue for 2011). In its assumptions, management factored in an increase in the number of subscribers of the offering that DTS is distributing by satellite as a result of not only a recovery in the number of new subscribers but also a decrease in the cancellation rate, as has occurred in recent years. In addition, in 2011 DTS signed content distribution agreements with the leading telecommunications operators, allowing it to raise its growth forecasts for other platforms.

Based on the marketing of new pay channels (soccer, bullfighting,…), together with the offering of a new, more complete television service with high-definition channels and 3D broadcasts, Prisa TV is projecting growth in its revenue.

Increase in programming costs. In its projections, management has estimated the future consequences of commitments acquired with service and content providers, assuming, where applicable, that those services will continue to be provided and that it will have access to the same high-quality content as now. Estimated operating costs reflect streamlining plans begun in 2011 as well as growth plans that should strengthen and transform certain business areas.

Media Capital-

The main variables used by management to determine the value in use of Media Capital's audiovisual business were as follows:

Evolution of the audience share and advertising share – management predicts a stable trend in both audience share and advertising share in the future projections of TVI, Media Capital's free-to-air TV channel and the current market leader, which has maintained its market share in recent years.

Variations in the advertising market. Management has adjusted its projections for the advertising market in line with the new macroeconomic environment in Portugal. Consequently, it has estimated a lower market base following the drop in advertising in 2011, as well as negligible growth for subsequent years, in line with the trends highlighted in outside studies.

Results of the impairment tests-

- Media Capital

In 2011, it is clear that the economic situation in Portugal has not only brought about a rise in the discount rate, owing to the factoring in of the country risk in that rate, but it has also affected trends in the advertising and other markets and growth prospects of businesses located in the country. Consequently, an impairment loss of EUR 219 million was recognized on the accompanying consolidated income statement.

In 2010, an impairment loss of EUR 50 million was recognized on the accompanying consolidated income statement for Media Capital's goodwill. This impairment was mainly due to the increase in the applicable discount rate resulting from the increase in country risk for investments in Portugal and the decision to cease video distribution activity.

- Other impairment tests

In 2011, the Group restructured the advertising sales activity of the different media into a single company so as to optimize resource use and minimize advertising-management costs. Owing to the new management model and the general difficulties in the advertising market, which have made it necessary for Prisa Brand Solutions to rescind most of its management contracts with third parties, future cash flows are not expected to allow the Company to recover the goodwill allocated to this unit. Consequently, in 2011 an impairment loss of EUR 33,944 thousand was recognized on the accompanying consolidated income statement for Prisa Brand Solutions' goodwill.

According to the estimates and projections available to the Group's directors, the expected future cash flows attributable to the cash-generating units or groups of cash-generating units to which goodwill is allocated indicate that the net value of each goodwill allocated at December 31, 2011, may be recovered.

Sensitivity to changes in key assumptions-

- Prisa Televisión

In order to determine the sensitivity of value in use to changes in the key assumptions, the Group analyzed the impact of the following changes in the key assumptions without producing significant impairment losses on the goodwill allocated:

- Increase of 1% in the discount rate
- Decrease of 5% in the ARPU
- Decrease of 5% in the number of subscribers

- Media Capital

Due to the impairment losses on the goodwill recognized during 2011, their carrying amount is quite similar to value in use, and therefore, an adverse change in key valuation assumptions might lead to recognition of impairment at a later date. A 1% advertising share reduction would create impairment of goodwill of approximately EUR 32 million, a 0.5% decrease in the expected growth rate from the fifth year onward would lead to impairment totaling EUR 19 million, while 1% increase in the discount rate would create impairment of goodwill of approximately EUR 50 million.

(7) INTANGIBLE ASSETS

2011

The changes in 2011 in *"Intangible assets"* in the consolidated balance sheet were as follows:

	Thousands of euros							
	Balance at 12/31/2010	Monetary adjustment	Translation adjustment	Changes in scope of consolidation	Additions	Disposals	Transfers	Balance at 12/31/2011
Cost:								
Computer software	206,105	337	(564)	1,559	32,872	(18,182)	443	222,570
Prototypes	195,093	1,388	(8,434)	-	39,680	(3,972)	(479)	223,276
New subscribers – Installation and connection	103,837	-	-	-	47,262	(41,571)	-	109,528
Advances on copyrights	66,827	(2)	(2,722)	-	8,137	(640)	(576)	71,024
Audiovisual rights	136,003	-	-	-	750	(29,368)	(54,593)	52,792
Other intangible assets	110,983	777	(1,168)	(1,649)	12,324	(203)	772	121,836
Total cost	**818,848**	**2,500**	**(12,888)**	**(90)**	**141,025**	**(93,936)**	**(54,433)**	**801,026**
Accumulated amortization:								
Computer software	(151,470)	(356)	303	295	(19,903)	16,006	(11)	(155,136)
Prototypes	(131,223)	(1,076)	5,688	-	(30,202)	2,915	358	(153,540)
Advances on copyrights	(40,466)	-	716	-	(5,965)	(15)	428	(45,302)
Audiovisual rights	(66,721)	-	-	-	(3,497)	29,378	-	(40,840)
Other intangible assets	(40,500)	(529)	946	1,665	(49,556)	41,778	662	(45,534)
Total accumulated amortization	**(430,380)**	**(1,961)**	**7,653**	**1,960**	**(109,123)**	**90,062**	**1,437**	**(440,352)**
Impairment losses:								
Prototypes	(13,405)	(4)	(1)	-	(750)	755	42	(13,363)
Advances on copyrights	(14,551)	-	135	-	(2,441)	824	(18)	(16,051)
Total impairment losses	**(27,956)**	**(4)**	**134**	**-**	**(3,191)**	**1,579**	**24**	**(29,414)**
Intangible assets, net	**360,512**	**535**	**(5,101)**	**1,870**	**28,711**	**(2,295)**	**(52,972)**	**331,260**

2010

The changes in 2010 in *"Intangible assets"* in the consolidated balance sheet were as follows:

	Thousands of euros							
	Balance at 12/31/2009	Monetary adjustment	Translation adjustment	Changes in scope of consolidation	Additions	Disposals	Transfers	Balance at 12/31/2010
Cost:								
Computer software	188,597	278	335	(284)	20,303	(3,634)	510	206,105
Prototypes	177,209	1,582	10,177	-	37,303	(31,103)	(75)	195,093
New subscribers – Installation and connection	96,965	-	-	-	48,811	(41,939)	-	103,837
Advances on copyrights	59,880	-	1,241	2	9,074	(3,370)	-	66,827
Audiovisual rights	384,233	-	-	(236,620)	1,920	(12,279)	(1,251)	136,003
Other intangible assets	95,202	650	6,017	(79)	8,874	(18)	337	110,983
Total cost	**1,002,086**	**2,510**	**17,770**	**(236,981)**	**126,285**	**(92,343)**	**(479)**	**818,848**
Accumulated amortization:								
Computer software	(136,497)	(278)	(75)	184	(16,926)	2,232	(110)	(151,470)
Prototypes	(122,224)	(1,778)	(7,566)	-	(27,671)	27,529	487	(131,223)
Advances on copyrights	(34,756)	1	(680)	-	(6,641)	2,147	(537)	(40,466)
Audiovisual rights	(283,181)	-	-	221,799	(10,852)	5,548	(35)	(66,721)
Other intangible assets	(31,944)	(489)	(2,430)	72	(47,760)	42,052	(1)	(40,500)
Total accumulated amortization	**(608,602)**	**(2,544)**	**(10,751)**	**222,055**	**(109,850)**	**79,508**	**(196)**	**(430,380)**
Impairment losses:								
Prototypes	(14,623)	-	(2)	-	15	40	1,165	(13,405)
Advances on copyrights	(13,191)	-	(153)	-	(3,179)	1,972	-	(14,551)
Other intangible assets	-	-	-	-	2,265	-	(2,265)	-
Total impairment losses	**(27,814)**	**-**	**(155)**	**-**	**(899)**	**2,012**	**(1,100)**	**(27,956)**
Intangible assets, net	**365,670**	**(34)**	**6,864**	**(14,926)**	**15,536**	**(10,823)**	**(1,775)**	**360,512**

Additions-

The most significant additions in 2011 were as follows:

- *"New subscribers – Installation and connection"* amounting to EUR 47,262 thousand which included the costs incurred by Prisa Televisión Group in connection with the installation of equipment and the connection of new subscribers to digital satellite pay TV.

- *"Prototypes,"* amounting to EUR 39,680 thousand, relating to new prototypes for the publication of books at Grupo Santillana de Ediciones, S.L.

- *"Computer software,"* amounting to EUR 32,872 thousand, relating to the computer software acquired and/or developed by third parties for Group companies.

- *"Advances on copyrights,"* amounting to EUR 8,137 thousand, relating mainly to the amounts paid to authors by Grupo Santillana de Ediciones, S.L. for the acquisition of book publishing rights.

Disposals-

In 2011, Ediciones El País, S.L. derecognized fully amortized computer applications and licenses from the *"Computer software"* account in the amount of EUR 14,696 thousand.

In addition, Grupo Prisa Televisión, S.A.U. derecognized the fully amortized sports rights from *"Audiovisual rights,"* in the amount of EUR 29,368 thousand.

Transfers-

"Audiovisual rights" have been transferred to inventories in the amount of EUR 54,593 thousand (*see Note 10*).

"*Other intangible assets*" includes administrative concessions amounting to EUR 48,076 thousand, which are considered to be intangible assets with indefinite useful lives because it is highly probable that they will be renewed and the related costs are not material.

At the end of each reporting period, the residual useful life of these concessions is analyzed in order to ensure that it continues to be indefinite; if this is not the case, the concessions are amortized.

At December 31, 2011, the Prisa Group's assets included fully amortized intangible assets amounting to EUR 158,466 thousand (December 31, 2010: EUR 190,326 thousand).

There are no restrictions on holding title to the intangible assets other than those indicated in *Note 12.*

There are no future relevant intangible asset purchase commitments other than those indicated in *Note 27.*

(8) NON- CURRENT FINANCIAL ASSETS

2011

Non-current financial assets

The changes in *"Non-current financial assets"* in the consolidated balance sheet in 2011, by type of transaction, were as follows:

	Thousands of euros					
	Balance at 12/31/2010	Translation / monetary adjustment	Changes in scope of consolidation	Additions / allowance	Disposals / Transfers	Balance at 12/31/2011
Loans and receivables	**31,052**	**217**	**-**	**49,493**	**3,971**	**84,733**
Loans to associates	100,830	13	-	38,692	4,958	144,493
Long-term loans to third parties	18,768	1	-	10,879	1,130	30,778
Other non-current financial assets	7,240	203	-	-	(2,138)	5,305
Allowance	(95,786)	-	-	(78)	21	(95,843)
Held-to-maturity investments	**19,568**	**(115)**	**1**	**1,367**	**(141)**	**20,680**
Available-for-sale financial assets	**19,991**	**5**	**-**	**(3,963)**	**242**	**16,275**
Non-controlling equity interests	86,697	16	-	5	(46,110)	40,608
Other non-current financial assets	-	-	-	-	33	33
Allowance	(66,706)	(11)	-	(3,968)	46,319	(24,366)
Total	**70,611**	**107**	**1**	**46,897**	**4,072**	**121,688**

Additions/allowances-

The movement in "*Loans and receivables- long term loans to associates*" was due mainly to the increase in loans granted to Dédalo Grupo Gráfico, S.L.

Additions in "*Loans and receivables- long term loans to third parties*" included a loan to Le Monde Libre amounting to EUR 8,384 thousands.

Disposals/transfers-

In September 2011, the 15.38% stake in Iberbanda, S.A. was sold, giving rise to the derecognition of this ownership interest from *"Non-controlling equity interests"* and of the corresponding allowance of EUR 45,394 thousand, with a neutral effect on *"Non-current financial assets."*

2010

Non-current financial assets

The changes in *"Non-current financial assets"* in the consolidated balance sheet in 2010, by type of transaction, were as follows:

	Thousands of euros					
	Balance at 12/31/2009	Translation / monetary adjustment	Changes in scope of consolidation	Additions / allowances	Disposals / Transfers	Balance at 12/31/2010
Loans and receivables	**15,288**	**635**	**-**	**16,885**	**(1,756)**	**31,052**
Loans to associates	100,480	76	-	860	(586)	100,830
Long-term loans to third parties	3,673	-	-	16,291	(1,196)	18,768
Other non-current financial assets	6,672	569	-	-	(1)	7,240
Allowance	(95,537)	(10)	-	(266)	27	(95,786)
Held-to-maturity investments	**13,855**	**101**	**(34)**	**6,933**	**(1,287)**	**19,568**
Available-for-sale financial assets	**28,075**	**33**	**124**	**(4,009)**	**(4,232)**	**19,991**
Non-controlling equity interests	91,334	64	-	729	(5,430)	86,697
Allowance	(63,259)	(31)	124	(4,738)	1,198	(66,706)
Total	**57,218**	**769**	**90**	**19,809**	**(7,275)**	**70,611**

Additions/allowances-

Additions related to "*Long-term loans to third parties*" under "*Loans and receivables*" mainly included receivables amounting to EUR 15,000 thousand from the sale of Sociedad General de Cine, S.L. and Sogepaq, S.A.

Disposals/transfers-

The most significant transfer under *"Available-for-sale financial assets"* was due to the change in the consolidation method for V-me Media, Inc., which was considered a securities portfolio and now is accounted for using the equity method.

The carrying amount of the financial assets does not vary significantly from their fair value.

(9) INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

2011

The changes in 2011 in *"Investments accounted for using the equity method"* in the consolidated balance sheet were as follows:

	Thousands of euros					
	Balance at 12/31/2010	Additions	Share of results / Impairment losses	Transfers	Disposals	Balance at 12/31/2011
Investments accounted for using the equity method:						
Dédalo Grupo Gráfico, S.L. and subsidiaries	-	-	(12,246)	12,246	-	-
Distributors (*)	10,421	491	672	1,803	(2,340)	11,047
Promotora de Emisoras de Televisión, S.A.	399	-	(6)	194	(587)	-
Prisa Televisión, S.A.U. and subsidiaries	582,214	-	20,040	-	(15,875)	586,379
V-me Media, Inc.	15,854	7,039	(27,019)	4,126	-	-
Other companies	4,654	2,432	(1,141)	752	(41)	6,656
Total	**613,542**	**9,962**	**(19,700)**	**19,121**	**(18,843)**	**604,082**

(*) Val Disme, S.L., Cirpress, S.L., Beralán, S.L., Dima Distribución Integral, S.L., Distrimedios, S.L., Distribuidora de Publicaciones Boreal, S.L., Marina Bcn Distribucions, S.L., Distribuciones Papiro S.L. and subsidiaries.

In 2011 the Group has deteriorated the entire goodwill resulted from its investment in V-me Media Inc., (EUR 21,291 thousands), as the value in use of the investment, calculated considering the estimated projections for the following five years and a residual value appropriated for the business, is not expected to cover it.

The Group has valued its stake in Mediaset España Comunicación, S.A. considering its value in use, according to future projections available. As a result of this analysis, no impairment has to be registered.

2010

The changes in 2010 in *"Investments accounted for using the equity method"* in the consolidated balance sheet were as follows:

	Thousands of euros					
	Balance at 12/31/2009	Additions	Share of results / Impairment losses	Transfers	Disposals	Balance at 12/31/2010
Investments accounted for using the equity method:						
Dédalo Grupo Gráfico, S.L. and subsidiaries	-	-	(19,220)	19,220	-	-
Distributors (*)	8,148	1,307	962	1,528	(1,524)	10,421
Promotora de Emisoras de Televisión, S.A.	404	-	(5)	-	-	399
Prisa Televisión, S.A.U. and subsidiaries	687	589,883	731	-	(9,087)	582,214
V-me Media, Inc.	-	17,551	(1,697)	-	-	15,854
Other companies	4,405	537	(80,330)	80,289	(247)	4,654
Total	**13,644**	**609,278**	**(99,559)**	**101,037**	**(10,858)**	**613,542**

(*) Val Disme, S.L., Cirpress, S.L., Beralán, S.L., Dima Distribución Integral, S.L., Distrimedios, S.L., Distribuidora de Publicaciones Boreal, S.L., Marina Bcn Distribucions, S.L., Distribuciones Papiro S.L. and subsidiaries.

In 2010, the addition of Prisa Televisión, S.A.U. and subsidiaries corresponded to the 17.336% investment acquired though a capital increase carried out by Mediaset España Comunicación, S.A. via contribution of 100% of the shares of Sociedad General de Televisión Cuatro, S.A.

The Group consolidates its investment in Mediaset España Comunicación, S.A. by the equity method, considering its significant influence given its representation on the Board of Directors.

On November 4, 2010, Prisa Televisión, S.A.U. and Mediaset España Comunicación, S.A. signed a contract by virtue of which the former granted the latter an option to obtain certain rights in relation to DTS' management. The price at which the option was granted was EUR 5,000 thousand. The option is exercisable during the three months following the first anniversary after the acquisition of the 22% stake in DTS. The exercise of the rights granted by the option and the payment of the strike price of EUR 5,000 thousand were subjected to a condition precedent that the required authorization be obtained from the anti-trust authorities. Should the option be exercised without having been able to obtain unconditional authorization or authorization subject to inconsequential conditions, or if no agreement has been reached by the parties regarding the conditions, the shares of Mediaset España Comunicación, S.A., owned by Prisa Televisión, S.A.U. would be cancelled, with Mediaset España Comunicación, S.A. contributing its entire interest in DTS to Prisa Televisión, S.A.U., as well as paying an additional amount depending on the value of the holdings.

According to Prisa´s advisors, it is not probably that the transaction was resoluted and consequently the shares owned by Prisa Televisión, S.A.U. in Mediaset España Comunicación, S.A. were cancelled and the interest of Mediaset España Comunicación, S.A. in DTS was delivered to Prisa Televisión, S.A.U.

With information as of the approval of the 2011 consolidated financial statements, it is not possible to determine the impact in Prisa's accounts of Mediaset España Comunicación, S.A. exercising the aforementioned option and being unsuccessful, with the consequent cancellation of the Group´s stake in Mediaset España Comunicación, S.A. (currently equity accounted) and the increase of the Group's stake in DTS, to be done at the value of both entities on the date of the exercise of the option.

Moreover, the addition at V-me Media, Inc. was a result of the change in the consolidation method for the company, which was previously considered a securities portfolio but has been accounted for using the equity method since June 2010.

The Group accounts for its 40% investment in Dédalo Grupo Gráfico, S.L., the head of a group of companies engaging in the printing and copying of texts and mechanical binding, by the equity method. The negative value of the investment in Dédalo Grupo Gráfico, S.L. is recognized under *"Long-term provisions."* In 2010, Prisa entered into a reciprocal purchase and sale agreement with the other shareholders of Dédalo Grupo Gráfico, S.L., for the shares of Dédalo Grupo Gráfico, S.L. Under this agreement, on the one hand, Prisa had a call option, not exercisable at the date of this annual account, on the additional 60% of Dédalo Grupo Gráfico, S.L. and, on the other, the other shareholders could exercise their put option if any of the Dédalo Group companies were to become subject to insolvency proceedings. The strike price for both the options was EUR 1.

At December 31, 2011 and 2010, the Group had ownership interests in companies accounted for using the equity method, the net negative value of which is recognized under *"Long-term provisions" (see Note 14)*.

(10) INVENTORIES

The detail of *"Inventories,"* in thousands of euros, at December 31, 2011 and 2010, is as follows:

	12/31/2011			12/31/2010		
	Cost	Write-downs	**Carrying amount**	Cost	Write-downs	**Carrying amount**
Goods held for resale	3,820	(1,917)	**1,903**	2,148	(656)	**1,492**
Finished goods	289,379	(34,654)	**254,725**	212,944	(35,586)	**177,358**
Work in progress	2,005	-	**2,005**	1,956	-	**1,956**
Raw materials and other supplies	17,862	(1,092)	**16,770**	24,359	(2,013)	**22,346**
Total	**313,066**	**(37,663)**	**275,403**	**241,407**	**(38,255)**	**203,152**

"Finished goods" includes publications amounting to a net EUR 81,442 thousand (2010: EUR 78,910 thousand) and audiovisual rights amounting to a net EUR 173,283 thousand (2010: EUR 98,270 thousand) *(see note 7)*.

"Raw materials and other supplies" includes mainly paper and printing machinery spare parts.

(11) EQUITY

a) Share capital

In 2011, due to the capital increase against cash contributions with recognition of pre-emptive subscription rights through warrants, which was approved by Prisa's shareholders in an extraordinary meeting on November 27, 2010, public deeds were issued declaring the capital increase corresponding to the warrants' first twelve exercise windows. A total of 883,138 warrants were exercised, giving rise to the subscription of a total of 883,138 new Class A ordinary shares issued at the price of EUR 2 each.

Also, in 2011, 14,776,572 Class B non-voting shares were converted into Class A ordinary shares.

Prisa's share capital, at December 31, 2011 after such increases and conversions of shares totals EUR 84,786 thousand, represented by 459,650,730 Class A ordinary shares and 388,210,428 Class B non-voting shares, with a par value of EUR 0.1 each.

Share capital is fully subscribed and paid in.

At year-end 2011, according to information published by the CNMV, the holders of a significant number of Prisa shares are the following:

	Number of voting rights		
	Direct	Indirect	% of voting rights
Rucandio, S.A. (*)	-	148,859,840	32.385
Bank of America Corporation	-	13,482,068	2.933
Daiwa Securities Group Inc (**)	-	28,000,000	6.092
BNP Paribas, Societe Anonyme	15,143,403	-	3.295
BH Stores IV, B.V.	16,719,416	-	3.637
Inmobiliaria Carso, S.A. de CV	8,665,000	6,030,000	3.197
Asset Value Investors Limited	-	13,425,564	2.921

(*) Rucandio, S.A.'s indirect ownership interest is exercised through the following direct holdings:

- Promotora de Publicaciones, S.L., holder of 87,443,838 voting rights, representing 19.024% of the subscribed share capital with voting rights.
- Timón, S.A., holder of 7,928,140 voting rights, representing 1.725% of the subscribed share capital with voting rights.
- Asgard Inversiones, S.L.U., holder of 35,487,164 voting rights, representing 7.720% of the subscribed share capital with voting rights.
- Rucandio Inversiones SICAV, S.A., holder of 339,094 voting rights, representing 0.074% of the subscribed share capital with voting rights.

In addition, Rucandio, S.A.'s declared indirect stake includes 17,661,604 voting rights of the Company (3.84% of the total), linked by the Shareholder Contract of Prisa signed on December 22, 2011 (in which Rucandio indirectly holds a voting majority), the terms of which have been notified to the CNMV.

(**) Daiwa Securities Group Inc.'s indirect ownership interest is executed through Daiwa Capital Markets Europe.

b) Share premium

The Consolidated Text of the Corporate Enterprises Act expressly permits the use of the share premium account balance to increase capital with a charge to reserves and does not establish any specific restrictions as to its use.

The share premium includes the amount exceeding the par value of the shares issued. It also includes value adjustments of the financial liabilities generated by the obligation to pay a minimum annual dividend on the Class B shares, as well as the Company's potential obligation to deliver additional shares as part of the mandatory conversion of the Class B shares (*see Notes 12 and 13*). This share premium at December 31, 2011, amounted to EUR 437,879 thousand (December 31, 2010: EUR 409,028 thousand).

The share premium corresponding to the Class B shares issued in 2010 in accordance with the commitments assumed in the issue of the shares is non-distributable so as to cover future related commitments stemming from this class of shares (*see Note 4f*), until they have been converted into Class A shares and the minimum associated dividend of the Class B shares has been paid in full. This non-distributable share premium at December 31, 2011, amounted to EUR 125,131 thousand (December 31, 2010: EUR 111,113 thousand).

c) Reserves

Revaluation reserve 1983-

Pursuant to the legislation on the revaluation of property, plant and equipment and intangible assets published in 1983, the cost and accumulated depreciation and amortization of these assets were increased by a net amount of EUR 3,289 thousand, recognized under *"Revaluation Reserve 1983."* This reserve is unrestricted.

Revaluation reserve Royal Decree-Law 7/1996-

Under Royal Decree 2607/1996, of December 20, approving the regulations for asset revaluations pursuant to Royal Decree-Law 7/1996, of June 7, the surpluses arising from the revaluations must be charged to *"Revaluation reserve Royal Decree-Law 7/1996."* The balance of this account at year end amounts to EUR 10,650 thousand and has been unrestricted since January 1, 2007, except for the portion of the assets not yet depreciated.

Legal reserve-

Under the Consolidated Text of the Corporate Enterprises Act, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital.

The legal reserve can be used to increase capital by the amount exceeding 10% of the new capital after the increase.

Except as indicated above, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

Reserve for treasury shares-

Section 142 of the Consolidated Text of the Corporate Enterprises Act states that when a company acquires treasury shares, it must record on the liability side of the balance sheet a restricted reserve equal to the carrying amount of the treasury shares. This reserve must be maintained until the shares are sold or cancelled.

Bylaw-stipulated reserves-

Under Article 32 of the Parent's bylaws, at least 10% of the profit after tax must be transferred to a reserve each year until the balance of this reserve reaches at least 20% and does not exceed 50% of the paid-in share capital.

d) Reserves for first-time application of IFRS

As a result of the first-time application of IFRSs to the Group's consolidated financial statements, certain assets and liabilities arose at January 1, 2004, the effect on equity of which is included in this account.

e) Accumulated profit – From prior years

The breakdown, by company, of "Accumulated profit – From prior years" at December 31, 2011 and 2010, is as follows:

	Thousands of euros	
	12/31/2011	12/31/2010
Audiovisual	**371,004**	**339,344**
Education	**285,259**	**211,769**
Radio	**201,323**	**195,509**
Radio in Spain	183,908	184,306
International radio	17,415	11,203
Press	**39,155**	**13,837**
País	42,164	22,161
Spanish press	(3,009)	(8,324)
Other	**23,987**	**179,889**
Prisa	162,024	275,097
Other	(138,037)	(95,208)
Total accumulated profit of fully consolidated companies	**920,728**	**940,348**
Radio	**(2,857)**	**(3,320)**
International radio	(2,857)	(3,320)
Audiovisual	**(2,562)**	**-**
Other	**(83,809)**	**(65,282)**
Total accumulated loss of companies accounted for using the equity method	**(89,228)**	**(68,602)**
Total accumulated profit from prior years	**831,500**	**871,746**

Accumulated profit for the audiovisual segment includes an after-tax capital gain of EUR 453 million generated by the sale of 44% of DTS, Distribuidora de Televisión Digital, S.A. on December 28, 2010.

Accumulated profit in the education segment included capital gains of EUR 168 million generated by the sale of 25% of Grupo Santillana de Ediciones, S.L.'s share capital to DLJSAP, which was adjusted by the initial measurement of the financial liability generated by the obligation to pay a minimum annual dividend of USD 25.8 million to the holders of the preferred shares delivered to DLJSAP *(see Note 13).*

f) Treasury shares

The changes in *"Treasury shares"* in 2011 and 2010 were as follows:

	Thousands of euros			
	2011		2010	
	Number of shares	Amount	Number of shares	Amount
At beginning of year	**3,150,000**	**4,804**	**867,306**	**3,044**
Purchases	1,928,312	2,082	3,525,000	5,723
Sales	-	-	(1,097,306)	(3,291)
Deliveries	(2,198,809)	(3,425)	(145,000)	(510)
Reserve for treasury shares	-	(956)	-	(162)
At end of year	**2,879,503**	**2,505**	**3,150,000**	**4,804**

At December 31, 2011, Promotora de Informaciones, S.A. held a total of 2,879,503 treasury shares, representing 0.34% of its share capital.

Treasury shares are valued at market price at December 31, 2011 (0.870 euros per share). The average acquisition price stood at 1.261 euros per share.

Deliveries of shares are detailed in note 16 of this Annual Report.

At December 31, 2011, the Company did not hold any shares on loan.

g) Exchange differences

Exchange gains at December 31, 2011, amounted to EUR 9,755 thousand (December 31, 2010: exchange gains of EUR 20,213 thousand), mainly due to exchange gains generated at Grupo Santillana de Ediciones, S.L. in companies located in Brazil.

h) Translation differences

The detail, by company, of the translation differences in 2011 and 2010 is as follows:

	Thousands of euros	
	12/31/2011	12/31/2010
GLR Chile, Ltda.	(6,323)	11,242
Grupo Santillana de Ediciones, S.L. and subsidiaries	515	(6,009)
Other	71	46
Total	**(5,737)**	**5,279**

i) Capital management policy

The principal objective of the Group's capital management policy is to optimize the cost of capital and achieve a gearing ratio that enables it achieve its strategic targets and contribute to the growth of the company. Hence, at year-end 2011 the Parent restructured its bank borrowings.

The net financial debt/Ebitda ratio at December 31, 2011 was 6.31 times.

(12) FINANCIAL LIABILITIES

Bank borrowings

The detail, in thousands of euros, of the bank borrowings at December 31, 2011, of the credit limits and of the scheduled maturities is as follows:

2011

	Maturity	Limit	Drawn-down amount maturing at short term	Drawn-down amount maturing at long term
Syndicated loan and credit facility to Prisa	2014	1,382,544	100,000	1,282,544
Bridge loan to Prisa	2015	1,540,882	-	1,540,882
Subordinated credit facility to Prisa	2015	134,000	-	134,000
Credit facilities	2012-2015	296,869	72,063	156,047
Loans	2012-2023	110,838	29,132	81,706
Finance leases, interest and other	2012-2015	55,647	24,148	31,497
Loan arrangement costs	2012-2015	-	(1,718)	(50,185)
Total		**3,520,780**	**223,625**	**3,176,491**

Bank borrowings are adjusted in the consolidated balance sheet by the loan origination and arrangement costs.

Of the total bank borrowings at December 31, 2011, 98.92% were denominated in euros and the remainder in foreign currencies (98.64% at December 31, 2010).

The average interest rates on the Group's bank borrowings were 3.66% in 2011 and 2.67% in 2010.

The Group considers that the current fair value of the bank borrowings amounts to EUR 3,347,368 thousand.

Syndicated loan and credit facility-

In June 2007, Prisa entered into a syndicated loan and credit facility with a group of 39 banks for a maximum amount of EUR 2,050,000 thousand, consisting of a long-term loan amounting to EUR 1,675,000 thousand and a revolving facility of EUR 375,000 thousand drawable throughout the term of the loan.

Repayment of the loan commenced in 2007. With respect to the remaining balance of the loan at December 31, 2010, the proceeds from the sale of 10% of Grupo Media Capital, SGPS, S.A., were used to repay EUR 11,228 thousand in 2011 in advance. The remainder of outstanding loan at December 31, 2011 amounted to EUR 1,382,544 thousand.

This syndicated loan is tied to Euribor plus a spread negotiated and adapted in accordance with financial market rates.

Bridge loan-

In December 2007, Prisa entered into a six-month financing agreement (bridge loan) with a bank for a maximum amount of EUR 4,230,000 thousand and bearing interest at a market rate. The agreement stated that the purpose of this financing was to cover the financial obligations arising from the takeover bid for all the share capital of Prisa Televisión, S.A.U. submitted to the CNMV.

On February 29, 2008, Prisa signed the syndication of this bridge loan initially granted by one bank. On June 20, 2008, the initial maturity date of the bridge loan, and after the result of the takeover bid became known, the amount of the bridge loan was EUR 1,948,935 thousand; the Company also signed a one-month extension for the purpose of finalizing the agreement relating to the novation of this loan until March 2009.

On July 14, 2008, the Parent obtained authorization from the majority of the banks participating in the syndicated financing agreement relating, inter alia, to the additional debt incurred as a result of the takeover bid for Prisa Televisión, S.A.U.

On July 18, 2008, the Parent signed the renewal of the bridge loan amounting to EUR 1,948,935 thousand until March 31, 2009. In August 2008, EUR 113,098 thousand of this bridge loan were repaid.

On March 31, 2009, the term of the loan was extended by one month until April 30, 2009, and was subsequently extended again until May 14, 2009.

On May 13, 2009, Prisa arranged with the banks that granted the bridge loan for an extension of its term until March 31, 2010, and obtained the authorization of the banks that were party to the syndicated financing agreement for the additional borrowings arising from the aforementioned extension.

On April 19, 2010, Prisa signed a refinancing master agreement with its creditor banks by which the maturity date of the bridge loan was extended until May 19, 2013.

Regarding the bridge loan, and as a result of the mentioned renewals, Prisa agreed with the financial entities participating in the loan to pay a variable amount in cash, depending on the listed price of the ordinary shares from the date of the final agreement (April 19, 2010) until the loan falls due.

During 2011, EUR 12,514 thousand of the bridge loan was paid off, in advance with the proceeds from the sale of 10% of Grupo Media Capital, SGPS, S.A.

Subordinated credit facility-

On December 20, 2007, the Parent arranged a subordinated credit facility of EUR 200,000 thousand bearing interest at a market rate.

The Company has arranged interest rate hedges which establish interest rate caps.

The "subordination" of this financing lies basically in the fact that the repayment of any amount owed thereunder will be conditional upon compliance with the payment obligations at any given time under the aforementioned syndicated loan granted to Prisa by a syndicate of banks.

At December 31, 2011, the balance drawn down was EUR 134,000 thousand, which relates to the definitive amount of this credit facility after the Company requested a reduction in the limit thereof.

Credit facilities-

"Credit facilities" includes mainly the amounts drawn down against credit facilities used to finance the Prisa Group companies' operating requirements in Spain through cash-pooling. The total amount of borrowing facilities with maturities exceeding one year is EUR 156,047 thousand, and is recognized under "*Non-current bank borrowings*" on the accompanying consolidated balance sheet. Borrowing facilities maturing in 2012 total EUR 72,063 thousand, and are recognized under "*Current bank borrowings*" on the accompanying consolidated balance sheet. The interest rate applicable to these credit facilities is Euribor plus a market spread.

At year-end 2011, the syndicated loan and credit facility, the bridge loan, some bilateral loans, counterparties of hedges and the subordinated credit facility are guaranteed jointly and severally by the following Prisa Group companies: Diario El País, S.L., Grupo Empresarial de Medios Impresos, S.L., Prisa Radio, S.L., and Vertix, SGPS, S.A.

In 2010, the Parent pledged its shares in Prisa Televisión, S.A.U., its shares in Prisa Radio, S.L., the shares it indirectly owns in Grupo Media Capital, SGPS, S.A. and the shares it owns of Grupo Santillana de Ediciones, S.L. On January 27, 2011, Prisa Televisión, S.A.U. pledged its shares in DTS, Distribuidora de Televisión Digital, S.A., representing 56% of its share capital.

The syndicated loan and credit facility, and the bridge loan establish that Grupo Prisa must comply with certain financial ratios which were renewed on December 26, 2011 in order to adapt them to the Group's new financial position. The Group's directors consider that the covenants established in these contracts were fulfilled at December 31, 2011.

Refinancing agreement-

On December 26 2011, Prisa signed an agreement to refinance its bank borrowings, comprising the syndicated loan, the bridge loan, the subordinated credit facility and a series of bilateral loans.

The current conditions for the different bank borrowings after the refinancing are as follows:

- The transformation of the syndicated loan into a bullet loan with a single maturity of March 19, 2014. In addition, subject to the fulfilment of certain targets, such as the issue of a bond, maturity may be deferred to December 19, 2014.
- The maturity of the bridge loan, which does not provide for partial repayments, and of some of the bilateral loans, was extended to January 15, 2015. Also subject to the same targets, the maturity of these loans may be extended to September 19, 2015.
- The subordinated credit facility is extended until January 16, 2015 and September 21, 2015, when the conditions for extending the other loans are in place.
- Financial ratios ("covenants") have been reviewed to be adapted to the new financial estimates of the group.
- Cost of debt has been maintained tied to Euribor plus a spread negotiated and adapted in accordance with financial market rates.

Conditions of these loans have been analyzed and there are no significant changes with respect to the previous situation.

Derivative financial instruments

The Prisa Group arranges derivative financial instruments with Spanish and international banks with high credit ratings.

In 2011, the Prisa Group held interest rate derivatives, foreign currency hedges and share options.

The objective of these interest rate hedges is to mitigate, by arranging swaps and option combinations, the fluctuations in cash outflows in respect of payments tied to floating interest rates (Euribor) on borrowings.

"Non-current financial liabilities" and *"Current financial liabilities"* on the accompanying consolidated balance sheet include at year end the market value of the various financial instruments.

The fair value of the outstanding derivatives at December 31, 2011 was a negative EUR 3,327 thousand (December 31, 2010: negative EUR 15,742 thousand), of which EUR 2,500 thousand related to the negative fair value of interest rate derivatives, EUR 1,027 thousand to the positive fair value of foreign currency hedges, and EUR 1,854 thousand to the negative fair value of the share options.

Interest rate derivatives-

In order to determine the fair value of the derivatives, the Prisa Group uses valuations provided by financial entities.

The interest rate derivatives arranged by the Prisa Group at December 31, 2011, and their fair values at that date are as follows (in thousands of euros):

					Nominal value	
Company	Instrument	Expiry	Nominal value	Fair value	Outstanding at 2012	Outstanding at 2013
Prisa	Swap	2013	134,000	(1,317)	134,000	134,000
Media Global SGPS	Collar	2012	50,000	(1,183)	50,000	-
		Total	**184,000**	**(2,500)**	**184,000**	**134,000**

The outstanding interest rate derivatives at December 31, 2011 and 2010, had negative fair values of EUR 2,500 thousand and EUR 9,830 thousand, respectively.

Pursuant to IFRSs, changes in the value of these financial instruments are recognized as finance income or finance costs, since by their nature they do not qualify for hedge accounting under IFRSs.

Analysis of sensitivity to interest rates

The fair value of the interest rate derivatives arranged by the Prisa Group depends on the changes in the Euribor and long-term swap interest rate curves.

Following is a detail, in thousands of euros, of the analysis of the sensitivity of the fair values of derivatives to changes in the euro interest rate curve that the Group considers to be reasonable:

Sensitivity (before tax)	**12/31/2011**	**12/31/2010**
+0.5% (increase in interest rate curve)	936	1,832
-0.5% (decrease in interest rate curve)	(936)	(3,198)

The sensitivity analysis shows that the negative fair value of the interest rate derivatives decreases in the event of upward shifts in the interest rate curve, partially reducing the projected higher cost of borrowings.

The Group considers that interest rates will probably fluctuate by 0.5% over the period analyzed. An increase in interest rates by the aforementioned percentage would lead to an increase in finance costs of EUR 16,538 thousand during 2012, based on the expected maturities and the Group's intention to renew certain bank credit facilities.

Foreign currency derivatives-

In 2011, the Group arranged foreign currency hedges in order to mitigate exposure to exchange rate fluctuations.

In order to determine the fair value of the derivatives, the Prisa Group uses valuations provided by financial entities.

Company	Instrument	Expiry	Nominal value: Thousands of USD	Nominal value: Thousands of euros	Fair value (thousands of euros)
Editora Moderna, Ltda.	Forward	2012	4,200	3,246	385
Editora Moderna, Ltda.	Forward	2012	4,000	3,091	367
Editora Moderna, Ltda.	Forward	2012	3,000	2,319	275
Santillana del Pacífico, S.A. de Ediciones	Forward	2012	400	309	-
Santillana del Pacífico, S.A. de Ediciones	Forward	2012	400	309	-
		Total	**12,000**	**9,274**	**1,027**

The Prisa Group recognized finance income of EUR 1,027 thousand in this connection in the consolidated income statement for 2011 (a finance cost of EUR 253 thousand in 2010).

Analysis of sensitivity to exchange rates

The changes in the fair value of the foreign currency hedges arranged by the Prisa Group depend on fluctuations in the EUR/USD and USD/BRL exchange rates.

Following is a detail, in thousands of euros, of the sensitivity (changes in fair value) of the foreign currency hedges:

Sensitivity (before tax)	12/31/2011	12/31/2010
+10% (increase in USD exchange rate)	2,634	1,006
-10% (decrease in USD exchange rate)	(918)	(641)

The sensitivity analysis shows that the positive fair value of the foreign currency derivatives increases in the event of increases in exchange rates, whereas the fair value of the derivatives decreases in the event of decreases in exchange rates.

Liquidity and interest rate risk tables

The following table shows an analysis of the Prisa Group's liquidity in 2011 for its derivative financial instruments. The table was prepared on the basis of undiscounted net cash flows. When the related settlement (receivable or payable) is not fixed, the amount was determined using the implicit values calculated on the basis of the interest rate curve and forward exchange rates.

	Thousands of euros	
Maturity	**Interest rate derivatives**	**Foreign currency derivatives**
Within 3 months	(431)	1,027
From 3 to 6 months	(522)	-
From 6 to 9 months	(561)	-
From 9 to 12 months	(585)	-
From 1 to 2 years	(401)	-
From 2 to 3 years	-	-
After 3 years	-	-

Liquidity risk-

The management of liquidity risk includes the detailed monitoring of the repayment schedule of the Group's borrowings and the maintenance of credit lines and other financing channels that enable it to cover foreseeable cash needs at short, medium and long term.

The table below details the liquidity analysis of the Prisa Group in 2011 in relation to its bank borrowings, which represent substantially all the non-derivative financial liabilities. The table was prepared using the cash outflows not discounted with respect to their scheduled maturity dates; when it is expected that the outflows will take place prior to the contractually stipulated dates. The flows include both the expected repayments and interest payments. When the settlement is not fixed, the amount was determined using the underlings calculated based on the interest rate curves at the end of 2011.

Maturity	Thousands of euros	Floating euro rates
Within 3 months	187,609	0.79%
From 3 to 6 months	47,556	0.48%
From 6 to 9 months	48,531	0.46%
From 9 to 12 months	41,197	0.47%
From 1 to 2 years	154,743	0.55%
From 2 to 3 years	1,393,778	0.85%
After 3 years	1,811,045	1.42%
Total	**3,684,459**	

Share options-

Financial liabilities arising from the settlement options as part of the mandatory conversion of the Class B shares

At December 31, 2010, as a result of the capital increase transactions, a non-current financial liability amounting to EUR 89,317 thousand was recognized; this corresponds to the Company's potential obligation to deliver additional shares or cash as part of the mandatory conversion of the Class B shares, if during the 20 trading sessions immediately prior to the date of conversion the weighted average price of Class A ordinary shares is below EUR 2. At December 31, 2011, the fair value of this liability stands at EUR 74,758 thousand and is recognized under *"Non-current financial liabilities"* in the accompanying consolidated balance sheet. The Black-Scholes Method was used to determine fair value.

Other share options

At December 31, 2011, the fair value of the cash-settled share options delivered to financial entities participating in the bridge loan, with variable amounts depending on the listed price of Prisa's ordinary shares, amounted to EUR 1,854 thousand.

Fair value of financial instruments: applicable valuation techniques and assumptions for measuring fair value

The financial instruments are grouped together on three levels based on the degree to which the fair value is observable.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: those determinable on the basis of valuation techniques, which include inputs for the asset and liability that are not based on observable market data (unobservable inputs).

The Prisa Group's interest rate and foreign currency derivatives are classified as level-2 derivatives.

(13) FINANCIAL LIABILITIES

"Financial liabilities" includes the amount of the derivatives described in *Note 12*, as well as the following:

Financial liability from the minimum Class B dividend

In 2010, the Company carried out a capital increase, issuing 402,987,000 non-voting convertible Class B shares; their holders had the right to receive a minimum annual dividend per share amounting to EUR 0.175 from the date of their issue until they are converted. Therefore, at year-end 2010, the Company recognized a financial liability net of arrangement expenses totalling EUR 165,200 thousand related to the obligation to pay the dividend with a charge to the issue premium for the Class B shares. The obligation was calculated as the present value of the payments due discounted at the interest rate which would have been applicable to Prisa if it had issued a debt instrument with similar characteristics and credit rating, but without the conversion option. At December 31, 2011 the obligation was valued at EUR 177,197 thousand.

Financial liability from the minimum annual dividend from DLJSAP's investment in Grupo Santillana de Ediciones, S.L

The sale of 25% of Grupo Santillana de Ediciones, S.L.'s share capital in 2010 included the obligation to pay a preferential dividend of at least USD 25.8 million per year. Therefore, at December 31, 2011, the Group recognized a financial liability of EUR 110,916 thousand (December 31, 2010: EUR 107,405 thousand), calculated as the present value of the preferential annual dividends discounted at the interest rate applicable to credit instruments with similar characteristics. These liabilities are in USD, and therefore, differences arising from exchange rate fluctuations are recognized as finance income or cost in the consolidated income statement.

Financial liability from the sale of 10% of Grupo Media Capital, SGPS, S.A.

In February 2011, the Group recognized a financial liability for the cash inflow from the sale of 10% of Grupo Media Capital, SGPS, S.A., for EUR 23,742 thousand. The sale was not produced for accounting purposes since Prisa has not transferred to the buyer the risks and rewards of ownership.

(14) LONG-TERM PROVISIONS

The changes in 2011 in "*Non-current liabilities– Long-term provisions*" were as follows:

	Thousands of euros						
	Balance at 12/31/2010	Translation adjustment	Charge for the year	Changes in scope of consolidation	Amounts used /Disposals	Transfers	Balance at 12/31/2011
For taxes	11,408	(6)	184,547	-	(8,132)	(55)	187,762
For third-party liability and other	174,184	(251)	3,959	30	(13,942)	4,778	168,758
Total	**185,592**	**(257)**	**188,506**	**30**	**(22,074)**	**4,723**	**356,520**

The *"Provision for taxes"* relates to the estimated amount of tax debts arising from the tax audit carried out at various Group companies (*see Note 20*).

The *"Provision for third-party liability"* relates to the estimated amount required to meet possible claims and litigation brought against Group companies.

In view of the nature of the contingencies covered by these provisions, it is not possible to determine a reasonable payment schedule, if indeed there is one, or their financial effect.

However, the Prisa Group's legal advisers and directors consider that the outcome of these procedures and claims will not have a significant effect on the consolidated financial statements for the years in which they come to an end additional to the amount provisioned in the accounting records.

The breakdown of the charge for 2011 in the consolidated income statement is as follows:

	Thousands of euros
Termination benefits	1,412
Other staff costs	1,213
Taxes	184,547
Other	1,334
Total	**188,506**

At December 31, 2011, the Group had ownership interests in companies accounted for using the equity method, the negative net value of which is recognized under *"Non-current liabilities – Long-term provisions"* in the accompanying consolidated balance sheet, the detail being as follows *(see Note 9)*:

	Thousands of euros
Dédalo Grupo Gráfico, S.L. and subsidiaries	64,178
V-me Media, Inc.	4,126
Distributors (*)	3,467
WSUA Broadcasting Corporation	1,072
Green Emerald Business, Inc.	784
Other	81,637
Total	**155,264**

(*) Distrimedios, S.L., Gelesa Gestión Logística, S.L., Comercial de Prensa siglo XXI, S.A. and Distribución de Prensa por Rutas, S.L.

(15) OPERATING INCOME

The breakdown of income from the Group's main business lines is as follows:

	Thousands of euros	
	12/31/2011	12/31/2010
Revenue from subscribers	887,092	913,105
Advertising sales and sponsorship	620,063	673,702
Sales of books and training	697,881	625,877
Newspaper and magazine sales	168,744	180,396
Sales of add-ons and collections	23,151	30,953
Sale of audiovisual rights and programs	88,236	87,739
Intermediation services	20,985	25,393
Broadcasting services	17,260	19,860
Other services	117,869	130,748
Revenue	**2,641,281**	**2,687,773**
Income from non-current assets	20,263	32,888
Other income	62,906	102,070
Other income	**83,169**	**134,958**
Total operating income	**2,724,450**	**2,822,731**

The most significant exchange transactions occurred under *"Advertising sales and sponsorship"* and the most significant segments were radio, press and audiovisual, whose exchanges with third parties amounted to EUR 8,936 thousand in 2011 (December 31, 2010: EUR 9,022 thousand).

"Income from non-current assets" mainly includes the result of the sale of Canal Viajar and the dissolution of Canal+ Investment Inc. made by Prisa TV, amounting to EUR 12,288 thousands and EUR 5,378 thousands respectively.

(16) OPERATING EXPENSES

Staff costs

The detail of *"Staff costs"* is as follows:

	Thousands of euros	
	12/31/2011	12/31/2010
Wages and salaries	483,272	477,213
Employee benefit costs	93,667	94,524
Termination benefits	77,213	1,055
Other employee benefit costs	20,170	19,289
Total	**674,322**	**592,081**

Cost of termination benefits corresponds to the restructuring plan addressed by the group in all business segment and geographical areas during 2011.

The average number of employees at the Group, by professional category, was as follows:

	12/31/2011	12/31/2010
Executives	486	484
Middle management	1,526	1,564
Other employees	11,147	11,837
Total	**13,159**	**13,885**

The breakdown of the workforce, by gender, was as follows:

	12/31/2011		12/31/2010	
	Women	Men	Women	Men
Executives	142	344	137	347
Middle management	561	965	574	990
Other employees	5,583	5,564	5,839	5,998
Total	**6,286**	**6,873**	**6,550**	**7,335**

Share-based payments

Share option plan of Promotora de Informaciones, S.A.-

On December 18, 2008, the Board of Directors approved a remuneration plan consisting of the delivery of options on Company shares for the executive directors and executives of the Group. In accordance with the authorization granted by the shareholders at the General Meeting of March 13, 2008, the exercise price of the options, modified by the shareholders at the General Meeting of December 5, 2008, was set at EUR 2.94 per share.

At the proposal of the Corporate Governance, Nomination and Remuneration Committee, the Board of Directors resolved to offer 177,500 options to the Company's executive directors and 1,378,000 to the executives of the Prisa Group.

Each share conferred the right to purchase or subscribe one Company share. The options were exercisable between December 31, 2009, and March 31, 2010, inclusive. At March 31, 2010, 1,037,000 options relating to this plan had been exercised.

The Extraordinary General Shareholders' Meeting held on November 27, 2010, authorized the 2010-2013 Share/Stock Options Delivery Plan, consisting of the delivery of Prisa shares and/or share options to the directors and executives of the Prisa Group, for 2010, 2011, 2012 and 2013.

As part of that remuneration policy, and in accordance with the resolutions adopted by the Board of Directors, the Company directors will receive 40% of their fixed remuneration for belonging to the Board in Company shares. The Company has recognized an expense for this plan in the income statement for 2011 in the amount of EUR 480 thousand. The number of shares delivered is 188,081 *(see Note 11f)*.

In addition, approval was given for the delivery of shares to certain members of the executive team as part of their variable remuneration, with the corresponding amount having been provisioned in the accompanying consolidated income statement.

During 2011 the Chief Executive Officer of Prisa has received EUR 5,014 thousands by delivery of shares (1,350,000 shares), according to a reference value of 2.08 euros per share. This extraordinary compensation is linked to the success of the recapitalization of the Company and was communicated to the CNMV at the time of the delivery, being also reported in the financial information of the first half of 2011 *(see Note 11f)*.

Additionally, during 2011 660,728 shares have also been delivered to the CEO, amounting to EUR 2,560 thousands, at a reference price of 2.17 euros per share, for his commitment to continue at the Company for a period of three years, according to the contract signed with Prisa in October 2010 as part of the restructuring and corporate recapitalization. Out of this total amount, EUR 853 thousands were registered in the accompanying consolidated income statement as a personal expense, equivalent to 220,242 shares.

In June 2011, the Nomination and Remuneration Committee approved a multiyear, Long-Term Incentive Scheme, consisting of the delivery of shares of Prisa or of some of its listed subsidiaries, subject to the fulfillment of certain goals.

Prisa has recognized an expense on the income statement for 2011 in the amount of EUR 1,845 thousand.

Outside services

The detail of *"Outside services"* in 2011 and 2010 is as follows:

	Thousands of euros	
	12/31/2011	12/31/2010
Independent professional services	174,877	170,877
Leases and fees	138,195	126,075
Advertising	114,768	111,935
Intellectual property	67,899	55,054
Transport	63,913	68,919
Other outside services	229,161	261,640
Total	**788,813**	**794,500**

Fees paid to auditors

The fees for financial audit services relating to the 2011 financial statements of the various companies composing the Prisa Group and subsidiaries provided by Deloitte, S.L. and by other entities related to the auditor amounted to EUR 2,441 thousand (2010: EUR 2,170 thousand), of which EUR 482 thousand relate to Prisa (2010: EUR: 486 thousand); this amount includes EUR 279 thousand for the 2011 audit of the consolidated group, in keeping with PCAOB audit procedures. Additionally, during 2010, Deloitte conducted the 2007, 2008, and 2009 audits of the consolidated group in accordance with PCAOB audit procedures; the fees for this service totaled EUR 1,580 thousand.

Also, the fees relating to other auditors involved in the 2011 audit of the various Group companies amounted to EUR 343 thousand (2010: EUR 383 thousand).

In addition, the fees for other professional services provided to the various Group companies by the principal auditor and by other entities related to the auditor, and fees paid in this connection to other auditors participating in the audit of the various Group companies are as follows (in thousands of euros):

	2011		2010	
	Principal auditor	Other audit firms	Principal auditor	Other audit firms
Other verification services	281	-	444	261
Tax advisory services	405	170	264	65
Other services	447	2,802	1,691	927
Other professional services	**1,133**	**2,972**	**2,399**	**1,253**

Operating leases

Various assets and services used by the Group are held under operating leases, the most significant of which are the buildings in Gran Vía 32, Miguel Yuste, Tres Cantos and Caspe, the provision of analogue, digital terrestrial and satellite broadcasting services and the radio frequencies. The most significant lease relates to Media Latina. The schedule for the minimum lease payments arising from these leases is as follows:

Year	Thousands of euros
2012	80,115
2013	77,680
2014	78,562
2015	78,532
2016	76,727
2017 and beyond	727,149
	1,118,765

The main characteristic of the leases for the buildings on Gran Vía 32, Miguel Yuste, and Caspe are lease terms that range from 18 months to 15 years which, in the case of the buildings leased at 15 years, include the possibility of extending the lease by two consecutive five-year periods. The duration of the Tres Cantos lease is 20 years, which is renewable for four consecutive periods of five years each. In 2011, the lease expense relating to these buildings amounted to EUR 30,826 thousand (2010: EUR 22,748 thousand) and was recognized under *"Outside services – Leases and fees."*

Radio frequencies are leased from Media Latina for a term of ten years. The lease expense for 2011 in this connection amounted to EUR 7,272 thousand (2010: EUR 5,838 thousand), recognized under *"Outside services – Leases and fees."*

The lease for the provision of satellite broadcasting services expires in 2017. The expense relating to these services amounted to EUR 52,940 thousand in 2011 (2010: EUR 43,936 thousand), which is recognized under *"Outside services – Leases and fees"*.

Change in allowances, write-downs and provisions

The detail of the *"Change in allowances, write-downs and provisions"* is as follows:

	Thousands of euros	
	12/31/2011	12/31/2010
Change in operating allowances	27,947	24,744
Change in inventory write-downs	16,723	12,480
Change in provision for sales returns	501	(14)
Total	**45,171**	**37,210**

(17) FINANCIAL LOSS

The detail of *"Financial loss"* in the consolidated income statements is as follows:

	Thousands of euros	
	12/31/2011	12/31/2010
Income from current financial assets	839	835
Finance income from hedging transactions	705	-
Income from equity investments	395	284
Other finance income	5,357	7,646
Finance income	**7,296**	**8,765**
Interest on debt	(124,653)	(123,559)
Finance costs on hedging transactions	(8,445)	(16,374)
Adjustments for inflation	(699)	(990)
Other finance costs	(71,356)	(37,846)
Finance costs	**(205,153)**	**(178,769)**
Exchange gains	24,186	25,821
Exchange losses	(28,067)	(23,705)
Exchange differences (net)	**(3,881)**	**2,116**
Change in fair value of financial instruments	**6,586**	**8,677**
Financial loss	**(195,152)**	**(159,211)**

In 2011, *"other finance cost"* mainly included the updating of the financial liability registered for the minimum Class B dividend.

(18) DISCONTINUED OPERATIONS

In 2010, the loss from discontinued operations included mainly the sale of Sociedad General de Televisión Cuatro, S.A., less the derecognition of the goodwill allocated to the company, as well as the results of its activity, as the sale took place on December 28, 2010.

	12/31/2010
Operating income	379,627
Operating expenses	(392,157)
Loss from operations	**(12,530)**
Financial loss	(587)
Result of companies accounted for using the equity method	(5)
Loss before tax from continuing operations	**(13,122)**
Income tax	6,268
Result attributable to non-controlling interests	(12)
Loss after tax	**(6,866)**
Gain on sale of Sociedad General de Televisión Cuatro, S.A.	349,022
Derecognition of goodwill allocated to Sociedad General de Televisión Cuatro, S.A.	(377,167)
Loss after tax from discontinued operations	**(35,011)**

(19) BUSINESS SEGMENTS

Segment reporting is structured on a primary basis by business segment and on a secondary basis by geographical segment.

The business segments were determined based on the Prisa Group's organizational structure at year-end 2011 considering the nature of the products and services offered, and the customer segments which they target.

At December 31, 2011, Prisa's operations are divided into four main businesses:

- Audiovisual, which obtains revenue mainly from the subscribers to the Canal+ platform, the broadcasting of advertising and audiovisual production;
- Education, which includes primarily the sale of general publishing and educational books;
- Radio, the main source of revenue from which is the broadcasting of advertising and, in addition, the organization and management of events and the provision of other supplementary services; and
- Press, which groups together mainly the activities relating to the sale of newspapers and magazines, advertising, promotions and distribution;

Segment information about these businesses for 2011 and 2010 is presented below:

	AUDIOVISUAL		EDUCATION		RADIO		PRESS		OTHER		ELIMINATIONS AND ADJUSTMENTS		PRISA GROUP	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Operating income	**1,241,185**	**1,372,401**	**720,393**	**642,252**	**376,772**	**405,522**	**390,012**	**420,347**	**101,598**	**96,926**	**(105,510)**	**(114,717)**	**2,724,450**	**2,822,731**
- External sales	1,206,862	1,321,866	715,553	638,884	368,469	395,176	358,633	315,398	41,762	120,737	33,171	30,670	2,724,450	2,822,731
- Inter-segment sales	34,323	50,535	4,840	3,368	8,303	10,346	31,379	104,949	59,836	(23,811)	(138,681)	(145,387)	0	0
Operating expenses	**(1,119,796)**	**(1,177,964)**	**(616,407)**	**(536,791)**	**(351,588)**	**(315,458)**	**(373,532)**	**(378,051)**	**(668,617)**	**(198,031)**	**369,754**	**119,716**	**(2,760,186)**	**(2,486,579)**
- Cost of materials used	(533,690)	(564,527)	(187,198)	(160,101)	(2,401)	(3,412)	(105,067)	(111,830)	(842)	(4,007)	5,078	4,654	(824,120)	(839,223)
- Staff costs	(182,160)	(173,950)	(161,837)	(148,212)	(153,281)	(119,054)	(105,117)	(100,843)	(71,852)	(49,540)	(75)	(482)	(674,322)	(592,081)
- Depreciations and amortisation charge	(95,515)	(100,112)	(44,816)	(41,714)	(14,664)	(14,328)	(9,915)	(9,957)	(6,621)	(5,034)	200	782	(171,331)	(170,363)
- Outside services	(290,541)	(325,108)	(201,160)	(167,336)	(169,469)	(174,918)	(139,749)	(149,816)	(89,161)	(66,841)	101,267	89,519	(788,813)	(794,500)
- Change in operating provisions	(8,036)	(11,095)	(18,205)	(15,844)	(11,757)	(3,673)	(5,907)	(4,255)	(1,267)	(2,343)	1	0	(45,171)	(37,210)
- Other expenses	(9,854)	(3,172)	(3,191)	(3,584)	(16)	(73)	(7,777)	(1,350)	(498,874)	(70,266)	263,283	25,243	(256,429)	(53,202)
Profit from operations	**121,389**	**194,437**	**103,986**	**105,461**	**25,184**	**90,064**	**16,480**	**42,296**	**(567,019)**	**(101,105)**	**264,244**	**4,999**	**(35,736)**	**336,152**
Finance income	2,302	6,566	3,948	2,913	1,003	809	1,494	963	150,429	144,222	(145,048)	(137,095)	14,128	18,378
Finance costs	(18,793)	(23,849)	(27,035)	(22,416)	(2,186)	(3,685)	(499)	(704)	(189,090)	(162,735)	32,204	33,683	(205,399)	(179,706)
Exchange differences (net)	1,424	(4,516)	(5,137)	9,393	(153)	1,885	(210)	(27)	101	(142)	94	(4,476)	(3,881)	2,117
Financial profit (loss)	**(15,067)**	**(21,799)**	**(28,224)**	**(10,110)**	**(1,336)**	**(991)**	**785**	**232**	**(38,560)**	**(18,655)**	**(112,750)**	**(107,888)**	**(195,152)**	**(159,211)**
Result of companies accounted for using the equity method	(2,215)	(594)	(236)	(164)	(181)	(25)	(123)	996	0	0	(16,939)	(99,766)	(19,694)	(99,553)
									0					
Loss from other investments	0	0	0	0	(6)	(42)	0	(4,361)	(17,659)	(105,275)	23,532	105,376	5,867	(4,302)
Profit before tax from continuing operations	**104,107**	**172,044**	**75,526**	**95,187**	**23,661**	**89,006**	**17,142**	**39,163**	**(623,238)**	**(225,035)**	**158,087**	**(97,279)**	**(244,715)**	**73,086**
Income tax	1,927	(49,028)	(22,041)	(30,382)	(7,771)	(22,027)	(3,117)	(10,925)	(121,714)	(36,113)	4,743	75,451	(147,973)	(73,024)
Profit from continuing operations	**106,034**	**123,016**	**53,485**	**64,805**	**15,890**	**66,979**	**14,025**	**28,238**	**(744,952)**	**(261,148)**	**162,830**	**(21,828)**	**(392,688)**	**62**
Profit after tax from discontinued operations	0	336,160	(2,428)	(2,105)	0	0	(758)	(608)	0	0	540	(368,458)	(2,646)	(35,011)
Consolidated profit for the year	**106,034**	**459,176**	**51,057**	**62,700**	**15,890**	**66,979**	**13,267**	**27,630**	**(744,952)**	**(261,148)**	**163,370**	**(390,286)**	**(395,334)**	**(34,949)**
Non-controling interests	(25,523)	(1,444)	439	738	(3,976)	(4,619)	(3,093)	(2,929)	(46)	(36)	(23,685)	(29,631)	(55,884)	(37,921)
Profit atributable to the Parent	**80,511**	**457,732**	**51,496**	**63,438**	**11,914**	**62,360**	**10,174**	**24,701**	**(744,998)**	**(261,184)**	**139,685**	**(419,917)**	**(451,218)**	**(72,870)**
BALANCE SHEET														
Assets	**3,033,287**	**3,136,159**	**573,677**	**559,885**	**533,020**	**560,617**	**345,208**	**331,000**	**5,894,539**	**6,269,004**	**(2,501,207)**	**(2,705,211)**	**7,878,524**	**8,151,454**
- Non- current except investments accounted for using the equity method	1,339,216	1,393,537	226,774	206,074	365,052	363,615	121,533	111,812	5,434,806	5,742,313	(1,912,760)	(2,137,404)	5,574,621	5,679,947
- Investments accounted for using the equity method	587,667	594,409	96	168	(1,721)	(1,498)	11,334	12,159	0	0	6,706	8,304	604,082	613,542
- Current	1,106,404	1,148,213	346,807	350,110	169,564	198,380	212,341	207,029	459,733	526,691	(595,153)	(576,111)	1,699,696	1,854,312
- Assets classified as held for sale	0	0	0	3,533	125	120	0	0	0	0	0	0	125	3,653
Equity and liabilities	**3,033,287**	**3,136,159**	**573,677**	**559,885**	**533,020**	**560,617**	**345,208**	**331,000**	**5,894,539**	**6,269,004**	**(2,501,207)**	**(2,705,211)**	**7,878,524**	**8,151,454**
- Equity	1,910,879	1,824,407	144,778	162,114	369,527	402,467	165,320	162,533	1,118,863	1,837,163	(1,491,332)	(1,738,499)	2,218,035	2,650,185
- Non-current	124,169	149,355	158,792	150,825	10,979	10,104	2,076	1,063	3,954,604	3,603,689	(368,291)	(388,540)	3,882,329	3,526,496
- Current	998,239	1,162,397	270,107	246,946	152,514	148,046	177,812	167,404	821,072	828,152	(641,584)	(578,172)	1,778,160	1,974,773
- Liabilities classified as held for sale	0	0	0	0	0	0	0	0	0	0	0	0	0	0

*"Other" includes Prisa Brand Solutions, Digital, Promotora de Informaciones, S.A., Prisaprint, S.L., Promotora de Actividades América 2010, S.L., Prisa División Inmobiliaria, S.L., Prisa Inc., Prisa División Internacional, S.L.; Prisa Finance (Netherlands) BV, GLP Colombia, Ltda. y Vertix, SGPS, S.A.

The detail of capex in 2011 and 2010 by business segment is as follows (in thousands of euros):

	2011			2010		
	Property, plant and equipment	**Intangible assets**	**Total**	**Property, plant and equipment**	**Intangible assets**	**Total**
Audiovisual	57,421	58,958	**116,379**	64,363	57,670	**122,033**
Education	11,926	55,524	**67,450**	4,647	50,590	**55,237**
Radio	5,765	2,360	**8,125**	7,690	10,932	**18,622**
Press	529	3,183	**3,712**	2,460	4,804	**7,264**
Other	1,312	21,000	**22,312**	564	2,289	**2,853**
Total	**76,953**	**141,025**	**217,978**	**79,724**	**126,285**	**206,009**

In relation to the audiovisual segment, the breakdown, by business line, of the main items under *"Profit/(loss) from operations"* is as follows:

	Thousands of euros					
	2011			2010		
	Pay television	**Free-to-air television**	**Other**	**Pay television**	**Free-to-air television**	**Other**
Revenue	988,563	149,024	76,524	1,035,733	155,983	78,066
Other income	22,715	1,165	3,194	98,256	886	3,477
TOTAL OPERATING INCOME	**1,011,278**	**150,189**	**79,718**	**1,133,989**	**156,869**	**81,543**
Cost of materials used	(506,699)	(23,122)	(3,869)	(535,772)	(16,364)	(12,391)
Staff costs	(114,138)	(25,067)	(42,955)	(108,509)	(23,468)	(41,973)
Other operating expenses	(294,869)	(34,181)	(74,896)	(315,644)	(33,952)	(89,891)
TOTAL OPERATING EXPENSES	**(915,706)**	**(82,370)**	**(121,720)**	**(959,925)**	**(73,784)**	**(144,255)**
PROFIT/(LOSS) FROM OPERATIONS	**95,572**	**67,819**	**(42,002)**	**174,064**	**83,085**	**(62,712)**

At December 31, 2011 and 2010, the non-current and current assets and liabilities directly related to the free-to-air TV business, as well as the current assets and liabilities directly allocable to that business, correspond to the free-to-air Grupo Media Capital "TVI." The related amounts are as follows:

	12/31/2011	**12/31/2010**
Non-current assets	22,748	132,939
Current assets	97,735	38,840
Current liabilities	(81,480)	(84,223)

At December 31, 2011 EUR 54,593 thousands have been transferred from audiovisual rights to inventories (*see note 7*). Additionally, non-current assets corresponding to the free-to-air business of Media Capital have diminished as a consequence of the merger of Kimberley Trading, S.A. and Media Global, SGPS, S.A.

The other assets and liabilities are either allocable to the pay TV and audiovisual production businesses or are deemed to be shared by the various business lines of the audiovisual segment.

The Group's activities are located in Europe and America. Operations in Europe are carried out mainly in Spain, although since 2005 the Group has expanded into Portugal. The activities in America are located mainly in Brazil, Mexico and Colombia.

The breakdown of certain of the Group's consolidated balances based on the geographical location of the companies that gave rise to them is as follows:

	Thousand of euros					
	Revenue		**Other income**		**Profit/(loss) before non-controlling interests and tax**	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
Europe	**1,975,446**	**2,106,231**	**73,960**	**128,561**	**(359,625)**	**(29,949)**
Spain	1,776,041	1,905,259	70,496	125,193	(395,847)	(41,623)
Rest of Europe	199,405	200,972	3,464	3,367	36,222	11,674
America	**665,835**	**581,542**	**9,209**	**6,397**	**114,910**	**103,035**
TOTAL	**2,641,281**	**2,687,773**	**83,169**	**134,958**	**(244,715)**	**73,086**

	Thousand of euros			
	Non- current assets (*)		**Total assets**	
	2011	**2010**	**2011**	**2010**
Europe	**4,676,153**	**4,966,425**	**7,305,629**	**7,577,468**
Spain	4,483,084	4,715,976	6,988,294	7,258,263
Rest of Europe	193,069	250,449	317,335	319,205
America	**214,168**	**210,423**	**572,895**	**573,986**
TOTAL	**4,890,321**	**5,176,848**	**7,878,524**	**8,151,454**

(*) Include property, plant and equipment, goodwill, intangible assets, investments accounted for using the equity method and other non-current assets.

(20) TAX MATTERS

As indicated under *"Accounting Policies,"* Promotora de Informaciones, S.A. files consolidated income tax returns in Spain, in accordance with the Spanish Corporation Tax Law, and is the Parent of consolidated tax group 2/91, which includes all its subsidiaries *(see Appendix I)* that meet the requirements provided for in Spanish legislation regulating the taxation of the consolidated profits of corporate groups.

As a result of disinvestments carried out in the audiovisual segment during 2010, Prisa Televisión, S.A.U. subsidiaries were excluded from the consolidated tax group of which Promotora de Informaciones, S.A. is the parent. During the year, said subsidiaries, given that they meet the requirements established in the legislation governing the taxation of the consolidated profit of corporate groups, have, with effect starting in 2011, filed consolidated income tax returns in Spain. As a result, DTS Distribuidora de Television Digital, S.A. is the parent of tax group number 136/11, which is composed of all the subsidiaries that meet the statutory requirements *(see Appendix I).*

Also, on January 1, 2009, Prisa Radio, S.L. created its own consolidated tax group in Spain, identified with number 194/09, which also comprises the subsidiaries that meet the statutory requirements *(see Appendix I).*

In addition, on January 1, 2011, Grupo Cronos Distribución integral, S.L. created its own consolidated tax group in Spain, identified with number 445/11, which also comprises the subsidiaries that meet the statutory requirements *(see Appendix I).*

Lanza, S.A. de C.V. (Mexico) files consolidated tax returns in Mexico together with its Mexican subsidiaries.

GLR Services, Inc. also files consolidated tax returns in the United States together with its subsidiaries that meet the requirements for application of this special consolidated tax regime.

Media Global, SGPS, S.A. and the companies in which it directly or indirectly holds at least 90% of the share capital and which also meet the conditions required under Portuguese law constitute a consolidated tax group in Portugal.

The other Group subsidiaries file individual tax returns in accordance with the tax legislation prevailing in each country.

In 2011 and prior years, certain Group companies performed or participated in corporate restructuring transactions under the special tax neutrality regime regulated in Chapter VIII of Title VII of the Consolidated Spanish Corporation Tax Law approved by Legislative Royal Decree 4/2004, of March 5. The disclosures required by this legislation are included in the notes to the financial statements of the related Group companies for the year in which these transactions were carried out.

Also, in prior years, several tax group companies availed themselves of tax credits for the reinvestment of extraordinary income under Article 21 of repealed Spanish Corporation Tax Law 43/1995. The disclosures required by this Law are made in the notes to the financial statements of the corresponding companies.

In the financial statements for 2008, 2009, and 2010, several Group companies took the tax credit for reinvestment of extraordinary income envisaged in Article 42 of the Spanish Corporation Tax Law amounting to EUR 179,935 thousand, EUR 1,226 thousand and EUR 41,805 thousand, respectively. The disclosures required by current legislation were included in the notes to the financial statements of the companies involved.

At the time of the filing, in July 2011, of the 2010 income tax statement, several companies availed themselves of the tax credit for the reinvestment of extraordinary income and applied the reinvestment tax credit to income amounting to EUR 559,498 thousand, having fulfilled, in the year in which the income was obtained, the obligation to reinvest the sale price in the acquisition of property, plant and equipment, intangible assets, and financial assets, in accordance with the terms established by the tax legislation.

During the year, certain companies within tax group deducted, for tax purposes, impairment losses on equity interests from taxable income, an extra-accounting deduction provided for under article 12.3 of the Spanish Corporation Tax Law. The disclosure requirements of this Law were met in the notes to the financial statements of these companies.

a) Reconciliation of the accounting profit to the taxable profit

The following table shows a reconciliation of the result of applying the current standard tax rate in Spain to consolidated net accounting profit, calculated under International Financial Reporting Standards, to the consolidated Group's income tax expense for 2010 and 2011.

	Income statement	
	2011	**2010**
CONSOLIDATED NET PROFIT UNDER IFRSs	**(244,715)**	**73,086**
Tax charge at 30%	(73,415)	21,926
Consolidation adjustments	74,804	17,534
Permanent differences (1)	(4,499)	34,961
Tax loss carryforwards	-	(780)
Tax credits and tax relief (2)	(1,952)	(4,566)
Effect of applying different tax rates (3)	1,247	(8,178)
INCOME TAX	(3,815)	60,897
ADJUSTMENT OF PRIOR YEARS' TAX (4)	146,171	6,611
FOREIGN TAX EXPENSE (5)	4,092	3,820
EMPLOYEE PROFIT SHARING (6)	1,525	1,696
TOTAL INCOME TAX	**147,973**	**73,024**

(1) The permanent differences are due mainly to certain non-deductible costs and provisions for expenses recognized for accounting purposes and which will become deductible for tax purposes in subsequent periods.

(2) The Spanish Prisa reporting Group companies took a domestic dividend double taxation tax credit on dividends not elimination on consolidation, an international double taxation credit and a tax credit provided for in Article 20 of Law 49/2002, of December 23, on the Tax Regime of Not-for-Profit-Entities and Tax Incentives for Patronage.

(3) Relating to the effect of taxation of profits from American and European subsidiaries at different rates.

(4) Refers to the impact on the income statement of the adjustment of income tax from prior years. Including the recognition of a provision for taxes in the amount of EUR 183,000 in order to cover a probable unfavorable ruling on the items under review, principally the export tax credit, within the different proceedings in progress regarding the audits being carried out with regard to the Group.

(5) This relates to the expense for taxes paid abroad and arose from withholdings at source on the income from exports of services provided by the Group's Spanish companies abroad.

(6) This is an additional component of the income tax expense in countries such as Mexico.

b) Deferred tax assets and liabilities

The following table shows the origin and amount of the deferred tax assets and liabilities recognized at year-end 2010 and 2011 (in thousands of euros):

2011-

DEFERRED TAX ASSETS ARISING FROM					
	12/31/2011	**Additions**	**Transfers**	**Disposals**	**12/31/2010**
Non-deductible provisions	4,438	2,218	-	(6,623)	8,843
Non-capitalizable assets	37	-	-	-	37
Tax loss carryforwards	822,630	44,386	12,936	(4,109)	769,417
Unused tax credit recognized	316,586	83,280	(121)	(10,886)	244,313
Other	23,003	13,218	(12,815)	(820)	23,420
Total	**1,166,694**	**143,102**	**-**	**(22,438)**	**1,046,030**

DEFERRED TAX LIABILITIES ARISING FROM				
	12/31/2011	**Additions**	**Disposals**	**12/31/2010**
Impairment losses on equity investments and goodwill	19,637	125	(549)	20,061
Deferral for reinvestment of extraordinary income	6,094	-	(150)	6,244
Accelerated depreciation and amortization	488	-	(17)	505
Other	4,190	2,582	(137)	1,745
Total	**30,409**	**2,707**	**(853)**	**28,555**

2010-

DEFERRED TAX ASSETS ARISING FROM				
	12/31/2010	**Additions**	**Disposals**	**12/31/2009**
Non-deductible provisions	8,843	2,927	(79)	5,995
Non-capitalizable assets	37	-	-	37
Tax loss carryforwards	769,417	1,405	(235,549)	1,003,561
Unused tax credit recognized	244,313	2,336	(40,192)	282,169
Other	23,420	4,347	(2,985)	22,058
Total	**1,046,030**	**11,015**	**(278,805)**	**1,313,820**

DEFERRED TAX LIABILITIES ARISING FROM				
	12/31/2010	**Additions**	**Disposals**	**12/31/2009**
Impairment losses on equity investments and goodwill	20,061	504	(44,809)	64,366
Deferral for reinvestment of extraordinary income	6,244	-	(103)	6,347
Accelerated depreciation and amortization	505	-	(17)	522
Other	1,745	420	(239)	1,564
Total	**28,555**	**924**	**(45,168)**	**72,799**

The tax assets and liabilities on the consolidated balance sheet at December 31, 2011 are recognized at their estimated recoverable amount.

There are no significant temporary differences arising from investments in subsidiaries, branches, associates or joint ventures that generate deferred tax liabilities.

There are no significant amounts arising from temporary differences associated with retained earnings of subsidiaries in jurisdictions where different tax rates are applied and, therefore, no deferred tax liabilities were recognized in this connection.

The majority of the balance of deferred tax assets corresponds to tax credits arising from tax loss carryforwards and tax credits for investments mainly arising from Prisa's 2/91, Prisa Radio's 194/09, and DTS Distribuidora Televisión Digital, S.A.'s 136/11 tax consolidation groups. These deferred tax assets were recognized in accordance with the criteria set forth in "*Account policies*."

When the Prisa Televisión Group paid its 2008 income tax, it reassigned the tax loss carryforwards and unused tax credits of the Consolidated Group to each of the different companies comprising it at that date. Also, as a result of the elimination of the Prisa Televisión tax group in 2008, it also reassigned the tax loss carryforwards of the consolidated tax group and of individual companies prior to their inclusion in the tax group, based on the criteria of the tax authorities.

Following is a detail, in thousands of euros, of the prior years' tax losses of Spanish companies available for offset against future profits, showing the year in which the tax losses were incurred and the last years for offset.

YEAR INCURRED	AMOUNT	LAST YEAR FOR OFFSET	AMOUNT	RECOGNIZED	NOT RECOGNIZED
1996	628	2014	628		628
1997	78,221	2015	1,036	77,185	1,036
1998	242,124	2016	1,537	225,065	17,059
1999	372,917	2017	8,342	297,533	75,384
2000	470,283	2018	13,172	408,775	61,508
2001	479,574	2019	3,503	422,260	57,314
2002	548,432	2020	15,741	462,867	85,565
2003	593,566	2021	79,849	540,527	53,039
2004	160,422	2022	20,716	95,285	65,137
2005	6,716	2023	6,716	267	6,449
2006	10,672	2024	4,426	6,350	4,322
2007	3,244	2025	387,983	66	3,178
2008	5,616	2026	2,428,766	236	5,380
2009	917	2027	917	65	852
2010	1,131	2028	1,131	790	341
2011	147,278	2029	147,278	147,201	77
TOTAL	**3,121,741**		**3,121,741**	**2,684,472**	**437,269**

The Group recognized tax loss carryforwards in respect of losses incurred in launching the satellite pay TV business. The most significant losses in this respect were those recognized by DTS Distribuidora de Televisión Digital, S.A. prior to its inclusion in the Prisa Televisión Group. The Group also recognized tax loss carryforwards in respect of losses incurred in the integration of DTS Distribuidora de Televisión Digital, S.A. The recovery thereof is reasonably assured on the basis of the recent performance of the pay TV businesses, the forecasts contained in the Prisa Televisión Group's business plan, and the transactions described in the Notes to the Group's consolidated financial statements.

In this respect, the management of the Prisa Televisión Group has a long-term business plan, which it has kept updated and in which, among other things, matters relating to the Group's future strategy, studies by independent third parties, experiences of other operators similar to the Group in neighboring countries, and the proven experience in recent years of the Prisa Televisión Group in the pay TV market in Spain were taken into account.

The assumptions used in this business plan are conservative and relate to matters such as the penetration of pay TV in Spain, Prisa Televisión Group's share of this penetration, the trend in the number of subscribers and in the prices of the services offered by the Group and the general trend in costs, in particular programming costs within the current technological and right exploitation framework in which Prisa Televisión Group operates. In this respect, the projection for the long-term penetration of pay TV in Spain is several points below the current penetration rates in neighboring countries. In addition, these rates are generally below the forecasts of independent third-party consultants. Consequently, the estimated annual increases at short and medium term in the net subscriber figures are lower than the annual increases achieved in recent years by certain other European operators. This business plan also includes sensitivity studies of the most significant assumptions in order to situate them in pessimistic scenarios.

The main conclusion of the aforementioned business plan is that the Prisa Televisión Group will report rising earnings figures at medium term which, together with its legal restructuring and the transactions described in the Notes to the Group's consolidated financial statements, will enable the tax assets recognized by it to be recovered.

Also, as a result of the disposals and reorganization in the audiovisual area in 2010, nearly the entirety of Prisa Televisión, S.A.U.'s tax credits have been used.

The breakdown, by country, of the tax loss carryforwards of the Group's foreign companies is shown below (in thousands of euros):

YEAR GENERATED	USA	MEXICO	BRAZIL	CHILE	ARGENTINA	COLOMBIA	PORTUGAL	TOTAL
1993	1,307							1,307
1994	1,335							1,335
1995	1,593							1,593
1996	111							111
1997	1,783							1,783
1998	1,753							1,753
1999	2,988							2,988
2000	3,933							3,933
2001	3,307							3,307
2002	1,915							1,915
2003	2,954							2,954
2004	3,180							3,180
2005	3,119						6,366	9,485
2006	7,379						1,887	9,266
2007	5,456				1,276		2,334	9,066
2008	6,445	827	27		515			7,814
2009	6,331	3		7,287	640	130		14,391
2010	1,940		18	7,367				9,325
2011	4,308	1,334	2,243			1,915		9,800
TOTAL	**61,137**	**2,164**	**2,288**	**14,654**	**2,431**	**2,045**	**10,587**	**95,306**
RECOGNIZED	43,079			14,654	2,431		2,448	62,612
NOT RECOGNIZED	18,058	2,164	2,288			2,045	8,139	32,694
Period for offset	20 years	10 years	No limit	No limit	5 years	No limit	6 years	

c) Years open for review by the tax authorities

The years open for review by the tax authorities for the main taxes vary from one consolidated company to another, although they are generally the last four years, with the exceptions discussed below.

The tax authorities inspected certain companies within the consolidated tax and accounting scope, and several tax assessments were issued for the following: personal income tax withholdings and payments, VAT, single revaluation tax, and income tax. At the date of preparation of these financial statements, the procedural status of the cases is as follows:

Company	Tax	Years	Procedural Status
Parent - Promotora de Informaciones, S.A.	Consolidated income tax	1992 to 1996	During the year, the enforcement resolutions of the sentences of dismissal that were pending have been abided by with regard to the settlements for 1995 and 1996.
Subsidiaries			
Diario El País, S.L.	Personal income tax withholdings	1994 to 1996	A sentence partially admitting the appeal was received
Sociedad Española de Radiodifusión, S.L.	Income tax	1990 and 1992	During the year, the enforcement resolution of the sentence of dismissal that was pending has been abided by with regard to the settlement for 1992.

The Antena 3 de Radio, S.A. consolidated tax group was audited by the tax authorities in 2005. The tax authorities reviewed the following years and taxes: 2000, 2001, and 2002 for income tax, and January 2001 to December 2002 for VAT, personal income tax withholdings and prepayments (employees and professionals) and tax on property income. As a result of the tax audit, an assessment amounting to EUR 3,499 thousand was issued in respect of the consolidated income tax, which was signed on a contested basis. The appropriate pleas were filed against these assessments and a decision upholding the final tax assessments was rendered. The related claim was filed at the Madrid Regional Economic-Administrative Tribunal against the decision, the execution of which was stayed in return for the provision of a guarantee. The Court handed down a decision, partially upholding the claim filed in respect of substantially all of the deficiency and interest and set aside the penalty. To comply with the resolution issued by the Regional Economic-Administrative Tribunal, during 2010 the Tax Authorities reopened the 2001-2002 income tax inspection. During the year, this audit concluded with the handing down of a decision upholding the tax assessment, based on which the entity has a tax liability of EUR 528 thousand. An economic-administrative claim was filed against the decision.

During the year, verification and inquiry actions were initiated with regard to the tax on raffles, including tómbolas, wagers and combinations of chance for 2007 to 2010 at Sociedad Prisa Televisión, S.A. The actions concluded with contested tax dispute proceedings, resulting in a proposed settlement in the amount of EUR 8,570 thousand (deficiency plus interest). The Company has filed a motion challenging the proposal.

During the year, verification and inquiry actions were initiated with regard to the tax on raffles, including tómbolas, wagers and combinations of chance for 2007 to 2010 at Promotora de Emisoras de Televisión, S.A. The actions concluded with contested tax dispute proceedings, resulting in a proposed settlement in the amount of EUR 544 thousand (deficiency plus interest) against the proposed settlement an economic-administrative claim was filed.

In 2006, the tax authorities completed their audit of the Prisa tax group for consolidated income tax for 1999, 2000, 2001, and 2002 and for VAT, personal income tax withholdings and repayments (employees and professionals), tax on property income, tax on income from movable capital and non-resident income tax for the following companies and years:

Company	Years
Parent-	
Promotora de Informaciones, S.A.	June 2000 to May 2004
Subsidiaries-	
Diario El País, S.L.	June 2000 to May 2004
Sociedad Española de Radiodifusión, S.L.	June 2000 to May 2004
Prisa Brands Solutions, S.L.U.	January 2001 to December 2003
Ítaca, S.L.	January 2001 to December 2002
Mateu Cromo Artes Gráficas, S.A.	January 2001 to December 2002
Promotora de Emisoras de Televisión, S.A.	January 2001 to December 2003
Grupo Empresarial de Medios Impresos, S.L.	January 2001 to December 2003
Grupo Santillana de Ediciones, S.L.	January 2001 to December 2003
Santillana Educación, S.L.	January 2001 to December 2003
Santillana Ediciones Generales, S.L.	January 2001 to December 2003

The decisions handed down on the appeals filed against the decisions upholding the final tax assessments issued for each year (1999 to 2002) for income tax (which partially upheld the pleas) confirmed settlements totaling EUR 34,867 thousand (deficiency plus late-payment interest). Appeals were filed at the Central Economic-Administrative Tribunal against these decisions. The decisions handed down by the aforementioned Tribunal, partially upholding the Group's claims and adjudging the settlements relating to all those years to be null and void, were appealed at the National Appellate Court. Payment of this amount was stayed and the related guarantee was provided. The National Appellate Court dismissed the appeals relative to 1999 and 2000, and during the year sentences dismissing the appeals regarding those for 2001 and 2002 were received. Since the Company does not agree with the decision of the National Appellate Court, it filed the corresponding cassation appeals at the Supreme Court. Owing to formalities, the appeal regarding 2001 was deemed inadmissible. A motion for annulment was filed against the inadmissibility decision.

The other taxes audited did not give rise to any assessment or the amount of the assessment was not material and has been paid or appealed against.

In 2010, the tax audit of consolidated income tax for 2003 to 2005 was completed and the corresponding assessment was issued containing a deficiency of approximately EUR 16,960 thousand which was signed on a contested basis. The corresponding pleas were submitted against the aforementioned preliminary assessment and against the settlement agreement an economic-administrative claim was filed with the Central Economic- Administrative Tribunal, currently pending resolution.

Also, the audits of personal income tax withholdings and prepayments (employees and professionals), tax on property income and tax on income from movable capital for 2004 and 2005 were completed, which gave rise to uncontested assessments that were paid in the year 2010 and a contested assessment amounting to EUR 326 thousand. The Company has filed the corresponding administrative appeal against the assessments. Also, the tax audit of VAT from June 2004 to December 2006 was completed with uncontested assessments amounting to EUR 909 thousand paid in 2010 and contested assessments amounting to EUR 75 thousand and EUR 5,416 thousand, respectively, against which appeals have been filed at the National Appellate Court and the Central Economic-Administrative Tribunal, respectively, and are pending resolution.

During the year, a tax audit began relative to the income tax of the consolidated tax group 2/91, of which Promotora de Informaciones is the parent, for 2006 to 2008. The review also covers the value added tax, the withholdings/prepayments (employees and professionals) and the withholdings on non-resident taxes of the parent for June 2007 to December 2008.

Given the decision on the inadmissibility of the cassation appeal filed against the settlement relative to income tax for 2001—and even though the inadmissibility decision was based on a formality—in accordance with the principle of prudence, the Company has recognized a provision of EUR 183,000 thousand (see Note 14) to cover a probable unfavorable ruling on the issues in question, principally the export tax credit, within the different proceedings in progress regarding the aforementioned audits.

(21) DISTRIBUTION OF RESULTS

The proposal for the distribution of the loss of Promotora de Informaciones, S.A. for 2011 is as follows (in thousands of euros):

	Amount
Basis of appropriation	
Loss for the year	(616,903)
Distribution-	
Voluntary reserves	(616,903)

(22) EARNINGS PER SHARE

Basic earnings/(loss) per share was calculated by dividing the profit/(loss) for the year attributable to equity holders of the Parent by the weighted average number of ordinary shares in circulation during the period.

The impact on the number of ordinary shares of the share subscription rights (warrants) and the conversion of Class B shares is antidilutive. Therefore, basic and diluted earnings per share amounts are the same.

The basic earnings (loss) per share attributed to equity holders of the Parent corresponding to continuing and discontinued operations in 2011 and 2010 were the following:

	Thousands of euros	
	12/31/2011	12/31/2010
Profit/(loss) for the year from continuing operations attributable to the Parent(*)	(518,773)	(43,364)
Profit/(Loss) after tax from discontinued operations	(2,646)	(35,011)
Profit/(loss) for the year attributable to the Parent	(521,419)	(78,375)
Weighted average number of ordinary shares outstanding (thousands of shares)	845,309	277,279
Basic earnings/(loss) per share of continuing operations (euros)	(0.61)	(0.16)
Basic earnings/(loss) per share of discontinued operations (euros)	(0.00)	(0.13)
Basic earnings/(loss) per share (euros)	(0.62)	(0.28)

(*) In 2011, in order to calculate basic earnings/(loss) per share, the loss from continuing operations attributable to the Parent amounting to EUR 448,572 thousand were adjusted by EUR 70,201 thousand, the amount corresponding to preferential dividends of 2011.

Weighted average number of ordinary shares outstanding in 2011 and 2010:

	Thousands of shares	
	2011	2010
Ordinary shares prior to capital increase	846,978	219,135
Share capital increases	693	58,484
Weighted average of treasury shares	(2,362)	(340)
Weighted average number of ordinary shares outstanding for basic earnings per share	**845,309**	**277,279**

(23) EVENTS AFTER THE BALANCE SHEET DATE

Exercise of warrants

On January 3, 2012, Prisa executed the capital increase corresponding to Otnas Inversiones, S.L.'s exercise of 75,000,000 warrants. Otnas is a company indirectly owned by Rucandio, S.A.- through Timón, S.A., Asgard Inversiones, S.L.U., Promotora de Publicaciones, S.L. and the

Shareholder Contract of Prisa-, by Berggruen Acquisition Holdings and by Martin Franklin (*see Note 1b*).

The exercise of the 75,000,000 warrants gave rise to the subscription of the same number of newly issued Class A ordinary shares, at a strike price of EUR 2 each, increasing the Company's capital by EUR 150,000 thousand.

The proceeds from the capital increase were used to repay EUR 100,000 thousand of the Syndicated Loan, within EUR 1,282,544 thousand pending, the maturity of which is extended to March 19, 2014 or December 19, 2014, if certain targets are met (*see Note 12*).

(24) RELATED PARTY TRANSACTIONS

The detail of the balances receivable from and payable to associates and related parties in 2011 and 2010 is as follows:

	Thousands of euros	
	12/31/2011	12/31/2010
Receivable		
Trade receivables	27,510	33,481
- Associates	27,468	33,357
- Related parties	42	124
Long-term loans	144,493	100,826
Short-term loans	4,901	2,187
Total	**176,904**	**136,494**
Payable		
Trade payables	12,102	13,963
- Associates	12,102	13,963
- Related parties	-	-
Other payables	-	199
- Associates	-	199
- Related parties	-	-
Total	**12,102**	**14,162**

The transactions performed with related parties in 2011 and 2010 were as follows (in thousands of euros):

	12/31/2011		12/31/2010	
	Directors and executives	Group employees, companies or entities	Directors and executives	Group employees, companies or entities
Services received	4,996	33,277	22,541	30,998
Other expenses	27,393	2,328	16,955	-
Total expenses	**32,389**	**35,605**	**39,496**	**30,998**
Finance income	-	180	-	425
Dividends received	-	24,688	-	-
Provision of services	-	85,826	-	-
Other income	-	9,875	-	8,319
Total revenues		**120,569**	-	**8,744**

All related party transactions have taken place under market conditions.

The aggregate amount of EUR 27,393 thousand relates to the accrued salaries of directors *(see Note 25)* and executives.

Remuneration of senior executives-

At December 31, 2011, senior executives of the Prisa Group are considered to be those persons who are members of the Business Management Committee and the Corporate Committee who are not executive directors, in addition to the internal audit director of Promotora de Informaciones, S.A., namely: Ignacio Santillana del Barrio, Fernando Martínez Albacete, Augusto Delkader Teig, Miguel Ángel Cayuela Sebastián, Iñigo Dago Elorza, Pedro García Guillén, Javier Pons Tubio, Kamal M. Bherwani, Andrés Cardo Soria, Bárbara Manrique de Lara, Jose Luis Sainz and Virginia Fernández Iribarnegaray. The total remuneration earned by the senior executives of Promotora de Informaciones, S.A. in 2011 and of the Group companies other than it amounted to EUR 6,784 thousand (EUR 7,109 thousand in 2010), which will be paid at short term.

Transactions between Group employees, companies or entities-

The aggregate amount of EUR 33,277 thousands correspond to the printing services provided by various investees of Dédalo Grupo Gráfico, S.L., distribution, transport and logistics services provided by Gelesa Gestión Logística and advertising and technical and administrative services provided by Mediaset España Comunicación, S.A.

The aggregate amount of EUR 24,688 thousands correspond to dividends received by Prisa Televisión, S.A.U. as a result of the investment in Mediaset España Comunicación, S.A.

Finally the aggregate amount of EUR 85,826 thousands correspond to income received for technical and administrative services and for sale of advertising space and rights to Grupo

Mediaset España Comunicación, S.A., as well as to income received for the sale of copies to Gelesa Gestión Logística.

The detail of other transactions performed with related parties in 2011 and 2010 is as follows (in thousands of euros):

	12/31/2011			12/31/2010		
	Significant shareholders	Group employees, companies or entities	Other related parties	**Significant shareholders**	Group employees, companies or entities	Other related parties
Financing agreements: loans	-	141,755	-	-	99,682	-
Guarantees provided *(Note 26)*	-	105,200	36,550	-	130,000	28,763
Commitments/guarantees cancelled *(Note 26)*	-	-	-	-	-	-
Dividends and other distributed profits	-	18,338	-	-	-	-
Other transactions	-	-	-	-	-	-

At December 31, 2011, the aggregate amount of EUR 141,755 thousand (EUR 99,682 thousand in 2010) includes the EUR 136,792 thousand (EUR 92,625 thousand in 2010) credit facility granted to Dédalo Grupo Gráfico, S.L. *(see Note 8).*

The aggregate amount of EUR 18,338 thousands correspond to dividends distributed by DTS Distribuidora de Televisión Digital, S.A. to its shareholder Mediaset España Comunicación, S.A.

(25) REMUNERATION AND OTHER BENEFITS OF DIRECTORS

In 2011 and 2010, the consolidated companies registered the following amounts in respect of remuneration to Prisa's Board members:

	Thousands of euros	
	12/31/2011	12/31/2010
Fixed remuneration	3,333	2,478
Variable remuneration	7,272	1,811
Attendance fees	561	1,833
Bylaw-stipulated directors' emoluments	2,000	1,609
Share options		74
Other	7,443	2,041
Total	**20,609**	**9,846**

No credits, advances or loans have been granted to the members of the Board of Directors, and there are no pension obligations to them.

Pursuant to Section 229 of the Corporate Enterprises Act, approved by Legislative Royal Decree 1/2010 dated July 2, following is a detail of the companies with the same, analogous or similar corporate purpose as that of Promotora de Informaciones, S.A. (PRISA) in which directors and their affiliates, as defined in Section 231 of this Act, have stakes, and of the duties, if any, that they perform therein:

Owner	Company	Percentage of ownership (%)	Functions
Juan Luis Cebrián Echarri	Le Monde Libre	-	Director
Juan Luis Cebrián Echarri	Societé Editrice du Monde	-	Director
Juan Luis Cebrián Echarri	Mediaset España Comunicación, S.A.		Director
Manuel Polanco Moreno	Mediaset España Comunicación, S.A.	-	Deputy chairman
Nicolás Berggruen	Societé Editrice du Monde	-	Director
Gregorio Marañón y Bertrán de Lis	Universal Music Spain, S.L.	-	Chairman
Harry Sloan	Zenimax Media Inc	-	Director

It is also hereby stated that:

i) a daughter of Director Mr. Juan Luis Cebrián is Director of the Spanish TV Film Area of Corporación RTVE (Radio Televisión Española);
ii) a son of Director Mr. Alain Minc's is the Editor of "*Version Femina*" (a magazine edited by the *Lagardère Group*), and
iii) Director Mr. Nicolas Berggruen owns 45% of the share capital of LeYa, the holding company of the editorial group composed of Brazilian, Portuguese, and African editors, through his company Berggruen Holding LTD.

This list does not include Prisa Group companies. However, it is hereby stated that the following directors of Promotora de Informaciones, S.A. are part of the managing body of certain Prisa Group companies, as disclosed in the Company's Annual Corporate Governance Report: Ignacio Polanco Moreno, Juan Luis Cebrián Echarri, Fernando Abril-Martorell, Matías Cortés Dominguez, Manuel Polanco Moreno and Gregorio Marañón and Bertrán de Lis.

Also, in accordance with Section 230 of the above-mentioned Law, it is hereby stated that there is no record that any of the Board members have been engaged in 2011, or are currently engaged, for their own account or the account of others, in a business that is the same as or analogous or supplementary to the business constituting the corporate purpose of Promotora de Informaciones, S.A.

(26) GUARANTEE COMMITMENTS TO THIRD PARTIES

At December 31, 2011, following the sale of Prisa's total stake in Iberbanda, S.A. to Telefónica de España, S.A.U., Prisa maintained the guarantee solely on certain commitments acquired to Public Administrations by Iberbanda in the amount of EUR 3,384 thousand.

At December 31, 2011, Prisa had furnished bank guarantees amounting to EUR 331,177 thousand and USD 7,000 thousand mainly in relation to the tax assessments issued by the tax authorities that were signed on a contested basis, litigation for football rights and acquisition of football rights *(see Note 29).*

In 2008 Dédalo Grupo Gráfico, S.L. and its investees entered into a syndicated loan and credit agreement for a maximum amount of EUR 130,000 thousand. In this financing, since November 2009 Prisa has been the guarantor of all the debt and the underlying hedges. In 2011, EUR 24,800 thousand of this loan was repaid, leaving an outstanding debt of EUR 105,200 thousand. Also, in March 2010, Prisa granted the other shareholders of Dédalo Grupo Gráfico, S.L. a contract of indemnity vis-à-vis third-party claims as a result of actions taken to defend the interests of Prisa or following instructions received therefrom.

On June 15, 2011, Prisa furnished a first-call guarantee for up to USD 40,000 thousand regarding payment obligations set forth in two contracts signed between DTS Distribuidora de Televisión Digital, S.A. and Cisco Systems Capital Spain, S.L. The contracts consist in a revolving lease, for USD 80,000 thousand, and a credit agreement, for USD 2,350 thousand, and the payment obligations relate to the lease, development and rental of advanced television-signal decoders for Canal+.

To enforce the guarantee, it shall suffice for Cisco Systems Capital Spain, S.L. to inform Prisa that a breach has taken place and to indicate the amount owed, in which event Prisa undertakes to pay the amount requested within 15 calendar days. The maximum amount guaranteed may be claimed either in whole or in part and on one or more occasions and, if the case should arise, the maximum amount will be reduced in accordance with the payments that have been made, and the guarantee on the amount pending shall remain in effect.

The guarantee is irrevocable and it is furnished in a non-specific manner and irrespective of the legal relationship between Cisco Systems Capital Spain, S.L. and DTS Distribuidora de Televisión Digital, S.A.; hence, it shall be payable upon a simple request, when the first written demand is received, with no need to evidence a prior claim or to bring any action against DTS Distribuidora de Televisión Digital, S.A. The guarantee shall remain in force until the complete discharge of the obligations covered by it.

The guarantee shall be extended and shall cover any extension or broadening of or amendment to the aforementioned guaranteed contracts, and there shall be no need to notify Prisa of such extensions, broadening or amendments. The amount guaranteed by Prisa at December 31, 2011 was EUR 24,192 thousand.

Lastly, Prisa furnishes a joint and several guarantee to Le Monde Libre in the amount of EUR 36,550 thousand covering part of the obligations that it acquired vis–a-vis the holders of the bonds redeemable into shares that were issued by Le Monde, S.A. at that moment.

The Company’s directors consider that the possible effect of the guarantees provided on the accompanying consolidated income statements would in no case be material.

(27) FUTURE COMMITMENTS

The Prisa Televisión Group and the Media Capital Group have entered into purchase and sale agreements with various suppliers and consumers for future program broadcasting rights and the exploitation of image rights and sports rights. These commitments partially cover the Prisa Televisión Group and Media Capital Group companies' programming needs in the years indicated.

In addition, by virtue of an agreement entered into with Indra on December 23, 2009, Prisa assumed payment commitments totaling EUR 267,225 thousand with the aforementioned company for the coming seven years. In 2011, the scope of the project changed, affecting the Latin America service, and certain criteria for the invoicing of services were modified, while the straight-line in arrears model was replaced with a consumption-based model. As a result of these changes, the amount of the future commitments initially agreed on has also changed. The amount corresponding to services rendered in 2010 and 2011 stood at EUR 49,587 thousand and the estimated future commitments for the remainder of the contract amount to EUR 182,313 thousands.

At December 31, 2011, the Group had euro and foreign currency payment obligations and collection rights for a net amount payable of approximately EUR 1,268,382 thousand. The net amounts payable in relation to these obligations fall due as follows:

Year	Thousands of euros
2012	384,483
2013	403,928
2014	294,049
2015	129,716
2016	34,498
2017 and subsequent years	21,708
	1,268,382

The obligation to pay the amounts agreed upon in the purchase agreements arises only if the suppliers fulfill all the contractually established terms and conditions.

These future payment obligations were estimated taking into account the agreements in force at the present date. As a result of the renegotiation of certain agreements, these obligations might differ from those initially estimated.

Past-due payments to creditors-

Creditors who are paid after the maximum legal period are creditors (excluding suppliers of non-current financial assets or finance-lease creditors) with whom contracts have been signed for periods over the maximum 85-day period. This also includes payables to suppliers with which certain Group companies are involved in unresolved litigation.

At December 31, 2011, trade payables over 85 days past due for the Spanish Group companies amounted to EUR 229,916 thousand (December 31, 2010: EUR 180,268 thousand).
The detail of payments made in 2011 is as follows:

	Thousands of euros	%
Past-due more than 85 days	398,188	31.59
Others	862,113	68.41
Total payments	**1,260,301**	100
Weighted Average Number of Days Past-Due (DSO)	**88**	

(28) LEGAL MATTERS

As a result of a statement of claim filed in 2004 by a local radio operator at an Argentine court against the Argentine state, the sale of the shares of Radio Continental, S.A. has not yet been approved by the Argentine government. The claimant also applied for injunctive relief whereby the grant of the approval in question should be stayed during the principal proceedings. In December 2004 the court granted the injunctive relief applied for and processing of the approval was stayed.

The decision was appealed against by the Argentine government and by the buying and selling parties, and in April 2007 the Argentine Federal Judicial Review Chamber upheld the decision to grant injunctive relief. The appeal to the Supreme Court was dismissed in a ruling handed down on March 15, 2011; hence, the injunctive relief remains in effect. The principal proceeding which should resolve the merits of the case is still in progress, although the operations of the radio stations involved have thus far not been affected.

(29) ONGOING LITIGATIONS AND CLAIMS

In 2003 and 2004, the cable operators Auna, Telecable, Tenaria, Euskaltel, R Telecomunicaciones de Galicia and R Telecomunicaciones de Coruña filed requests for arbitration with the Spanish Telecommunications Market Commission (CMT), requesting the right to receive an offer to market several channels provided by Prisa Televisión, S.A.U (at the time Sogecable) to its subscribers. The CMT announced its decisions, partially favourable to these requests in 2004 and in 2005. Prisa Televisión filed an appeal at the Madrid Provincial Appellate Court against these decisions, which was rejected. Subsequent to the offer submitted by Prisa Televisión, in January 2008 the Madrid Court of First Instance no. 43 closed the proceeding brought by Auna with respect to the enforcement of the award handed down by the CMT.

Cableuropa, S.A.U. (Ono) also filed a claim for damage and loss against Prisa Televisión, S.A.U. at the Colmenar Viejo Court of First Instance no. 3. In its judgment of December 1, 2009, the Court ordered Prisa Televisión to pay approximately EUR 44 million plus the legal interest from when the claim was filed. An appeal against this judgment was filed at the Madrid Provincial Appellate Court. Prisa Televisión estimates that there are well-founded reasons for which this judgment at first instance will be revised and the aforementioned indemnity rendered null and void. Should the judgment be favorable, Cableuropa would be obliged to refund the amounts that had been paid by Prisa Televisión.

The proceedings initiated at the behest of the other operators requesting the execution of the aforementioned awards are still in progress at the respective courts.

Ono filed a claim against AVS and Prisa Televisión relating to the "guaranteed minimum" of the pay-per-view soccer broadcasting agreements entered into by the members of AUNA and AVS. Even though prior claims by cable operators relating to the "guaranteed minimums" have always proved fruitless, in its decision of March 4, 2010, Mercantile Court No. 7 of Madrid which was hearing the case upheld the claim of Ono, and obliged AVS and Prisa Televisión to jointly and severally pay approximately EUR 30 million, plus an amount not yet determined for the 2007/2008 and 2008/2009 seasons (approximately EUR 29 million including interest). Regardless of the claim that AVS and Prisa Televisión filed against the referred judgment, which is currently pending resolution by the Madrid Provincial Appellate Court, AVS and Prisa Televisión reached an agreement with Ono to avoid the negative effects of a potential provisional execution of this resolution and they have settled on a payment calendar which begins in March, 2011. The total amount, with interest, already paid by Prisa Televisión stands at EUR 59,737,192. As aforementioned, the two companies lodged an appeal against the decision and are confident that they will obtain a favorable decision at second instance since, among other reasons, they consider that the guaranteed minimum in question had already been validated in previous proceedings.

In what refers to the litigations that Prisa Televisión and its subsidiaries have maintained in the past with the various entities of joint management of intellectual property rights, AGEDI, AIE, SGAE and AISGE, they have been subject to transaction agreements and are all closed.

In 2006, Warner Sogefilms, AIE, an economic interest grouping owned on an equal-footing basis by Prisa Televisión and Warner Bros. Entertainment España, S.L., filed an appeal for judicial review against the penalty imposed by the Spanish Antitrust Agency for the AIE's purported unfair trade practices, which currently is unresolved. This appeal was conducted by the Competition Court against the distributors of the Majors. Regardless of the appropriate procedural subrogation, the AIE was liquidated in 2006.

On July 24, 2006, Audiovisual Sport, S.L. (AVS), Prisa Televisión, S.A.U., TVC Multimedia, S.L. and Mediaproducción, S.L. (Mediapro) entered into an agreement to exploit the rights of the Spanish Soccer League for the 2006/07 and subsequent seasons. The main purpose of the agreement was to maintain the model of exploiting televised soccer that has prevailed in Spain since 1997. AVS filed a complaint against Mediapro on July 3, 2007, and lodged a supplementary pleading on July 31, 2007.

On August 27 and on September 12, 2007, the latter accompanied by an application for injunctive relief which was fully upheld by the Madrid Court of First Instance no. 36 in an Order dated October 8, 2007. In compliance with this order, Audiovisual Sport, S.L. deposited a guarantee of EUR 50,000 thousand, secured by Prisa Televisión, to guarantee the performance of the contractual obligations. The Order dated October 8, 2007 was revoked by the Madrid Provincial Appellate Court in July 2008. AVS presented a new application for injunctive relief at the Madrid Court of First Instance no. 36 for the 2008-2009 seasons which was dismissed by Order of September 12, 2008.

The Court's decision of March 15, 2010, upheld the claim filed by AVS in its entirety, dismissing the counterclaim filed by Mediapro against AVS, Prisa Televisión and Televisión de Cataluña. The Court also ordered Mediapro to pay more than EUR 95 million for the amounts that should have been paid to AVS under the agreement of July 24, 2006, as well as for the damage and loss arising from the aforementioned breaches. The Court also ordered Mediapro to provide AVS with the agreements entered into by Mediapro and the football clubs and to notify them of the assignment of the agreements to AVS.

The sentence was appealed by Mediapro, and AVS requested its provisional execution on June 9, 2010. The court handed down its ruling on June 21, 2010 on the request, which was suspended as a result of Mediapro's subsequent application and filing for bankruptcy proceedings, which are still underway before Barcelona Mercantile Court number 7 (Bankruptcy case no. 490/2010).

AVS also filed a new claim against Mediapro before Barcelona Mercantile Court number 7 demanding EUR 97 million in damages not covered by the sentence handed down on March 15, 2010. This proceeding was suspended after the judge declared the existence of a preliminary judgment via ruling of September 22, 2010, which was appealed by AVS.

AVS has also brought other incidental claims in the proceedings, which have been dismissed in various rulings, against which AVS has file the appropriate appeals.

On July 15, 2011, Barcelona Mercantile Court No. 7 handed down a ruling indicating that, given that more votes were cast in favor than against the proposed settlement with creditors (*propuesta anticipada de convenio*) submitted by Mediapro (consisting of a delay of 35 months in its payment obligations, without acquittance), the court would approve it if no statement of opposition was filed in ten days.

AVS filed an incidental claim challenging the court approval of the settlement, which was granted leave to proceed on September 19, 2011. The statement of opposition was submitted along with an expert report issued by KPMG. Based on the events occurred since the date of issue of the report by the bankruptcy trustees, the expert report questioned the viability of the proposed settlement with creditors. Mediapro contested the statement of opposition on October 7, 2011.

The hearing on the statement of opposition that had been filed was scheduled for November 28, 2011. It was postponed and then rescheduled for December 21.

On December 23, 2011, Barcelona Mercantile Court No. 7 handed down a ruling dismissing the opposition filed by AVS and approving the proposed settlement with creditors, thereby bringing the effects of the bankruptcy proceedings to an end.

AVS has filed an appeal against the sentence of the Barcelona Mercantile Court No. 7 and simultaneously against all the resolutions issued in the course of the settlement which, according to the Insolvency Law, are appealable in the current procedural phase and have rejected procedural incidents promoted by AVS for the fair setting up of the assets and creditors of the insolvency. These appeals are currently pending a resolution by the Barcelona Provincial Appellate Court.

In December, 2011, DTS and Prisa Televisión signed a settlement agreement with Fútbol Club Barcelona ending the then-ongoing legal procedures regarding the international rights of said Club and other matters related to the exploitation of the audiovisual rights of the football league championship, the Cup Championship and the Barça channel.

On November 7, 2011, DTS was notified of a claim filed by the Bankruptcy Trustees of Real Betis Balompié being heard by Seville Mercantile Court No. 1 (bankruptcy incident 1037/2011). This litigation stems from a discrepancy between DTS and the aforementioned Club on the nature of an advance payment of EUR 10 million that DTS made to the Club pursuant to a contract dated October 11, 2007, regarding the assignment of audiovisual rights for several seasons. The Club considers that the payment was a signing bonus and DTS considers that it was an advance payment. DTS responded to the claim on November 22, 2011, and the hearing on it took place on January 20, 2012. Today, the claim is still pending a resolution.

On April 8, 2008, the Investigation Unit ("IU") of the Spanish Competition Commission resolved to initiate disciplinary proceedings, ex oficio, against different companies (including Prisa Televisión, S.A.U. and AVS) and 39 soccer clubs due to restrictive competitive practices which would affect the market for the acquisition of audiovisual rights relating to Spanish soccer events held on a regular basis and the market for the audiovisual exploitation of such rights. On April 14, 2010, the CNC handed down its ruling, by virtue of which it fined Prisa Televisión and Mediapro EUR 150,000, and AVS EUR 100,000. These fines were based on the finding that the contract between the two parties restricted competition. Prisa Televisión and AVS filed an administrative appeal which has not yet been ruled upon.

On December 12, 2008, the CMT issued a resolution imposing a sanction against Prisa Televisión for alleged repeated breaches of the requirements relating to the information prepared by the aforementioned company in relation to compliance with the terms and conditions of the Spanish Cabinet Resolution dated November 29, 2002, on which the integration of Vía Digital with Prisa Televisión was conditional. The CMT also handed down a decision imposing a similar penalty against AVS. Both Prisa Televisión and AVS have filed the corresponding appeals for judicial review against these decisions, although no ruling has been issued.

On November 24, 2011, The National Competition Commission issued a sanctioning resolution against Prisa and some of its subsidiaries (Ediciones El País, GMI, Progresa and Prisa Brand Solutions) for an alleged offence regarding competition, for a project of joint commercialization of advertising space in written press and in a Sunday supplement edited with another editor group. Both Prisa and the aforementioned editor group have filed an administrative contentious appeal against this resolution, although it still has not been resolved.

The Group's directors and the internal and external legal advisers do not expect any material liabilities not already recognized to arise for the Group as a result of the outcome of these lawsuits.

(30) EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These consolidated financial statements are presented on the basis of IFRSs as adopted by the European Union. Certain accounting practices applied by the Group that conform with IFRSs may not conform with other generally accepted accounting principles.

COMPANIES INCLUDED IN THE SCOPE OF CONSOLIDATION: DECEMBER 2011

APPENDIX I

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY HOLDING THE OWNERSHIP INTEREST	December 2011	
				PERCENTAGE OF OWNERSHIP	TAX GROUP (*)
EDUCATION					
Full consolidation					
Aguilar A.T.A., S.A. de Ediciones	Leandro N. Alem. 720. Buenos Aires. 1001. Argentina	Publishing	Santillana Ediciones Generales, S.L.	95.81%	
			Ítaca, S.L.	4.19%	
			Ediciones Santillana, S.A. (Argentina)	1 share	
Aguilar Chilena de Ediciones, S.A.	Dr. Aníbal Ariztía 1444. Providencia. Santiago de Chile. Chile	Publishing	Santillana Ediciones Generales, S.L.	99.97%	
			Ítaca, S.L.	0.03%	
Avalia Qualidade Educacional Ltda.	Rua Padre Adelino, 758. Belezinho. Sao Paulo. Brazil	Publishing	Santillana Educación, S.L.	95.93%	
Canal de Editoriales, S.A.	Juan Bravo, 38. Madrid	Retail sales	Grupo Santillana de Ediciones, S.L.	99.14%	2/91
Distribuidora y Editora Aguilar A.T.A, S.A.	Edificio Punto 99, Carrera 11ª Nº98-50 Oficina 501. Bogotá. Colombia	Publishing	Santillana Ediciones Generales, S.L.	94.97%	
			Ítaca, S.L.	5.01%	
			Edicions Voramar, S.A.	0.01%	
			Edicions Obradoiro, S.L.	0.01%	
			Ediciones Grazalema, S.L.	0.01%	
Distribuidora y Editora Richmond, S.A.	Edificio Punto 99, Carrera 11ª Nº98-50 Oficina 501. Bogotá. Colombia	Publishing	Santillana Educación, S.L.	94.90%	
			Ítaca, S.L.	4.80%	
			Edicions Voramar, S.A.	0.10%	
			Edicions Obradoiro, S.L.	0.10%	
			Ediciones Grazalema, S.L.	0.10%	
Ediciones Aguilar Venezolana, S.A.	Rómulo Gallegos. Edificio Zulia 1º. Caracas. Venezuela	Publishing	Editorial Santillana, S.A. (Venezuela)	100.00%	
Ediciones Grazalema, S.L.	Rafael Beca Mateos, 3. Seville	Publishing	Santillana Educación, S.L.	99.98%	2/91
			Ítaca, S.L.	0.02%	
Ediciones Santillana Inc.	1506 Roosevelt Avenue. Guaynabo. Puerto Rico	Publishing	Santillana Educación, S.L.	100.00%	
Ediciones Santillana, S.A. (Argentina)	Leandro N. Alem. 720. Buenos Aires. 1001. Argentina	Publishing	Santillana Educación, S.L.	95.00%	
			Ítaca, S.L.	5.00%	
Ediciones Santillana, S.A. (Uruguay)	Juan Manuel Blanes 1132 Montevideo Uruguay	Publishing	Santillana Educación, S.L.	100.00%	
Edicions Obradoiro, S.L.	Ruela de Entrecercos. 2 2º B. 15705. Santiago de Compostela	Publishing	Santillana Educación, S.L.	99.99%	2/91
			Ítaca, S.L.	0.01%	
Edicions Voramar, S.A.	Valencia, 44. 46210. Pincaya. Valencia	Publishing	Santillana Educación, S.L.	99.99%	2/91
			Ítaca, S.L.	0.01%	
Editora Altea, Ltda. *(Fomerly, Uno Educaçâo, Ltda.)*	Rua Urbano Santos. 755. Sala 4. Bairro Cumbica. Cidade de Guarulhos. Sao Paulo. Brazil	Publishing	Editora Moderna, Ltda.	100.00%	
			Ítaca, S.L.	1 share	
Editora Fontanar, Ltda.	Rua Cosme Velho, 103. Bairro Cosme Velho. Municipio do Rio de Janeiro. Brazil	Publishing	Editora Objetiva, Ltda.	99.96%	
			Editora Moderna Ltda.	3 shares	
Editora Moderna Ltda.	Rua Padre Adelino, 758. Belezinho. Sao Paulo. Brazil	Publishing	Santillana Educación, S.L.	100.00%	
			Ítaca, S.L.	1 share	
Editora Objetiva Ltda.	Rua Cosme Velho, 103. Bairro Cosme Velho. Municipio do Rio de Janeiro. Brazil	Publishing	Santillana Ediciones Generales, S.L.	76.00%	
Editorial Nuevo México, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. Mexico City. Mexico	Publishing	Lanza, S.A. de C.V.	100.00%	
			Editorial Santillana, S.A. de C.V. (México)	0.00%	
Editorial Santillana, S.A. (Colombia)	Edificio Punto 99, Carrera 11ª Nº98-50 Oficina 501. Bogotá. Colombia	Publishing	Santillana Educación, S.L.	94.90%	
			Ítaca, S.L.	5.10%	
			Edicions Voramar, S.A.	0.00%	
			Edicions Obradoiro, S.L.	0.00%	
			Ediciones Grazalema, S.L.	0.00%	
Editorial Santillana, S.A. (Guatemala)	26 Avenida 2-20 zona 14 . Guatemala - Guatemala	Publishing	Santillana Educación, S.L.	99.99%	
			Ítaca, S.L.	0.01%	
Editorial Santillana, S.A. (Honduras)	Colonia Lomas de Tepeyac. Casa No. 1626, contiguo al Autobanco Cuscatlan. Boulevard Juan Pablo II. Tegucigalpa. Honduras	Publishing	Santillana Educación, S.L.	99.00%	
			Ítaca, S.L.	1.00%	
Editorial Santillana, S.A. (Rep. Dominicana)	Juan Sánchez Ramírez, 9. Gazcue. Santo Domingo. Dominican Republic.	Publishing	Santillana Educación, S.L.	99.95%	
			Others companies Grupo Santillana de Ediciones, S.L.	0.05%	
Editorial Santillana, S.A. (Venezuela)	Avenida Rómulo Gallegos. Edificio Zulia 1º. Caracas. Venezuela	Publishing	Santillana Educación, S.L.	100.00%	
Editorial Santillana, S.A. de C.V. (El Salvador)	Siemens, 48 Zona Industrial Santa Elena. La Libertad. El Salvador	Publishing	Santillana Educación, S.L.	99.95%	
			Ítaca, S.L.	0.05%	
Editorial Santillana, S.A. de C.V. (México)	Avenida Rio Mixcoac 274 Col Acacias. Mexico City. Mexico	Publishing	Lanza, S.A. de C.V.	100.00%	
			Editorial Nuevo México, S.A. de C.V.	1 share	
Grup Promotor D'Ensenyement i Difussió en Catalá, S.L.	Frederic Mompou, 11. V. Olímpica. Barcelona	Publishing	Santillana Educación, S.L.	99.99%	2/91
			Ítaca, S.L.	0.01%	

(*) Consolidated tax group Promotora de Informaciones, S.A.: 2/91

COMPANIES INCLUDED IN THE SCOPE OF CONSOLIDATION: DECEMBER 2011

APPENDIX I

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY HOLDING THE OWNERSHIP INTEREST	December 2011 PERCENTAGE OF OWNERSHIP	December 2011 TAX GROUP (*)
Grupo Santillana de Ediciones, S.L.	Torrelaguna, 60. Madrid	Publishing	Promotora de Informaciones, S.A.	75.00%	2/91
Instituto Universitario de Posgrado, S.A.	Torrelaguna, 60. Madrid	Complementary educational services	Santillana Formación, S.L.	52.00%	
Inevery DPS, S.L.	Torrelaguna, 60. Madrid	Editorial, cultural, educational, leisure and entertainment services; and development and commercialization of educational content.	Grupo Santillana de Ediciones, S.L.	100.00%	2/91
			Ítaca, S.L.	0.00%	
Ítaca, S.L.	Torrelaguna, 60. Madrid	Book distribution	Grupo Santillana de Ediciones, S.L.	99.99%	2/91
			Santillana Educación, S.L.	0.02%	
Lanza, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. Mexico City. Mexico	Creation, development and management of companies	Santillana Educación, S.L.	100.00%	
			Editorial Santillana, S.A. de C.V. (México)	0.00%	
Richmond Educação, Ltda.	Rua Padre Adelino, 758. Sala 3- Sao Paulo. Brazil	Publishing	Editora Moderna, Ltda.	100.00%	
			Ítaca, S.L.	1 share	
Richmond Publishing, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. Mexico City. Mexico	Publishing	Lanza, S.A. de C.V.	100.00%	
			Editorial Santillana, S.A. de C.V. (México)	0.00%	
Salamandra Editorial, Ltda.	Rua Urbano Santos 755, Sala 2- Sao Paulo. Brazil	Publishing	Editora Moderna, Ltda.	100.00%	
			Ítaca, S.L.	1 share	
Santillana, S.A. (Costa Rica)	La Uruca. 200 m Oeste de Aviación Civil. San José. Costa Rica	Publishing	Santillana Educación, S.L.	99.99%	
			Ítaca, S.L.	0.01%	
Santillana, S.A. (Ecuador)	Avenida Eloy Alfaro. N33-347 y 6 de Diciembre. Quito. Ecuador	Publishing	Santillana Educación, S.L.	100.00%	
			Ítaca, S.L.	1 share	
Santillana, S.A. (Paraguay)	Avenida Venezuela. 276. Asunción. Paraguay	Publishing	Santillana Educación, S.L.	99.89%	
			Ediciones Santillana, S.A. (Argentina)	0.11%	
Santillana, S.A. (Perú)	Avenida Primavera 2160. Santiago de Surco. Lima. Peru	Publishing	Santillana Educación, S.L.	95.00%	
Santillana Canarias, S.L.	Urbanización El Mayorazgo. Parcela 14, 2-7B. Santa Cruz de Tenerife	Publishing	Santillana Educación, S.L.	99.00%	2/91
			Ítaca, S.L.	1.00%	
Santillana de Ediciones, S.A.	Calle 13, Nº 8078. Zona de Calacoto. La Paz. Bolivia	Publishing	Santillana Educación, S.L.	99.70%	
			Santillana Ediciones Generales, S.L.	0.15%	
			Ítaca, S.L.	0.15%	
Santillana del Pacífico, S.A. de Ediciones.	Dr. Aníbal Ariztía 1444. Providencia. Santiago de Chile. Chile	Publishing	Santillana Educación, S.L.	100.00%	
			Ítaca, S.L.	1 share	
Santillana Ediciones Generales, S.L.	Torrelaguna, 60. Madrid	Publishing	Grupo Santillana de Ediciones, S.L.	100.00%	2/91
			Ítaca, S.L.	1 share	
Santillana Ediciones Generales, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. Mexico City. Mexico	Publishing	Santillana Ediciones Generales, S.L.	99.92%	
			Lanza, S.A. de C.V.	0.08%	
Santillana Editores, S.A. (*Fomerly, Constancia Editores, S.A .*)	Estrada da Outurela 118, 2795. Carnaxide Linda a Velha. Portugal	Publishing	Santillana Educación, S.L.	100.00%	
			Ítaca, S.L.	0.00%	
Santillana Educación, S.L.	Torrelaguna, 60. Madrid	Publishing	Grupo Santillana de Ediciones, S.L.	100.00%	2/91
			Ítaca, S.L.	1 share	
Santillana Formación, S.L.	Torrelaguna, 60. Madrid	Complementary educational services	Grupo Santillana de Ediciones, S.L.	100.00%	2/91
			Ítaca, S.L.	0.00%	
Santillana Sistemas Educativos, Ltda. (Colombia) (*Fomerly; Santillana Formación, S.L. (Colombia)*)	Edificio Punto 99, Carrera 11ª Nº98-50 Oficina 501. Bogotá	Consultancy services for the obtainment of quality certification by schools	Santillana Sistemas Educativos, S.L.	99.95%	
			Distribuidora y Editora Richmond S.A.	0.05%	
Santillana Sistemas Educativos, S.L. (*Fomerly, N. Editorial, S.L .*)	Torrelaguna, 60. Madrid	Publishing	Grupo Santillana de Ediciones, S.L.	99.99%	2/91
			Ítaca, S.L.	0.01%	
Santillana USA Publishing Co. Inc.	2023 NW 84th Avenue. Doral. Florida. US.	Publishing	Grupo Santillana de Ediciones, S.L.	100.00%	
Sistemas de Ensino Uno, Ltda.	Rua Padre Adelino n.º 758, Térreo - Fundos, Sala 1- Quarta Parada, CEP 03303-904. Sao Paulo. Brazil	Publishing	Santillana Sistemas Educativos, S.L.	100.00%	
			Ítaca, S.L.	1 share	
Sistemas Educativos de Enseñanza, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. Mexico City. Mexico	Publishing	Santillana Sistemas Educativos, S.L.	99.90%	
			Lanza, S.A. de C.V.	0.10%	
			Nuevo México, S.A. de C.V.	1 share	
Zubia Editoriala, S.L.	Polígono Lezama Leguizamon. Calle 31. Etxebarri. Vizcaya	Publishing	Santillana Educación, S.L.	99.90%	2/91
			Ítaca, S.L.	0.10%	
Proportionate consolidation					
Historia para Todos, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. Mexico City. Mexico	Worldwide publishing in any language (mainly Spanish), of works preferably related to the history of Mexico and its main figures, particularly the Centenary of the Mexican Revolution and the Bicentenary of Independence, in any format or medium	Santillana Ediciones Generales, S.A. de C.V.	50.00%	
Equity method					
Distribuidora Digital de Libros, S.A.	Calle Vía Augusta, 48-50. Planta 2, Puerta 5. 08006. Barcelona	Services for marketing of digital content	Santillana Ediciones Generales, S.L.	26.66%	
DLD Editora e Distibuidora de Livros Digitais, S.A. (Brasil)	Rua Voluntários da Pátria. 45. Sala 1001. Botafogo. Río de Janeiro. 22270-000. Brazil	Distribution of books and literary content in digital format for electronic devices connected to internet	Editora Objetiva Ltda.	22.24%	

(*) Consolidated tax group Promotora de Informaciones, S.A.: 2/91

COMPANIES INCLUDED IN THE SCOPE OF CONSOLIDATION: DECEMBER 2011

APPENDIX I

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY HOLDING THE OWNERSHIP INTEREST	December 2011 PERCENTAGE OF OWNERSHIP	December 2011 TAX GROUP (*)
PRESS					
Full consolidation					
Prisa Noticias, S.L.	Gran Vía, 32. Madrid	Operation of press media	Promotora de Informaciones, S.A.	100.00%	2/91
Equity method					
Kioskoymás, Sociedad Gestora de la Plataforma Tecnológica, S.L.	Juan Ignacio Luca de Tena, 7. Madrid	Publication and operation of newspapers, magazines in digital format	Prisa Noticias, S.L.	50.00%	
EL PAÍS					
Full consolidation					
Agrupación de Servicios de Internet y Prensa, S.L.	Valentín Beato, 44. Madrid	Administrative, technological and legal services and the distribution of written and digital media	Diario El País, S.L.	93.60%	2/91
			Grupo Empresarial de Medios Impresos, S.L.	5.90%	
			Prisa Digital, S.L.	0.50%	
Diario El País, S.L.	Miguel Yuste, 40. Madrid	Publication and operation of El País newspaper	Prisa Noticias, S.L.	100.00%	2/91
Diario El País Argentina, S.A.	Leandro N. Alem. 720. Buenos Aires. 1001. Argentina	Operation of El País newspaper in Argentina	Diario El País, S.L.	88.18%	
			Diario El País México, S.A. de C.V.	11.82%	
Diario El País Do Brasil Distribuidora de Publicaçoes, LTDA.	Rua Padre Adelino. 758 Belezinho. CEP 03303-904. Sao Paulo. Brazil	Operation of El País newspaper in Brazil	Diario El País, S.L.	99.99%	
			Prisa División Internacional, S.L.	0.01%	
Diario El País México, S.A. de C.V.	Avenida Universidad 767. Colonia del Valle. Mexico City. Mexico	Operation of El País newspaper in Mexico	Diario El País, S.L.	88.82%	
			Promotora de Informaciones, S.A.	11.18%	
			Lanza, S.A. de C.V.	1 share	
Ediciones El País, S.L.	Miguel Yuste, 40. Madrid	Publication, operation and sale of El País newspaper	Diario El País, S.L.	99.99%	2/91
Ediciones El País (Chile) Limitada.	Eliodoro Yáñez 1783, Providencia. Santiago. Chile	Publication, operation and sale of El País newspaper in Chile	Ediciones El País, S.L.	99.00%	
			Grupo Empresarial de Medios Impresos, S.L.	1.00%	
Pressprint, S.L.U.	Miguel Yuste, 40. Madrid	Production, printing, publication and distribution of products	Diario El País, S.L.	100.00%	2/91
Equity method					
Ediciones Conelpa, S.L.	Paseo de la Castellana. 9-11. Madrid	Publication and operation of magazines in physical and digital format	Ediciones El País, S.L.	50.00%	
TRADE PRESS					
Full consolidation					
Diario As, S.L.	Albasanz, 14. Madrid	Publication and operation of As newspaper	Grupo Empresarial de Medios Impresos, S.L.	75.00%	2/91
Espacio Editorial Andaluza Holding, S.L.	Gran Vía, 32. Madrid	Inactive	Grupo Empresarial de Medios Impresos, S.L.	100.00%	2/91
Estructura, Grupo de Estudios Económicos, S.A.	Gran Vía, 32. Madrid	Publication and operation of Cinco Días newspaper	Grupo Empresarial de Medios Impresos, S.L.	100.00%	2/91
			Promotora de Informaciones, S.A.	0.00%	
Grupo Empresarial de Medios Impresos, S.L.	Gran Vía, 32. Madrid	Ownership of shares of publishing companies	Prisa Noticias, S.L.	100.00%	2/91
Gestión de Medios de Prensa, S.A.	Gran Vía, 32. Madrid	Provision of shared services for regional and local newspapers	Grupo Empresarial de Medios Impresos, S.L.	52.63%	
Promotora General de Revistas, S.A.	Julián Camarillo, 29B. Madrid	Publication production and operation of magazines	Grupo Empresarial de Medios Impresos, S.L.	99.96%	2/91
			Promotora de Informaciones, S.A.	0.04%	

(*) Consolidated tax group Promotora de Informaciones, S.A.: 2/91

COMPANIES INCLUDED IN THE SCOPE OF CONSOLIDATION: DECEMBER 2011

APPENDIX I

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY HOLDING THE OWNERSHIP INTEREST	December 2011 PERCENTAGE OF OWNERSHIP	December 2011 TAX GROUP (*)
DISTRIBUTION					
Full consolidation					
Aldipren, S.L.	Polígono Campollano. Calle de Distribución. Número 34-38. 02006 Albacete	Storage and distribution of publishing products	Grupo Cronos Distribución Integral, S.L.	65.00%	
Cronodís Logística Integral, S.L.	Calle El Rayo. Parcela 2,4,2. Polígono Industrial La Quinta /R2. 19171. Cabanillas del Campo. Guadalajara	Storage and distribution of publishing products	Grupo Cronos Distribución Integral, S.L.	95.00%	445/11
Districuen, S.L.	Polígono La Cerrajera. Parcela 36. Cuenca	Storage and distribution of publishing products	Grupo Cronos Distribución Integral, S.L.	65.00%	
Distritoledo, S.L.	Polígono Industrial de Toledo II Fase. Calle Arrollo Gadea, 9. 45007. Toledo	Distribution and sale of publishing products	Grupo Cronos Distribución Integral, S.L.	79.50%	445/11
Grupo Cronos Distribución Integral, S.L.	Almanaque Nº 5. Polígono Fin de Semana. 28022. Madrid.	Distribution and sale of publishing products	Redprensa, S.L.U.	50.00%	
Redprensa, S.L.U.	Gran Vía, 32. Madrid	Holdings	Prisa Noticias, S.L.	100.00%	2/91
Equity method					
Beralán, S.L.	Igarategi Industrialdea. Nº 58. 20130-Urnieta. Guipúzcoa	Distribution of publishing products	Redprensa, S.L.U.	22.25%	
Cirpress, S.L.	Polígono Tazaba II. Parcela 31. Logrezana - Carreño. 33438. Asturias	Distribution of publishing products	Redprensa, S.L.U.	24.70%	
Comercial de Prensa Siglo XXI, S.A.	Calle Confianza, 1. Polígono Industrial Los Olivos. 28065-Getafe. Madrid	Distribution and sale of publishing products	Dima Distribución Integral, S.L.	100.00%	198/11
Dima Distribución Integral, S.L.	Calle Confianza, 1. Polígono Industrial Los Olivos. 28065. Getafe. Madrid	Distribution of publishing products	Redprensa, S.L.U.	33.66%	
Distribución de Prensa por Rutas, S.L.	Avenida de la Industria, 22. Nave A. Coslada. Madrid	Distribution of publications	Dima Distribución Integral, S.L.	100.00%	198/11
Distribuciones Papiro, S.L.	Polígono Industrial el Montalbo, C/Pasteur 6, parcela 15, Nave 1,2,3 y 4. 37008. Salamanca	Distribution of publishing products	Redprensa, S.L.U.	26.35%	
Distribuciones Ricardo Rodríguez, S.L.	Polígono Asegra. Calle Córdoba. 18-20. 18210. Peligros. Granada	Distribution of publishing products	Distrimedios, S.L.	70.00%	
Distribuidora Almeriense de Publicaciones, S.L.	Sierra Cabrera, 7. Polígono Industrial La Juaida. 04240, Viator. Almería	Distribution of publishing products	Distrimedios, S.L.	70.00%	
Distribuidora Cordobesa de Medios Editoriales, S.L.	Calle Prolongación Ingeniero Torres Quevedo s/n. Polígono Industrial de la Torrecilla. 14013. Córdoba	Distribution of publishing products	Distrimedios, S.L.	100.00%	
Distribuidora de Publicaciones Boreal, S.L.	Rua Alcalde Ramón Añón. Parcela 16,18,19. 15189-Culleredo. A Coruña	Distribution of publishing products	Redprensa, S.L.U.	29.00%	
Distribuidora Extremeña de Publicaciones, S.L.	Polígono Industrial El Nevero, C/Nevero quince, nº 30-32. 06006. Badajoz	Distribution of publishing products	Distrimedios, S.L.	70.00%	
Distrigalicia, S.L.	Carretera de Catabais Km. 3,300 de Ferrol. A Coruña	Storage and distribution of publishing products	Distribuidora de Publicaciones Boreal, S.L.	100.00%	
Distrimedios, S.L.	Calle de la Agricultura, Parque Empresarial Parcela D10. 11407-Jeréz de la Frontera. Cádiz	Distribution of publishing products	Redprensa, S.L.U.	29.00%	
Gelesa Gestión Logística, S.L.	Almanaque Nº 5. Polígono Fin de Semana. 28022. Madrid.	Distribution of publications	Dima Distribución Integral, S.L.	100.00%	198/11
Grupo Distribución Editorial Revistas, S.L.	Calle de la Agricultura, Parque Empresarial Parcela D10. 11407-Jeréz de la Frontera. Cádiz	Distribution of publications	Distrimedios, S.L.	20.93%	
			Marina BCN Distribucions, S.L.	12.79%	
			Beralán, S.L.	12.21%	
			Val Disme, S.L.	12.21%	
			Distribuidora de Publicaciones Boreal, S.L.	10.47%	
			Distribuciones Papiro, S.L.	6.98%	
			Cirpress, S.L.	5.81%	
			Grupo Cronos Distribución Integral, S.L.	5.81%	
Logística Ciudad Real, S.L.	Polígono Industrial La Estrella, Calle Herreros Nº 10 de Miguelturra. 13170. Ciudad Real	Storage and distribution of publishing products	Distrimedios, S.L.	70.00%	
Marina BCN Distribucions, S.L.	Calle E. Nº 1 con Esquina Calle 6 (Sector E), Zona Franca. 08040. Barcelona	Distribution of publishing products	Redprensa, S.L.U.	30.00%	
Nuevo Distrigades, S.L.	Calle Francia, s/n. Polígono Industrial El Trocadero. Puerto Real. Cádiz	Distribution of publications	Distrimedios, S.L.	70.00%	
Prensa Serviodiel, S.L.	Polígono Tartessos 309, Calle A. 21610. San Juan del Puerto. Huelva	Distribution of publishing products	Distrimedios, S.L.	100.00%	
Souto, S.L.	Polígono Industrial Oceao, Calle Da Industria, 107. 27003. Lugo	Distribution of publications	Distribuidora de Publicaciones Boreal, S.L.	100.00%	
Suscripciones de Medios Editoriales, S.L.	Calle de la Agricultura, Parque Empresarial Parcela D10. 11407-Jeréz de la Frontera. Cádiz	Distribution of publishing products	Distrimedios, S.L.	100.00%	
Trecedis, S.L.	Calle Avenida de Bruselas, 5. Arrollo de la Vega. 28108. Alcobendas. Madrid	Distribution of publications	Beralán, S.L.	8.14%	
			Cirpress, S.L.	8.14%	
			Distribución de Prensa por Rutas, S.A.	2.36%	
			Distribuciones Papiro, S.L.	8.14%	
			Distribuidora de Publicaciones Boreal, S.L.	8.14%	
			Distrimedios, S.L.	8.14%	
			Grupo Cronos Distribución Integral, S.L.	8.14%	
			Marina BCN Distribucions, S.L.	8.14%	
			Val Disme, S.L.	8.14%	
Val Disme, S.L.	Calle Dels Argenters 4. P.I. Vara de Quart. 46014. Valencia	Distribution of publishing products	Redprensa, S.L.U.	23.75%	

(*) Consolidated tax group Promotora de Informaciones, S.A.: 2/91
(*) Consolidated tax group Cronos Distribución Integral, S.L.: 445/11
(*) Consolidated tax group Dima Distribución Integral, S.L.: 198/11

COMPANIES INCLUDED IN THE SCOPE OF CONSOLIDATION: DECEMBER 2011

APPENDIX I

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY HOLDING THE OWNERSHIP INTEREST	December 2011 PERCENTAGE OF OWNERSHIP	TAX GROUP (*)
PRISA RADIO					
RADIO IN SPAIN					
Full consolidation					
Antena 3 de Radio, S.A.	Gran Vía, 32. Madrid	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.	64.64%	194/09
			Unión Radio Servicios Corporativos, S.A.	34.78%	
Antena 3 de Radio de León, S.A.	Gran Vía, 32. Madrid	Operation of radio broadcasting stations	Antena 3 de Radio, S.A.	99.56%	194/09
Antena 3 de Radio de Melilla, S.A.	Gran Vía, 32. Madrid	Operation of radio broadcasting stations	Antena 3 de Radio, S.A.	100.00%	194/09
Avante Radio, S.A.	Gran Vía, 32. Madrid	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.	93.34%	194/09
			Radio Murcia, S.A.	3.33%	
			Radio Club Canarias, S.A.	3.33%	
Cantabria de Medios, S. A.	Pasaje de Peña. Nº 2. Interior. 39008. Santander	Operation of radio broadcasting stations	Propulsora Montañesa, S. A.	100.00%	194/09
Compañía Aragonesa de Radiodifusión, S.A.	Paseo de la Constitución, 21. Zaragoza	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.	97.03%	194/09
Comunicacions Pla, S.L.	Avenida Negrals, 41. Mollerusa. Lleida.	Operation of radio broadcasting stations	Radio Lleida, S.L.	100.00%	
Corporación Canaria de Información y Radio, S.A.	General Balmes s/n. Las Palmas de Gran Canaria	Operation of radio broadcasting stations	Prisa Radio, S.L.	100.00%	194/09
Ediciones LM, S.L.	Plaza de Cervantes, 6. Ciudad Real	Operation of radio broadcasting stations	Prisa Radio, S.L.	50.00%	
Frecuencia del Principado, S.A.	Jovellanos 1, Gijón	Operation of radio broadcasting stations	Prisa Radio, S.L.	100.00%	194/09
Gestión de Marcas Audiovisuales, S.A.	Gran Vía, 32. Madrid	Production and recording of sound media	Prisa Radio, S.L.	100.00%	194/09
Gran Vía Musical de Ediciones, S.L.	Gran Vía, 32. Madrid	Provision of music services	Prisa Radio, S.L.	100.00%	194/09
Iniciativas Radiofónicas, S.A.	Gran Vía, 32. Madrid	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.	93.42%	194/09
Iniciativas Radiofónicas de Castilla La Mancha, S.A.	Carreteros, 1. Toledo	Operation of radio broadcasting stations	Ediciones LM, S.L.	40.00%	
			Prisa Radio, S.L.	50.00%	
La Palma Difusión, S.A.	Almirante Díaz Pimienta, 10. Los Llanos de Aridane. Santa Cruz de Tenerife	Operation of radio broadcasting stations	Antena 3 de Radio, S.A.	100.00%	194/09
Onda Musical, S.A.	Gran Vía, 32. Madrid	Operation of radio broadcasting stations	Antena 3 de Radio, S.A.	49.01%	194/09
			Unión Radio Servicios Corporativos, S.A.	34.30%	
			Sociedad Española de Radiodifusión, S.L.	16.68%	
Ondas Galicia, S.A.	San Pedro de Mezonzo, 3. Santiago de Compostela	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.	46.25%	
Prisa Radio, S.L.	Gran Vía, 32. Madrid	Provision of services to radio broadcasting companies	Promotora de Informaciones, S.A.	73.49%	
Propulsora Montañesa, S. A.	Pasaje de Peña. Nº 2. Interior. 39008. Santander	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.	95.57%	194/09
Radio 30, S.A.	Radio Murcia, 4. Murcia	Operation of radio broadcasting stations	Radio Murcia, S.A.	100.00%	194/09
Radio Club Canarias, S.A.	Avenida Anaga, 35. Santa Cruz de Tenerife	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.	95.00%	194/09
Radio España de Barcelona, S.A.	Caspe, 6. Barcelona	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.	99.32%	194/09
Radio Lleida, S.L.	Calle Vila Antonia. Nº 5. Lleida	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.	44.33%	
			Radio España de Barcelona, S.A.	22.17%	
Radio Murcia, S.A.	Radio Murcia, 4. Murcia	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.	83.33%	194/09
Radio Zaragoza, S.A.	Paseo de la Constitución, 21. Zaragoza	Operation of radio broadcasting stations	Compañía Aragonesa de Radiodifusión, S.A.	66.00%	194/09
			Sociedad Española de Radiodifusión, S.L.	24.00%	
Radiodifusora de Navarra, S.A.	Polígono Plazaola. Manzana F - 2ºA. Pamplona	Operation of radio broadcasting stations	Antena 3 de Radio, S.A.	100.00%	194/09
Sociedad Española de Radiodifusión, S.L.	Gran Vía, 32. Madrid	Operation of radio broadcasting stations	Prisa Radio, S.L.	99.99%	194/09
Sociedad Independiente Comunicación Castilla La Mancha, S.A.	Avenida de la Estación, 5 Bajo. Albacete	Operation of radio broadcasting stations	Antena 3 de Radio, S.A.	74.60%	
Societat de Comunicacio i Publicidat, S.L.	Parc. de la Mola, 10 Torre Caldea, 6º Escalde. Engordany. Andorra	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.	100.00%	
Sonido e Imagen de Canarias, S.A.	Caldera de Bandama, 5. Arrecife. Lanzarote	Operation of radio broadcasting stations	Antena 3 de Radio, S.A.	50.00%	
Talavera Visión, S.L.	Plaza Cervantes 6 4º. Ciudad Real	Operation of radio broadcasting stations	Valdepeñas Comunicación, S.L.	100.00%	
Teleser, S.A.	Gran Vía, 32. Madrid	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.	72.59%	194/09
			Compañía Aragonesa de Radiodifusión, S.A.	4.14%	
			Radio España de Barcelona, S.A.	1.58%	
			Propulsora Montañesa, S. A.	0.95%	
Teleradio Pres, S.L.	Avenida de la Estación, 5 Bajo. Albacete	Media management	Antena 3 de Radio, S.A.	75.10%	
Unión Radio Digital, S.A.	Gran Vía, 32. Madrid	Operation of digital radio broadcasting concession	Sociedad Española de Radiodifusión, S.L.	60.00%	194/09
			Antena 3 de Radio, S.A.	40.00%	
Unión Radio Online, S.A.	Gran Vía, 32. Madrid	Production and organisation of shows and events	Prisa Radio, S.L.	99.97%	194/09
			Nova Ediciones Musicales, S.A.	0.03%	
Unión Radio Servicios Corporativos, S.A.	Gran Vía, 32. Madrid	Holdings in radio broadcasting companies	Prisa Radio, S.L.	100.00%	194/09
Valdepeñas Comunicación, S.L.	Plaza de Cervantes, 6. Ciudad Real	Operation of radio broadcasting stations	Prisa Radio, S.L.	50.00%	
Equity method					
Radio Jaén, S.L.	Obispo Aguilar, 1. Jaén	Operation of radio broadcasting stations	Prisa Radio, S.L.	35.99%	
Unión Radio del Pirineu, S.A.	Carrer Prat del Creu, 32. Andorra	Operation of radio broadcasting stations	Prisa Radio, S.L.	33.00%	

(*) Consolidated tax group Prisa Radio, S.L.: 194/09

COMPANIES INCLUDED IN THE SCOPE OF CONSOLIDATION: DECEMBER 2011

APPENDIX I

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY HOLDING THE OWNERSHIP INTEREST	December 2011	
				PERCENTAGE OF OWNERSHIP	TAX GROUP (*)
INTERNATIONAL RADIO					
Full consolidation					
Abril, S.A.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Commercial radio broadcasting services and operation	Iberoamericana Radio Chile, S.A.	100.00%	
		of radio stations	Comercializadora Iberoamericana Radio Chile, S.A.	0.00%	
Aurora, S.A.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Commercial radio broadcasting services and operation	Iberoamerican Radio Holding Chile, S.A.	99.98%	
		of radio stations	Comercializadora Iberoamericana Radio Chile, S.A.	0.02%	
Blaya y Vega, S.A.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Commercial radio broadcasting services and operation	Radiodifusion Iberoamerican Chile S.A.	100.00%	
		of radio stations	Comercializadora Iberoamericana Radio Chile, S.A.	0.00%	
Caracol, S.A.	Calle 67 Nº 7-37 Piso 7 Bogotá. Colombia	Commercial radio broadcasting services	Sociedad Española de Radiodifusión, S.L.	77.05%	
Caracol Broadcasting Inc.	2100 Coral Way - Miami 33145 - Florida, US.	Operation of radio broadcasting stations	GLR Broadcasting LLC	100.00%	
Caracol Estéreo, S.A.	Calle 67 Nº 7-37 Piso 7 Bogotá. Colombia	Commercial radio broadcasting services	Sociedad Española de Radiodifusión, S.L.	77.04%	
CHR, Cadena Hispanoamericana de Radio, S.A.	Calle 67 Nº 7-37 Piso 7 Bogotá. Colombia	Commercial radio broadcasting services	Caracol, S.A.	48.15%	
			Caracol Estéreo, S.A.	46.79%	
			Promotora de Publicidad Radial, S.A.	5.06%	
			Compañía de Comunicaciones C.C.C. Ltda.	0.00%	
			Radio Mercadeo, Ltda.	0.00%	
Comercializadora Iberoamericana Radio Chile, S.A.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Prodution and sale of CD's, advertising, promotions and events	GLR Chile Ltda .	99.84%	
			Sociedad Española de Radiodifusión, S.L.	0.16%	
Compañía de Comunicaciones C.C.C. Ltda.	Calle 67 Nº 7-37 Piso 7 Bogotá. Colombia	Commercial radio broadcasting services	Caracol, S.A.	43.45%	
			Promotora de Publicidad Radial, S.A.	19.27%	
			Sociedad Española de Radiodifusión, S.L.	16.72%	
			Caracol Estéreo, S.A.	11.13%	
			Ecos de la Montaña Cadena Radial Andina, S.A.	4.42%	
Compañía de Radios, S.A.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Commercial radio broadcasting services	Iberoamerican Radio Holding Chile, S.A.	99.92%	
			Comercializadora Iberoamericana Radio Chile, S.A.	0.08%	
Comunicaciones del Pacífico, S.A.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Operation and management of TV channels	Comercializadora Iberoamericana Radio Chile, S.A.	66.67%	
		and radio stations	Iberoamericana Radio Chile, S.A.	33.33%	
Comunicaciones Santiago, S.A.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Operation and management of TV channels	Sociedad Radiodifusora del Norte, Ltda.	75.00%	
		and radio stations	Iberoamericana Radio Chile, S.A.	25.00%	
Consorcio Radial de Panamá, S.A	Urbanización Obarrio, Calle 54 Edificio Caracol. Panama	Advisory services and commercialisation of services and products	Sociedad Española de Radiodifusión, S.L.	100.00%	
Corporación Argentina de Radiodifusión, S.A.	Beazley 3860. Buenos Aires. Argentina	Operation of radio broadcasting stations	GLR Services Inc.	98.40%	
			Ediciones Santillana, S.A. (Argentina)	1.60%	
Ecos de la Montaña Cadena Radial Andina, S.A.	Calle 67. Nº 7-37. Piso 7. Bogotá. Colombia	Commercial radio broadcasting services	Sociedad Española de Radiodifusión, S.L.	76.80%	
Emisora Mil Veinte, S.A.	Calle 67. Nº 7-37. Piso 7. Bogotá. Colombia	Commercial radio broadcasting services	Sociedad Española de Radiodifusión, S.L.	75.72%	
Fast Net Comunicaciones, S.A.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Commercial radio broadcasting services and operation	Comunicaciones Santiago, S.A.	99.00%	
		of radio stations	Iberoamericana Radio Chile, S.A.	1.00%	
GLR Broadcasting, LLC	Baypoint Office Tower, 4770 BiScayne Blvd. Suite 700 Miami. FL 33137. US.	Operation of radio broadcasting stations	GLR Services Inc.	100.00%	
GLR Chile, Ltda.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.	100.00%	
			Caracol, S.A.	0.00%	
GLR Colombia, Ltda.	Calle 67. Nº 7-37. Piso 7. Bogotá. Colombia	Provision of services to radio broadcasting companies	Sociedad Española de Radiodifusión, S.L.	99.00%	
			Prisa División Internacional, S.L.	1.00%	
GLR Midi France, S.A.R.L.	Immeuble Le Periscope, 83-87 Av. d´Italie. Paris. France	Radio broadcasting	Sociedad Española de Radiodifusión, S.L.	40.00%	
			Prisa División Internacional, S.L.	20.00%	
GLR Networks, LLC	Baypoint Office Tower, 4770 BiScayne Blvd. Suite 700 Miami. FL 33137. US.	Provision of services to radio broadcasting companies	GLR Services Inc.	100.00%	
GLR Services Inc.	Baypoint Office Tower, 4770 BiScayne Blvd. Suite 700 Miami. FL 33137. US.	Provision of services to radio broadcasting companies	Sociedad Española de Radiodifusión, S.L.	100.00%	
GLR Southern California, LLC	3500 Olive Avenue Suite 250 Burbank, CA 91505. US.	Provision of services to radio broadcasting companies	GLR Broadcasting LLC	100.00%	
Iberoamericana Radio Chile, S.A.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Commercial radio broadcasting services and operation	Grupo Latino de Radiodifusion Chile Ltda .	100.00%	
		of radio stations	Sociedad Española de Radiodifusión, S.L.	0.00%	
Iberoamerican Radio Holding Chile, S.A.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Commercial radio broadcasting services and operation	Iberoamericana Radio Chile, S.A.	100.00%	
		of radio stations	Comercializadora Iberoamericana Radio Chile, S.A.	0.00%	
La Voz de Colombia	Calle 67. Nº 7-37. Piso 7. Bogotá. Colombia	Commercial radio broadcasting services	Sociedad Española de Radiodifusión, S.L.	75.64%	
			Caracol, S.A.	0.01%	
LS4 Radio Continental, S.A	Rivadavia 835. Ciudad Autónoma de Buenos Aires. Argentina	Radio broadcasting and advertising services	GLR Services Inc.	70.00%	
			Corporación Argentina de Radiodifusión, S.A.	30.00%	
Promotora de Publicidad Radial, S.A.	Calle 67. Nº 7-37. Piso 7. Bogotá. Colombia	Commercial radio broadcasting services	Sociedad Española de Radiodifusión, S.L.	77.04%	
Publicitaria y Difusora del Norte Ltda.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Radio broadcasting	Comercializadora Iberoamericana Radio Chile, S.A.	99.00%	
			Iberoamericana Radio Chile, S.A.	1.00%	
Radiodifusion Iberoamerican Chile S.A.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Holding	Iberoamericana Radio Chile S.A.	100.00%	
			Sociedad Española de Radiodifusión, S.L.	0.00%	
Radio Estéreo, S.A	Rivadavia 835. Ciudad Autónoma de Buenos Aires. Argentina	Radio broadcasting and advertising services	GLR Services Inc.	70.00%	
			Corporación Argentina de Radiodifusión, S.A.	30.00%	

COMPANIES INCLUDED IN THE SCOPE OF CONSOLIDATION: DECEMBER 2011

APPENDIX I

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY HOLDING THE OWNERSHIP INTEREST	December 2011 PERCENTAGE OF OWNERSHIP	December 2011 TAX GROUP (*)
Radio Mercadeo, Ltda.	Calle 67. Nº 7-37. Piso 7. Bogotá. Colombia	Commercial radio broadcasting services	Sociedad Española de Radiodifusión, S.L.	48.40%	
			Caracol, S.A.	29.85%	
			Caracol Estéreo, S.A.	0.35%	
			Emisora Mil Veinte, S.A.	0.35%	
			Promotora de Publicidad Radial, S.A.	0.35%	
			Ecos de la Montaña Cadena Radial Andina, S.A.	0.01%	
Sociedad Radiodifusora del Norte, Ltda.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Operation of radio broadcasting stations	Comercializadora Iberoamericana Radio Chile, S.A.	80.00%	
			Iberoamericana Radio Chile S.A	20.00%	
Sociedad de Radiodifusión El Litoral, S.A.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Rental of equipment and advertising sales	Iberoamericana Radio Chile, S.A.	99.90%	
			Comercializadora Iberoamericana Radio Chile, S.A.	0.10%	
W3 Comm Inmobiliaria, S.A. de C.V.	Carretera Libre Tijuana. Ensenada 3100. Rancho Altamira Blvd Popotla y Camino al FRACC Misión del Mar. Playas de Rosarito. Baja California. US.	Real estate development services	Sociedad Española de Radiodifusión, S.L.	99.99%	
			Prisa División Internacional, S.L.	1 share	
Proportionate consolidation					
Cadena Radiodifusora Mexicana, S.A. de C.V.	Calzada de Tlalpan 3000 col Espartaco México D.F. 04870. Mexico	Operation of radio broadcasting stations	Sistema Radiópolis, S.A. de C.V.	99.99%	
			Radio Comerciales, S.A. de C.V.	0.01%	
GLR Costa Rica, S.A.	Llorente de Tibás. Edifico La Nación. San José. Costa Rica	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.	50.00%	
Radio Comerciales, S.A. de C.V.	Rubén Darío nº 158. Guadalajara. Mexico	Operation of radio broadcasting stations	Sistema Radiópolis, S.A. de C.V.	99.97%	
			Cadena Radiodifusora Mexicana, S.A. de C.V.	0.03%	
Radio Melodía, S.A. de C.V.	Rubén Darío nº 158. Guadalajara. Mexico	Operation of radio broadcasting stations	Cadena Radiodifusora Mexicana, S.A. de C.V.	99.00%	
			Radio Comerciales, S.A. de C.V.	1.00%	
Radio Tapatía, S.A. de C.V.	Rubén Darío nº 158. Guadalajara. Mexico	Operation of radio broadcasting stations	Cadena Radiodifusora Mexicana, S.A. de C.V.	99.00%	
			Radio Comerciales, S.A. de C.V.	1.00%	
Radiotelevisora de Mexicali, S.A. de C.V.	Avenida Reforma 1270. Mexicali Baja California. Mexico	Operation of radio broadcasting stations	Sistema Radiópolis, S.A. de C.V.	99.99%	
			Radio Comerciales, S.A. de C.V.	0.01%	
Servicios Radiópolis, S.A. de C.V.	Calzada de Tlalpan 3000 col Espartaco Mexico City. 04870. Mexico	Operation of radio broadcasting stations	Sistema Radiópolis, S.A. de C.V.	100.00%	
			Radio Comerciales, S.A. de C.V.	0.00%	
Servicios Xezz, S.A. de C.V.	Calzada de Tlalpan 3000 col Espartaco Mexico City. 04870. Mexico	Operation of radio broadcasting stations	Xezz, S.A. de C.V.	100.00%	
			Radio Comerciales, S.A. de C.V.	0.00%	
Sistema Radiópolis, S.A. de C.V.	Avenida Vasco de Quiroga 2000. Mexico City. Mexico	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.	50.00%	
Xezz, S.A. de C.V.	Rubén Darío nº 158. Guadalajara. México	Operation of radio broadcasting stations	Cadena Radiodifusora Mexicana, S.A. de C.V.	99.00%	
			Radio Comerciales, S.A. de C.V.	1.00%	
Equity method					
El Dorado Broadcasting Corporation	2100 Coral Way. Miami. Florida. US.	Development of the Latin radio market in the US	GLR Services INC.	25.00%	
Green Emerald Business Inc.	Calle 54. Obarrio Nº 4. Ciudad de Panama. Panama	Development of the Latin radio market in Panama	Sociedad Española de Radiodifusión, S.L.	34.95%	
WSUA Broadcasting Corporation	2100 Coral Way. Miami. Florida. US.	Radio broadcasting	El Dorado Broadcasting Corporation	100.00%	
W3 Comm Concesionaria, S.A. de C.V.	Carretera Libre Tijuana. Ensenada 3100. Rancho Altamira Blvd Popotla y Camino al FRACC Misión del Mar. Playas de Rosarito. Baja California. US.	Advisory services on business administration and organisation	Sociedad Española de Radiodifusión, S.L.	48.98%	
MUSIC					
Full consolidation					
Compañía Discográfica Muxxic Records, S.A.	Gran Vía, 32. Madrid	Production and recording of sound media	Gran Vía Musical de Ediciones, S.L.	100.00%	194/09
			Nova Ediciones Musicales, S.A.	1 share	
Gran Vía Musical, S.A.S.	Calle 67. Nº 7 - 37. Piso 7º. Bogotá. Colombia.	Provision of music services	Gran Vía Musical de Ediciones, S.L.	100.00%	
Lirics and Music, S.L.	Gran Vía, 32. Madrid	Music publishing	Gran Vía Musical de Ediciones, S.L.	100.00%	194/09
Merchandising On Stage, S.L.	Ulises, 49. 28043. Madrid	Production and/or import of textile articles, jewellery, graphic materials, phonographic and/or audiovisual media and the related silkscreen printing, embossing or printing by any means or process	Gran Vía Musical de Ediciones, S.L.	70.00%	
Nova Ediciones Musicales, S.A.	Gran Vía, 32. Madrid	Music publishing	Gran Vía Musical de Ediciones, S.L.	100.00%	194/09
			Promotora de Informaciones, S.A.	1 share	
Planet Events, S.A.	Gran Vía, 32. Madrid	Production and organisation of shows and events	Gran Vía Musical de Ediciones, S.L.	70.00%	
			Nova Ediciones Musicales, S.A.	0.01%	
RLM, S.A.	Puerto de Santa María, 65. 28043. Madrid	Production and organisation of shows and events	Gran Vía Musical de Ediciones, S.L.	70.00%	
RLM Colombia, S.A.S.	Calle 67. Nº 7 - 37. Piso 7º. Bogotá. Colombia.	Production and organisation of shows and events	RLM, S.A.	100.00%	
Sogecable Música, S.L.	Gran Vía, 32. Madrid	Creation, broadcasting, distribution and operation of thematic television channels	Gran Vía Musical de Ediciones, S.L.	100.00%	194/09
Proportionate consolidation					
My Major Company Spain, S.L.	Gran Vía, 32. Madrid	Music publishing	Gran Vía Musical de Ediciones, S.L.	50.00%	

(*) Consolidated tax group Prisa Radio, S.L. (Sociedad de Servicios Radiofónicos Unión Radio, S.L.): 194/09

COMPANIES INCLUDED IN THE SCOPE OF CONSOLIDATION: DECEMBER 2011

APPENDIX I

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY HOLDING THE OWNERSHIP INTEREST	December 2011 PERCENTAGE OF OWNERSHIP	December 2011 TAX GROUP (*)
AUDIOVISUAL					
PRISA TELEVISION					
Full consolidation					
Audiovisual Sport, S.L	Calle Diagonal, 477. Barcelona	Management and distribution of audiovisual rights	Prisa Televisión, S.A.U.	80.00%	2/91
Centro de Asistencia Telefónica, S.A.	Campezo,1. Madrid	Provision of services	DTS, Distribuidora de Televisión Digital, S.A.	99.61%	136/11
			Compañía Independiente de Televisión, S.L.	0.39%	
Compañía Independiente de Televisión, S.L.	Avenida de los Artesanos, 6. Tres Cantos. Madrid	Management and explotation of audiovisual rights	DTS, Distribuidora de Televisión Digital, S.A.	99.95%	136/11
Cinemanía, S.L.	Avenida de los Artesanos, 6. Tres Cantos. Madrid	Operation of thematic television channels	Compañía Independiente de Televisión, S.L.	90.00%	136/11
			DTS, Distribuidora de Televisión Digital, S.A.	10.00%	
DTS, Distribuidora de Televisión Digital, S.A.	Avenida de los Artesanos, 6. Tres Cantos. Madrid	Television services	Prisa Televisión, S.A.U.	56.00%	
Prisa Televisión, S.A.U.	Avenida de los Artesanos, 6. Tres Cantos. Madrid	Operation of TV activities	Promotora de Informaciones, S.A.	100.00%	2/91
Vía Atención Comunicación, S.L.	Avenida de los Artesanos, 6. Tres Cantos. Madrid	Provision of digital TV services	DTS, Distribuidora de Televisión Digital, S.A.	100.00%	136/11
Equity method					
Agencia de Televisión Latino-Americana de Servicios y Noticias País Vasco, S.A.U.	Ribera de Elorrieta. Pab. 7-9. Vizcaya	News agency and producer of broadcast news	Mediaset España Comunicación, S.A.	100.00%	
Atlas Media, S.A.U.	Sant Just Desvern. Calle Bullidor, s/n.		Mediaset España Comunicación, S.A.	100.00%	
Bigbang Media, S.L.	Calle Almagro. 3. 28010. Madrid	Production, distribution and exploitation of audiovisual rights; exploitation of industrial and intelectual property rights. Management and financial intermediation of audiovisual companies	Mediaset España Comunicación, S.A.	30.00%	
Canal Club de Distribución de Ocio y Cultura, S.A.	Calle Hermosilla, 112. Madrid	Catalogue sales	Prisa Televisión, S.A.U.	25.00%	
Canal Factoría de Ficción, S.A.U.	Carretera de Fuencarral a Alcobendas. Km 12, 450. 28049. Madrid	Exploitation and distribution of audiovisual products	Mediaset España Comunicación, S.A.	100.00%	
Conecta 5 Telecinco, S.A.U.	Carretera de Fuencarral a Alcobendas. 4. 28049. Madrid	Exploitation of audiovisual content on the internet	Mediaset España Comunicación, S.A.	100.00%	
Edam Acquisition Holding I Cooperative, E.A.	Flevolaan 41 a 1411 KC Naarden Ámsterdam	Channelling of the investment in Endemol N.V., a company engaging in the creation, production and exploitation of content for television and other audiovisual platforms	Mediacinco Cartera, S.L.	33.00%	
Mediaset España Comunicación, S.A.	Carretera de Fuencarral a Alcobendas. 4. 28049. Madrid	Indirect management of public service television	Prisa Televisión, S.A.U.	17.34%	
Grupo Editorial Tele 5, S.A.U.	Carretera de Fuencarral a Alcobendas. 4. 28049. Madrid	Exploitation of rights: production and distribution of publications	Mediaset España Comunicación, S.A.	100.00%	
La Fábrica de la Tele, S.L.	Calle Ángel Gavinet. 18. 28007. Madrid	Creation, development, production and commercial exploitation of audiovisual content	Mediaset España Comunicación, S.A.	30.00%	
Mediacinco Cartera, S.L.	Carretera de Fuencarral a Alcobendas. 4. 28049. Madrid	Intermediation and financial management	Mediaset España Comunicación, S.A.	75.00%	
Mi Cartera Media, S.A.U.	Carretera de Fuencarral a Alcobendas. 4. 28049. Madrid	Multimedia exploitation of economic and financial formats and content	Mediaset España Comunicación, S.A.	100.00%	
Pegaso Televisión Inc. (EE.UU.)	Brickell Avenue. 1401. Suite 3311. Miami, Florida. EE.UU.	Television stations and production of television content	Mediaset España Comunicación, S.A.	44.00%	
Premiere Megaplex, S.A.	Calle Enrique Jardiel Poncela. 4 . 28016. Madrid	Operation of cinemas (film and video distribution)	Mediaset España Comunicación, S.A.	50.00%	
Producciones Mandarina, S.L.	Calle María Tobau. 3. 28050. Madrid	Creation, development, production and commercial exploitation of audiovisual content	Mediaset España Comunicación, S.A.	30.00%	
Promotora Audiovisual de Colombia PACSA, S.A.	Calle 70. Nº 4-60. 11001. Bogotá. Colombia	Audiovisual and communication activities	Prisa Televisión, S.A.U.	53.00%	
			Promotora de Actividades Audiovisuales de Colombia, Ltda.	1.00%	
			Grupo Latino de Publicidad Colombia, Ltda.	1.00%	
Publiespaña, S.A.U.	Carretera de Fuencarral a Alcobendas. 4. 28049. Madrid	Exclusive advertising concessionaire of Telecinco	Mediaset España Comunicación, S.A.	100.00%	
Publimedia Gestión, S.A.U.	Carretera de Fuencarral a Alcobendas. 4. 28049. Madrid	Implementation and execution of advertising projects	Publiespaña, S.A.U.	100.00%	
Sogecable Editorial, S.L.U.	Avenida de los Artesanos, 6. Tres Cantos. Madrid	Management of intellectual property rights	Mediaset España Comunicación, S.A.	100.00%	
Sogecable Media, S.L.U.	Avenida de los Artesanos, 6. Tres Cantos. Madrid	Sale of advertising space	Mediaset España Comunicación, S.A.	100.00%	
Telecinco Cinema, S.A.U.	Carretera de Fuencarral a Alcobendas. 4. 28049. Madrid	Television broadcasting services and intermediation in the markets for audiovisual rights	Mediaset España Comunicación, S.A.	100.00%	
V-Me Media Inc.	450 West 33rd Street, 11th Floor. New York, NY 10001 . EE.UU.	Television broadcasting services	Promotora de Informaciones, S.A.	8.12%	
			Prisa Televisión, S.A.U.	32.48%	

(*) Consolidated tax group Promotora de Informaciones, S.A.: 2/91
(*) Consolidated tax group DTS Distribuidora de Televisión Digital , S.A.: 136/11

COMPANIES INCLUDED IN THE SCOPE OF CONSOLIDATION: DECEMBER 2011

APPENDIX I

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY HOLDING THE OWNERSHIP INTEREST	December 2011 PERCENTAGE OF OWNERSHIP	December 2011 TAX GROUP (*)
LOCAL TELEVISION					
Full consolidation					
Axarquía Visión, S.A.U.	Paseo de Reding, 7. Málaga	Provision of local television services	Málaga Altavisión, S.A.	100.00%	2/91
Canal 4 Navarra, S.L.U.	Avenida Sancho el Fuerte, 18. Pamplona	Production and broadcasting of videos and TV programmes	Promotora de Emisoras de Televisión, S.A.	100.00%	2/91
Canal 4 Navarra Digital, S.A.U.	Polígono Industrial Cordovilla. Navarra	Provision of local television services	Canal 4 Navarra, S.L.U.	100.00%	2/91
Collserola Audiovisual, S.L. *(In liquidation)*	Plaza Narcis Oller. Nº 6 1º. 1ª. 08006. Barcelona	Provision of local television services	Legal Affairs Consilium, S.L.U.	92.00%	2/91
			Promotora de Emisoras de Televisión, S.A.	0.50%	
Legal Affairs Consilium, S.L.U.	Plaza Narcis Oller. Nº 6 1º. 1ª. 08006. Barcelona	Provision of local television services	Promotora de Emisoras de Televisión, S.A.	100.00%	2/91
Localia TV Madrid, S.A.U.	Gran Vía, 32. Madrid	Provision of local television services	Promotora de Emisoras de Televisión, S.A.	100.00%	2/91
Málaga Altavisión, S.A.	Paseo de Reding, 7. Málaga	Production and broadcasting of videos and TV programmes	Promotora de Emisoras de Televisión, S.A.	87.24%	2/91
Marbella Digital Televisión, S.A.U.	Paseo de Reding, 7. Málaga	Provision of local television services	Málaga Altavisión, S.A.	100.00%	2/91
Productora Asturiana de Televisión, S.A.	Asturias, 19. Oviedo	Provision of local television services	Promotora de Emisoras de Televisión, S.A.	59.99%	
Productora Audiovisual de Badajoz, S.A.	Ramón Albarrán, 2. Badajoz	Provision of local television services	Promotora de Emisoras de Televisión, S.A.	61.45%	
Productora de Televisión de Córdoba, S.A.U.	Amatista s/n. Polígono El Granadall. Córdoba	Provision of local television services	Promotora de Emisoras de Televisión, S.A.	100.00%	2/91
Productora Extremeña de Televisión, S.A.	J. M. R. "Azorín". Edificio Zeus. Polígono La Corchera. Mérida. Badajoz	Provision of local television services	Promotora de Emisoras de Televisión, S.A.	66.00%	
Promoción de Actividades Audiovisuales en Canarias, S.A.U.	Avenida Anaga, 35. Santa Cruz de Tenerife	TV communication activities in the Canary Islands	Promotora de Emisoras de Televisión, S.A.	100.00%	2/91
Promotora Audiovisual de Zaragoza, S.L.U.	Emilia Pardo Bazán, 18. Zaragoza	Provision of local television services	Promotora de Emisoras de Televisión, S.A.	99.90%	2/91
			Localia TV Madrid, S.A.U.	0.10%	
Promotora de Emisoras, S.L	Gran Vía, 32. Madrid	Radio broadcasting services	Promotora de Informaciones, S.A.	100.00%	2/91
Promotora de Emisoras de Televisión, S.A.	Gran Vía, 32. Madrid	Operation of TV channels	Promotora de Emisoras, S.L.	75.00%	2/91
			Promotora de Informaciones, S.A.	25.00%	
Telecomunicaciones Antequera, S.A.U.	Aguardenteros, 15. Antequera. Málaga	Provision of local television services	Málaga Altavisión, S.A.	100.00%	2/91
Televisión Ciudad Real, S.L.U.	Ronda Carmen, 4. Ciudad Real	Production, broadcasting, publication and distribution of all manner of communication media and advertising activities	Promotora de Emisoras de Televisión, S.A.	100.00%	2/91
Televisión Digital de Baleares, S.A.U.	Avenida Setze de Juliol, 53. Palma de Mallorca	Provision of local television services	Promotora de Emisoras de Televisión, S.A.	100.00%	
TV Local Eivissa, S.L.U.	Avenida San Jordi s/n. Edificio Residencial. Ibiza	Provision of television services	Promotora de Emisoras de Televisión, S.A.	100.00%	2/91
Equity method					
Riotedisa, S.A.	Avenida de Portugal, 12. Logroño	Audiovisual productions for TV	Promotora de Emisoras de Televisión, S.A.	49.00%	

(*) Consolidated tax group Promotora de Informaciones, S.A.: 2/91

COMPANIES INCLUDED IN THE SCOPE OF CONSOLIDATION: DECEMBER 2011

APPENDIX I

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY HOLDING THE OWNERSHIP INTEREST	December 2011 PERCENTAGE OF OWNERSHIP	December 2011 TAX GROUP (*)
MEDIA CAPITAL					
Full consolidation					
Argumentos para Audiovisual, Lda. (CASA DA CRIAÇAO)	Avenida Liberdade. Nº 144/156 - 6º Dto. 1250-146. Lisboa. Portugal	Creation, development, translation and adaptation of texts and ideas for television programmes, films, entertainment, advertising and theatre	Plural Entertainment Portugal, S.A.	100.00%	
Chip Audiovisual, S.A.	Coso, 100 . Planta 3ª puerta 4-50001. Zaragoza	Audiovisual productions for TV	Factoría Plural, S.L.	50.00%	
Desenvolvimento de Sistemas de Comunicaçao, S.A. (MEDIA CAPITAL TECHNOLOGIES)	Rua Mário Castelhano. Nº 40. 2734-502. Barcarena. Portugal	Development, maintenance and commercial operation of computer hardware and programs; management of multimedia content (images, sound, text and data)	Media Global, SGPS, S.A. (MEGLO)	100.00%	
Editora Multimédia, S.A. (MULTIMÉDIA)	Rua Mário Castelhano. Nº 40. 2734-502. Barcarena. Portugal	Publication, multimedia production, distribution, consultancy, sales (mail order, telephone and other) of goods and services as well as the acquisition, supply, preparation and dissemination of journalism by any means	Media Global, SGPS, S.A. (MEGLO)	100.00%	
Emissoes de Radiodifusao, S.A. (RADIO REGIONAL DE LISBOA)	Rua Sampaio e Pina. 24/26. 1099-044. Lisboa. Portugal	Radio broadcasting	Media Capital Rádios, S.A (MCR II)	100.00%	
Empresa de Meios Audiovisuais, Lda. (EMAV)	Quinta Do Olival Das Minas. Lote 9. Vialonga. 2625-577. Vialonga. Portugal	Purchase, sale and rental of audiovisual media (cameras, videos, special filming and lighting equipment, cranes, rails, etc.)	Plural Entertainment Portugal, S.A.	100.00%	
Empresa Portuguesa de Cenários, Lda. (EPC)	Quinta Do Olival Das Minas. Lote 9. Vialonga. 2625-577. Vialonga. Portugal	Design, construction and installation of decorating accessories	Plural Entertainment Portugal, S.A.	100.00%	
Factoría Plural, S.L.	Calle Biarritz, 2. 50017 Zaragoza	Production and distribution of audiovisual content	Plural Entertainment España, S.L.	51.00%	
Grupo Media Capital, SGPS, S. A.	Rua Mário Castlhano nº 40. Queluz de Baixo. Portugal	Holdings	Vertix, SGPS, S.A	84.69%	
Lúdicodrome Editora Unipessoal, Lda.	Rua Mário Castelhano. Nº 40. 2734-502. Barcarena. Portugal	Publication, multimedia production, distribution, consultancy, sale (mail order, telephone or other) of goods and services disseminated via catalogues, magazines, newspapers, printed or audiovisual media	Media Global, SGPS, S.A. (MEGLO)	100.00%	
Media Capital Música e Entretenimento, S.A (MCME)	Rua Mário Castelhano. Nº 40. 2734-502. Barcarena. Portugal	Publication, graphic arts and the reproduction of recorded media: magazines, audio publication, video reproduction and the provision of services related to music, the radio, television, film, theatre and literary magazines	Media Global, SGPS, S.A. (MEGLO)	100.00%	
Media Capital Produçoes, S.A. (MCP)	Rua Mário Castelhano. Nº 40. 2734-502. Barcarena. Portugal	Design, development, production, promotion, sale, acquisition, exploitation rights, recording, distribution and dissemination of audiovisual media	Media Global, SGPS, S.A. (MEGLO)	100.00%	
Media Capital Produçoes - Investimentos, SGPS, S.A.	Rua Mário Castelhano. Nº 40. 2734-502. Barcarena. Portugal	Holdings	Media Capital Produçoes, S.A. (MCP)	100.00%	
Media Capital Rádios, S.A (MCR II)	Rua Mário Castelhano. Nº 40. 2734-502. Barcarena. Portugal	Provision of services in the areas of accounting and financial consultancy; performance of radio broadcasting activities in the areas of the production and transmission of radio programmes	Media Global, SGPS, S.A. (MEGLO)	100.00%	
Media Global, SGPS, S.A. (MEGLO)	Rua Mário Castelhano. Nº 40. 2734-502. Barcarena. Portugal	Holdings	Grupo Media Capital, SGPS, S. A.	100.00%	
Multimedia, S.A. (CLMC)	Rua de Santo Amaro à Estrela. Nº 17 A. 1249-028. Lisboa. Portugal	Distribution of film activities, video, radio, television, audiovisual and multimedia	Media Global, SGPS, S.A.(MEGLO)	100.00%	
Plural Entertainment Canarias, S.L.	Dársena Pesquera. Edificio Plató del Atlántico. San Andrés 38180. Santa Cruz de Tenerife	Production and distribution of audiovisual content	Plural Entertainment España, S.L.	100.00%	2/91
Plural Entertainment España, S.L.	Gran Vía, 32. Madrid	Production and distribution of audiovisual content	Media Capital Produçoes - Investimentos, SGPS, S.A.	100.00%	2/91
Plural Entertainment Inc.	1680 Michigan Avenue. Suite 730. Miami Beach. US.	Production and distribution of audiovisual content	Plural Entertainment España, S.L.	100.00%	
Plural Entertainment Portugal, S.A.	R. José Falcao. 57 - 3º Dt. 1000-184. Lisboa. Portugal	Production of video and film, organisation of shows, rental of sound and lighting, advertising, sales and representation of registered videos	Media Capital Produçoes - Investimentos, SGPS, S.A.	100.00%	
Produçao de Eventos, Lda. (MEDIA CAPITAL ENTERTAINMENT)	Rua Mário Castelhano. Nº 40. 2734-502. Barcarena. Portugal	Publication, graphic art and reproduction of recorded media: magazines, audio publication, video reproduction; and provision of services related to music, radio, television, film, theatre and literary magazines	Media Capital Música e Entretenimento, S.A (MCME)	100.00%	

(*) Consolidated tax group Promotora de Informaciones, S.A.: 2/91

COMPANIES INCLUDED IN THE SCOPE OF CONSOLIDATION: DECEMBER 2011

APPENDIX I

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY HOLDING THE OWNERSHIP INTEREST	December 2011 PERCENTAGE OF OWNERSHIP	December 2011 TAX GROUP (*)
Producciones Audiovisuales, S.A. (NBP IBÉRICA)	Almagro 13. 1º Izquierda. 28010. Madrid	Inactive	Plural Entertainment Portugal, S.A.	100.00%	
Produçoes Audiovisuais, S.A. (RADIO CIDADE)	Rua Sampaio e Pina. 24/26. 1099-044. Lisboa. Portugal	Radio broadcasting, production of audio or video advertising spots Advertising, production and recording of discs. Development and production of radio programmes	Media Capital Rádios, S.A (MCR II)	100.00%	
Projectos de Media e Publicidade Unipessoal, Lda. (PUPLIPARTNER)	Rua Mário Castelhano. Nº 40. 2734-502. Barcarena. Portugal	Design, preparation and performance of advertising projects (advisory services, promotion, supply, marketing and the distribution of media goods and services)	Serviços de Consultoria e Gestao, S.A. (MEDIA CAPITAL SERVIÇOS)	100.00%	
Radio Comercial, S.A. (COMERCIAL)	Rua Sampaio e Pina. 24/26. 1099-044. Lisboa. Portugal	Radio broadcasting in the areas of programme production and transmission	Media Capital Rádios, S.A (MCR II)	100.00%	
Rádio Litoral Centro, Empresa de Radiodifusao, Lda.	Avenida Fernao de Magalhaes. Nº 153, 6. Andar Sala 15. Coimbra. Portugal	Radio broadcasting in the areas of programme production and transmission	Emissoes de Radiodifusao, S.A. (RADIO REGIONAL DE LISBOA)	100.00%	
Rádio Nacional - Emissoes de Radiodifusao, Lda.	Rua Capitao Tenente Oliveira e Carmo. 10-3. Quita Da Lomba. Barreiro. Portugal	Radio broadcasting in the areas of programme production and transmission	Radio Comercial, S.A. (COMERCIAL)	100.00%	
Radiodifusão, Lda. (FLOR DO ÉTER)	Avenida Fernao de Magalhaes. Nº 153, 6. Andar Sala 15. Coimbra. Portugal	Production, realization and commercialization of cultural programmes sports and news by radio and audiovisual promotion of exhibitions and cultural conferences and artistic	Produçoes Audiovisuais, S.A. (RADIO CIDADE)	100.00%	
Comunicações Sonoras, S.A. (DRUMS)	Rua Tenente Valadim, nº 181, Porto Portugal	Radio broadcasting in the areas of programme production and transmission	Produçoes Audiovisuais, S.A. (RADIO CIDADE)	100.00%	
Rádio Voz de Alcanena, Lda. (RVA)	Praceta Pedro Escuro, 10 , 4º dt. Santarém Portugal	Radio broadcasting in the areas of programme production and transmission	Produçoes Audiovisuais, S.A. (RADIO CIDADE)	100.00%	
RADIO XXI, Lda. (XXI)	Rua Sampaio e Pina. 24/26. 1099-044. Lisboa. Portugal	Radio broadcasting in the areas of programme production and transmission	Radio Comercial, S.A. (COMERCIAL)	100.00%	
Rede Teledifusora Independente, S.A. (RETI)	Rua Mário Castelhano. Nº 40. 2734-502. Barcarena. Portugal	Installation, management and operation of the telecommunication network or networks including transport, signal transmission for TV, radio, computer data, etc.	Televisao Independente, S.A. (TVI)	100.00%	
Serviços de Consultoria e Gestao, S.A. (MEDIA CAPITAL SERVIÇOS)	Rua Mário Castelhano. Nº 40. 2734-502. Barcarena. Portugal	Advisory services, guidance services and operational assistance to public relations companies and organisations	Media Global, SGPS, S.A. (MEGLO)	100.00%	
Serviços de Internet, S.A. (IOL NEGÓCIOS)	Rua Tenente Valadim. Nº 181. 4100-479. Porto. Portugal	Services, publication and sale of electronic goods and services	Editora Multimédia, S.A. (MULTIMÉDIA)	100.00%	
Sociedade de Produçao e Ediçao Audiovisual, Lda. (FAROL MÚSICA)	Rua Mário Castelhano. Nº 40. 2734-502. Barcarena. Portugal	Production of multimedia, audiovisual and phonogram storage media	Media Capital Música e Entretenimento, S.A (MCME)	100.00%	
Televisao Independente, S.A. (TVI)	Rua Mário Castelhano. Nº 40. 2734-502. Barcarena. Portugal	Performance of any TV-related activity such as the installation, management and operation of any TV channel or infrastructure	Media Global, SGPS, S.A. (MEGLO)	100.00%	
Tesela Producciones Cinematográficas, S.L.	Gran Vía, 32. Madrid	Production and distribution of audiovisual content	Plural Entertainment España, S.L.	100.00%	2/91
Vertix, SGPS, S.A.	Rua de las Amoreiras, 107. Lisboa. Portugal	Holdings	Promotora de Informaciones, S.A.	100.00%	
Equity method					
Plural - Jempsa, S.L.	Gran Vía, 32. Madrid	Production and distribution of audiovisual content	Plural Entertainment España, S.L.	50.00%	
Plural Entertainment Brasil Produçao de Vídeo, Ltda.	Rua Padre Adelino. Nº 758, 3º andar, Quarta Parada. CEP 03303-904.	Inactive	Media Capital Produçoes - Investimentos, SGPS, S.A.	49.00%	
Productora Canaria de Programas, S.A.	Enrique Wolfson, 17. Santa Cruz de Tenerife	Development of a promotional TV channel for the Canary Islands	Plural Entertainment España, S.L.	40.00%	
Sociedad Canaria de Televisión Regional, S.A.	Avenida de Madrid s/n. Santa Cruz de Tenerife	Audiovisual productions for TV	Plural Entertainment España, S.L.	40.00%	
Uniao de Leiria, SAD. (UNIAO DE LEIRIA)	Estádio Dr. Magalhaes Pessoa. 2400-000. Leiria. Portugal	Football team management	Media Global, SGPS, S.A. (MEGLO)	20.16%	

(*) Consolidated tax group Promotora de Informaciones, S.A.: 2/91

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY HOLDING THE OWNERSHIP INTEREST	December 2011 PERCENTAGE OF OWNERSHIP	December 2011 TAX GROUP (*)
DIGITAL					
Full consolidation					
Infotecnia 11824, S.L.	Ronda de Poniente 7. Tres Cantos. Madrid	Provision of telecommunication services	Prisa Digital, S.L.	60.00%	
Meristation Magazine, S.L.	Almogavers 12. Llagostera. Girona	Provision of documentation services	Prisa Digital, S.L.	100.00%	2/91
Prisa Digital Inc.	2100 Coral Way. Suite 200. Miami. Florida. 33145. US.	Provision of internet services	Prisa Digital, S.L.	50.00%	
			Prisa Inc.	50.00%	
Prisa Digital, S.L.	Gran Vía, 32. Madrid	Provision of internet services	Promotora de Informaciones, S.A.	100.00%	2/91
PRINTING					
Full consolidation					
Prisaprint, S.L.	Gran Vía, 32. Madrid	Management of printing companies	Promotora de Informaciones, S.A.	100.00%	2/91
			Grupo Empresarial de Medios Impresos, S.L.	0.00%	
Equity method					
Bidasoa Press, S.L.	Calle Malilla Nº 134. 46026. Valencia	Printing of publishing products	Dédalo Grupo Gráfico, S.L.	100.00%	225/04
Dédalo Grupo Gráfico, S.L.	Carretera de Pinto a Fuenlabrada, Km. 20,8. Madrid	Printing of publishing products	Prisaprint, S.L.	40.00%	
Dédalo Heliocolor, S.A.	Ctra. Nacional II. Km. 48, 500 Polígono Industrial Nº I. 19171. Cabanillas del Campo. Guadalajara	Printing of publishing products	Dédalo Grupo Gráfico, S.L.	100.00%	225/04
Dédalo Offset, S.L.	Carretera de Pinto a Fuenlabrada, Km. 20,8. Madrid	Printing of publishing products	Dédalo Grupo Gráfico, S.L.	100.00%	225/04
Distribuciones Aliadas, S.A.	Polígono Industrial La Isla. Parcela 53. 41700 Dos Hermanas. Sevilla	Printing of publishing products	Dédalo Grupo Gráfico, S.L.	100.00%	225/04
Gráficas Integradas, S.A.	Calle Camino de los Afligidos S/N. Alcalá de Henares. Madrid	Printing of publishing products	Dédalo Heliocolor, S.A.	100.00%	225/04
Macrolibros, S.L.	Calle Vázquez de Menchaca. Nº9. Polígono Argales. 47008. Valladolid	Printing of publishing products	Dédalo Offset, S.L.	100.00%	225/04
Norprensa, S.A.	Parque Empresarial IN-F. Calle Costureiras. s/n 27003. Lugo	Printing of publishing products	Dédalo Grupo Gráfico, S.L.	100.00%	225/04
MEDIA ADVERTISING SALES					
Full consolidation					
Prisa Brand Solutions, S.L.U.	Gran Vía, 32. Madrid	Contracting of advertising exclusives	Promotora de Informaciones, S.A.	100.00%	2/91
Prisa Innova, S.L.	Gran Vía, 32. Madrid	Management of promotional products and services	Prisa Brand Solutions, S.L.U.	99.95%	2/91
			Diario El País, S.L.	0.05%	
Solomedios, S.A.	Gran Vía, 32. Madrid	Advertising management	Prisa Brand Solutions, S.L.U.	99.97%	2/91
			Promotora de Informaciones, S.A.	0.03%	
OTHER					
Full consolidation					
GLP Colombia, Ltda	Carrera 9, 9907 Oficina 1200. Bogotá. Colombia	Operation and sale of all manner of advertising	Prisa División Internacional, S.L.	100.00%	
Liberty Acquisition Holdings Virginia, Inc.	Gran Vía, 32. Madrid	Holdings	Promotora de Informaciones, S.A.	100.00%	
Prisa División Inmobiliaria, S.L.	Gran Vía, 32. Madrid	Lease of commercial and industrial premises	Promotora de Informaciones, S.A.	100.00%	2/91
Prisa División Internacional, S.L.	Gran Vía, 32. Madrid	Holdings in foreign companies	Promotora de Informaciones, S.A.	100.00%	2/91
			Grupo Empresarial de Medios Impresos, S.L.	0.00%	
Prisa Finance (Netherlands) BV	Gran Vía, 32. Madrid	Holdings in and financing of companies	Promotora de Informaciones, S.A.	100.00%	
Prisa Inc.	5300 First Union Finacial Centre. Miami. Florida. US.	Management of companies in the US and North America	Prisa División Internacional, S.L.	100.00%	
Promotora de Actividades América 2010, S.L.	Gran Vía, 32. Madrid	Production and organisation of activities and projects marking the bicentenary of American Independence	Promotora de Informaciones, S.A.	100.00%	2/91
Promotora de Actividades América 2010 - México, S.A. de C.V.	Avenida Paseo de la Reforma 300. Piso 9. Col. Juárez. 06600. MExico. City. Mexico	Development, co-ordination and management of all manner of international and national projects marking the bicentenary of American Independence	Promotora de Actividades América 2010, S.L.	100.00%	
			Prisa División Internacional, S.L.	1 share	
Promotora de Actividades Audiovisuales de Colombia, Ltda.	Calle 80, 10 23 . Bogotá. Colombia	Production and distribution of audiovisual content	Prisa División Internacional, S.L.	99.00%	
			Promotora de Informaciones, S.A.	1.00%	
Prisa Gestión de Servicios, S.L.	Gran Vía, 32. Madrid	Management and development of administrative, financial, personnel, resource selection services	Promotora de Informaciones, S.A.	100.00%	2/91
Equity method					
V-Me Media Inc.	450 West 33rd Street, 11th Floor. New York, NY 10001 . US.	Television broadcasting services	Prisa Televisión, S.A.U.	33.78%	
			Promotora de Informaciones, S.A.	8.12%	

(*) Consolidated tax group Promotora de Informaciones, S.A.: 2/91
(*) Consolidated tax group Dédalo Grupo Gráfico, S.L.: 225/04

KEY FINANCIAL AGGREGATES OF THE COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

APPENDIX II

	December 2011			
INVESTEE	**TOTAL ASSETS**	**EQUITY**	**OPERATING INCOME**	**NET PROFIT (LOSS)**
EDUCATION				
Distribuidora Digital de Libros, S.A.	2,023	235	726	(621)
DLD Editora e Distibuidora de Livros Digitais, S.A. (Brasil)	242	213	66	(238)
PRESS				
Kioskoymás, Sociedad Gestora de la Plataforma Tecnológica, S.L.	554	43	531	(309)
EL PAÍS				
Ediciones Conelpa, S.L.	7,154	(1,221)	4,463	(1,224)
DISTRIBUTION				
Beralán, S.L.	15,206	3,635	128,925	834
Cirpress, S.L.	6,402	2,554	25,055	388
Comercial de Prensa Siglo XXI, S.A.	5,475	(4,742)	52,143	(2,755)
Dima Distribución Integral, S.L.	20,602	4,599	11,600	391
Distribución de Prensa por Rutas, S.L.	1,117	(234)	13,857	(305)
Distribuciones Papiro, S.L.	5,370	1,557	41,860	584
Distribuciones Ricardo Rodríguez, S.L.	2,544	454	21,933	198
Distribuidora Almeriense de Publicaciones, S.L.	2,413	481	12,145	34
Distribuidora Cordobesa de Medios Editoriales, S.L.	3,272	183	18,315	46
Distribuidora de Publicaciones Boreal, S.L.	17,067	8,312	33,861	694
Distribuidora Extremeña de Publicaciones, S.L.	9,615	2,594	27,271	599
Distrigalicia, S.L.	6,105	3,244	24,083	378
Distrimedios, S.L.	25,644	2,410	81,400	601
Gelesa Gestión Logística, S.L.	25,942	(1,933)	115,916	(1,116)
Grupo Distribución Editorial Revistas, S.L.	6,920	830	34,807	141
Logística Ciudad Real, S.L.	4,235	930	12,383	118
Marina BCN Distribucions, S.L.	29,589	6,983	121,836	795
Nuevo Distrigades, S.L.	3,221	318	25,167	383
Prensa Serviodiel, S.L.	2,018	535	10,129	235
Souto, S.L.	2,551	1,163	7,289	116
Suscripciones de Medios Editoriales, S.L.	1,729	392	5,062	3
Trecedis, S.L.	9,350	2,757	107,884	(129)
Val Disme, S.L.	24,235	8,302	133,054	636
RADIO				
RADIO IN SPAIN				
Radio Jaén, S.L.	1,748	1,281	1,159	(101)
Unión Radio del Pirineu, S.A.	560	389	401	(13)
INTERNATIONAL RADIO				
El Dorado Broadcasting Corporation	464	(1,325)	0	(3)
Green Emerald Business Inc.	1,396	(2,242)	1,095	(241)
WSUA Broadcasting Corporation	4,139	(4,288)	422	(85)
W3 Comm Concesionaria, S.A. de C.V.	900	(790)	474	(70)
AUDIOVISUAL				
PRISA TELEVISION				
Canal Club de Distribución de Ocio y Cultura, S.A.	N/A	N/A	N/A	N/A
Gestevisión Telecinco, S.A. y sociedades dependientes	N/A	N/A	N/A	N/A
Promotora Audiovisual de Colombia PACSA, S.A.	N/A	N/A	N/A	N/A
V-Me Media Inc.	3,471	503	3,072	(14,602)
LOCAL TELEVISION				
Riotedisa, S.A.	N/A	N/A	N/A	N/A
MEDIA CAPITAL				
Plural - Jempsa, S.L.	2,630	348	60	(1)
Plural Entertainment Brasil Produçao de Vídeo, Ltda. *(Fomerly, NBP Brasil, S.A.)*	223	(27)	N/A	N/A
Productora Canaria de Programas, S.A.	1,524	1,322	841	15
Sociedad Canaria de Televisión Regional, S.A.	2,227	1,898	1,847	87
Uniao de Leiria, SAD. (UNIAO DE LEIRIA)	N/A	N/A	N/A	N/A
PRINTING				
Dédalo Grupo Gráfico, S.L. y sociedades dependientes	134,112	(157,887)	84,974	(47,871)

PROMOTORA DE INFORMACIONES, S.A. (PRISA) AND SUBSIDIARIES

Consolidated Directors' Report for 2011

PROMOTORA DE INFORMACIONES, S.A. (PRISA)

AND SUBSIDIARIES

CONSOLIDATED DIRECTOR'S REPORT FOR 2011

1. BUSINESS PERFORMANCE

The ***most significant events*** in the period from January to December 2011 were as follows:

- Market conditions remain stable in all business areas except advertising and general publishing (Ediciones Generales), which continue to be affected by weak macroeconomic conditions, especially in Spain and Portugal.

- Prisa has achieved in 2011 revenues of 2,724.45 million euros, down by 3.5% from 2010, explained mostly by the extraordinary items recorded in 2010.

- EBITDA was 436.91 million euros, implying a decrease of 26.7% from 2010. The extraordinary revenues recognized in 2010 and the extraordinary expenses registered in 2011, highlighting the restructuring plan, explain almost the total decrease of the EBITDA in that period.

- Advertising revenues continued to show weakness and reached 620 million euros, down by 8.0% from 2010, although they only represent 22.8% of the Group’s revenues. It is worth highlighting that Latin America represented 20% of the Group´s advertising revenues.

- Latam revenues grew by 15.9%, and already account for 24.3% of total revenues (vs. 20.2% in 2010) and for 38.6% of the EBITDA (vs. 25.3% in 2010).

- In the Audiovisual division, revenues totaled 1,241.19 million euros, and EBITDA totaled 234.69 million euros, from 308.78 million euros in 2010, although this difference is mainly explained by the extraordinary items recorded in 2010.

  Pay Televisión has continued to improve its operating indicators with an increase in net subscribers, a stabilization of ARPU and a decrease in the churn rates, reaching an EBITDA of 186.77 million euros. At the end of 2011 pay TV had 1.84 million subscribers, of which 82,247 come from other platforms. Net additions to DTH fell by 16,671 compared to a fall of 72,949 in 2010. ARPU remains above 41 euros on average. Churn rates continue to fall to 13.6%, showing an important decrease from the 15.8% of 2010. iPlus subscribers have increased by almost 65% in the year to reach 503,202 subscribers.

- The Education area showed an important improvement, with a 12.2% increase of revenues to reach 720.39 million euros, due to the strong performance of the educational campaigns in all countries:

  - Latin America revenues increased by 17.6%, explained by the good performance of all campaigns, highlighting Brazil (+24.1%).
  - The educational campaign in Spain grew by 8.6%.
  - Revenues in General Editions showed a fall of 30.5%, as a result of fewer new publications this year compared to the previous.

EBITDA reached 170.20 million euros and improved by 2.3% compared to last year.

- In Radio revenue reached 376.77 million euros, and decreased by 7.1% compared to 2010. International radio advertising grew by 5.5% and decreased by 10.2% in Spain. EBITDA reached 51.61 million euros (-52.2%), which was negatively impacted by significant restructuring costs in 2011.

- Press revenues decreased by 7.2% in 2011 to reach 390.01 million. EBITDA totaled 40.05 million euros (-30.8%) also explained by the significant impact of restructuring costs in 2011.

- Prisa continues to focus in the development of its Digital area, increasing operating revenues by 6.7%. The Digital division achieved a monthly average of 63.7 unique users in 2011, a 25.3% increase to 2010 thanks to the strong growth recorded in As.com, El Pais.com and Cinco Días.com.

- The efficiency plan announced has been completed in all the Group's divisions, which a total investment of 94.8 million euros and expected annualized savings of 64.5 million euros.

- On December 26, 2011 Prisa signed an agreement to refinance its bank borrowings, extending the different maturities of the loans to 2014/2015 and eliminating the schedule for amortizations previously established for the syndicated loan to transform it into a bullet loan. This refinancing provides time and financial flexibility to allow the Group to focus on improving the operating performance of its businesses. The refinancing agreement activated the mechanisms for the conversion of 75 million warrants by the Polanco family, Mr. Martin Franklin and Mr. Nicolas Berggruen, for a total amount of 150 million euros. Most of the proceeds have been destined to debt reduction.

2. EVENTS AFTER THE REPORTING PERIOD

On January 3, 2012, Prisa executed the capital increase corresponding to Otnas Inversiones, S.L.'s exercise of 75,000,000 warrants. Otnas is a company indirectly owned by Rucandio, S.A.- through Timón, S.A., Asgard Inversiones, S.L.U., Promotora de Publicaciones, S.L. and the Shareholder Contract of Prisa-, by Berggruen Acquisition Holdings and by Martin Franklin.

The exercise of the 75,000,000 warrants gave rise to the subscription of the same number of newly issued Class A ordinary shares, at a strike price of EUR 2 each, increasing the Company's capital by EUR 150,000 thousand.

The proceeds from the capital increase were used to repay EUR 100,000 thousand of the Syndicated Loan, within EUR 1,282,544 thousand pending, the maturity of which is extended to March 19, 2014 or December 19, 2014, if certain targets are met.

3. PRINCIPAL RISKS ASSOCIATED WITH THE BUSINESS

The activities of the Group subsidiaries, and hence its operations and results, are exposed to risks inherent to the environment in which it operates, and also to risks arising from external factors, such as the macroeconomic situation, the performance of its markets (advertising, publishing, audiovisual, etc.), regulatory changes, the emergence of new competitors and the performance of its competitors. The activities carried on by the Group's business units abroad, mainly in America, are exposed to additional risks associated with exchange rate fluctuations and with the economic and political situation of the country.

For risk management and monitoring purposes, the Group classifies the main risks to which it is exposed in the following categories:

a. Strategic risks
b. Business process risk
c. Financial management risks
d. Financial reporting reliability risks
e. Technological risks

The Annual Corporate Governance Report (*see section* 5) provides more details on each risk category and on the bodies and specific actions in place to detect, measure, monitor and manage these risks.

4. USE OF FINANCIAL INSTRUMENTS

The Annual Corporate Governance Report (*see section* 5) provides a detailed description of the use of financial instruments by the Group.

5. ANNUAL CORPORATE GOVERNANCE REPORT

(See Appendix II)

6. TREASURY SHARES

At December 31, 2011, Promotora de Informaciones, S.A. held a total of 2,879,503 treasury shares, representing 0.34% of its share capital.

Treasury shares are valued at market price at December 31, 2011 (0.870 euros per share). The average acquisition price stood at 1.261 euros per share.

At December 31, 2011, the Company did not hold any shares on loan.

7. RESEARCH AND DEVELOPMENT ACTIVITIES

Prisa's audiovisual business, through Prisa Televisión, S.A.U., adapted its services and processes to the new technologies on an ongoing basis in cooperation with its technological suppliers, with the objective at being at the forefront of service provision to its subscribers and customers at all times. Accordingly, in 2007, Canal+ began selling state-of-the-art iPLUS digital set-top boxes exclusively for its subscribers, which can store hours of programming, and are integrated with an improved Canal+ electronic programming guide (EPG service) and TDT access. It has also pioneered high-definition broadcasts with Canal+HD, the first high-definition TV in Spain which can be seen on the iPLUS set-top box; the number of new channels offered has increased in recent months. This innovative TV programming continued throughout the year, exemplified by the broadcasting in 3D of events, and more recently, the distribution of contents using iPads, iPhones, and computers; this will be available on other devices in the future. Thus, through the aforementioned devices, it is possible to directly receive the signal of several channels, access a content catalogue.

Additionally, the Group maintains all applications and management processes permanently adapted to changes in the Group businesses and technological changes. The Group participates and is part of associations and forums, nationally and internationally, that permit the Group to identify all improvements or opportunities to innovate and develop its services, processes and management systems. The Group has also signed an agreement with CISCO to jointly develop the pay TV platform and its different devices and applications.

Other group media have also joined to these new distribution channels, developing a single management system and publishing contents with multi-support systems. Currently, cell phone, tablet and web users can access the contents of El País, As, Cinco Días, 40 Principales, Cinemanía, etc. These developments have borne fruit quite rapidly, with over one million press downloads and more than 1.5 million in the case of the radio.

In the radio business, as well, two pioneering innovation projects were carried out in 2011 in Spain:

- A new advertising-management system, called Ad Replacement, was rolled out on the **los40.com** site. This system has a highly novel way of transforming traditional analogue-signal radio-spot advertisements into exclusively online segments, making it possible to:

    a. Create a new, commercial-target space very compatible with the online radio environment.
    b. Enhance traditional audio advertising space (spots) through the association of a banner of the brand being advertised. This opens up a new space in the future for radio, with consumers gradually migrating to digital.

- A major investment is being made in managing audiovisual-format programs, and in fact live and low-demand content has now been produced. The prime examples of this in 2011 were the 2011 General Election Special and the Radio Adventure project with "La Mar de Noches" program, in which the size of the audience doubled with these formats in comparison with conventional audio, on both **cadenaser.com** and **los40.com**.

The success of these projects will be transferred in 2012 to other programs in our line-up in order for our programs to reach their maximum web potential and meet the growing demand for these formats among our listeners/users.

In education, the Group has also continued working on incorporating new technologies into content development. The most significant initiatives were:

- The creation of a teachers social network, IneveryCREA. The network targets the entire Latin American K-12 teaching community and facilitates exchanging ideas among educators, introducing common good practices and sharing educational experiences. It serves as a contact point between the publisher and teachers by applying the most advanced web web2.0 technology (semantics web, data structuring, linking of open-source content).

- The development of a Learning Management System (LMS) along with a planning and management tool for schools (Student Information System (SIS) for the K-12 market). Both products join Santillana's digital educational line and can be offered either within the traditional line of curricular content, Text and Languages, or within Grupo Santillana's new line of strategic growth, Sistema UNO Internacional.

- In addition, work continues to be carried out to develop digital-format educational materials and books designed both for students and for teachers. In nearly every country where it operates, the Group has moved to the fore of this type of developments, with the success of the digital book marketed for the four years of mandatory secondary education (ESO) in Catalonia standing out.

- The General Editions Digital Catalogue has been further expanded, in terms of both traditional mainstays as well as new books, for distribution through the Libranda digital distribution platform. In addition, distribution agreements were reached with Amazon, Apple, Casa del Libro and Fnac. The digitization of Ediciones Generales' content is underway, including the catalogues of Spain, Brazil, the United States, Argentina, Mexico, Colombia, Chile, Peru, Bolivia, Paraguay and Uruguay.

- In 2011, the functional development of an educational digital store began, making it possible to access the market directly with no need to go through intermediaries. The launch is planned for 2012. The entire digital product line for the school textbook market will be incorporated as will digital products for consumption in the home.

- Production began on a pilot catalogue in App format with products to be sold in Mobile Device Stores, with nearly one hundred Apps having been published (in General Publications, Children's Education and Languages).

- Launch of a virtual world, Nanoland, which is an online mass multimedia game with an educational focus for children from 9 to 12 years old. This is the Group's first foray into the "edutainment" world, with a freemium business model, by which users can register for free although it is hoped that they will move up to premium paid access and microtransactions. Santillana's products ensure maximum security for the family, and its educational tier is designed for gaming, with technology allowing for high usability, browsing and suitable data treatment. Nanoland hopes to become a world of entertainment that will elicit creativity and provide enjoyment for the youngest users while allowing them to improve their skills. It offers the advantage of being a secure site that parents can trust.

Since the end of 2010 Prisa Digital, S.L. began to develop the Prisa Group's Digital Ecosystem. This ecosystem will consist of smart technologies to analyze users' behavior in accessing and consuming multiplatform digital content and advanced technologies for the identification, self-categorization and integration of, and semantic access to, digital content repositories in the cloud. The project aims to predict user behavior in different media, mainly on the Internet, and in different environments, in order to offer them the content that best fits their tastes and needs. Research is also underway on integrating and applying new technologies to digital content distribution processes, with the development of solutions that intelligently and automatically permit personalized digital-content distribution through multiple channels to millions of users, according to their requirements. Research and development on these new technologies will make it possible to self-categorize, process, treat, manage and evaluate multimedia digital content through intelligent, automated methodologies and systems. This is expected to bring about the evolution of today's Internet into the Internet of the future, an ecosystem composed of infrastructure, devices and services which, by working in coordination with each other, will give citizens greater cultural and social well-being. This project, entailing a worldwide technological change, will be carried out in coming years.

8. OUTLOOK

Despite the macroeconomic weakness in Spain and Portugal, Prisa has maintained a robust operating performance in 2011. This was mainly due to the strong operating performance of businesses such as Education and Pay TV, which have demonstrated to be able to grow even in the most adverse conditions; to geographic diversification (in 2011 32% of revenue came from the international area); to a great effort in cost control programs; and to the improvement in operating efficiency since the end of 2010.

The media industry is very sensitive to trends in the main macroeconomic variables and, in particular, to the advertising cycle, which is very closely related to GDP. Advertising has weakly performed in 2011, and is expected to have declined by 8.2% according to i2P. The forecast of the same source (i2P) for 2012 is a decline of 5.8%. However, the Prisa Group's exposure to the performance of the advertising market is limited, due to the diversification of its revenue sources, with advertising revenue representing only 22.8% of total revenue in 2011 (24% in 2010), out of which a 20% come from Latam.

Prisa has solid businesses that are not affected by the economic cycle, such as Educational-Publishing, which in 2011 represented 26.4% of the Group's total revenue (compared with 23% in 2010). This business continues to boast strong growth prospects, above all in Latin America where revenues grew by 17.6% in 2011, but also in Spain where the educational campaign grew by 8.6% in 2011. The own development of new business lines started in 2011, as the design and commercialization of new educational systems, open new growth prospects in the Educational area.

The other main source for growth in the Group in 2011 has been the Pay TV business, Canal+. Spain is still far away from reaching the same penetration rates that other European countries regarding Pay TV, which leads to a wide room to grow. Additionally, the change in the strategy of Canal+ in recent years, which is starting to bear fruit, should continue to contribute to the growth of the business. Improvement in contents, such as soccer (Canal+ will again broadcast the Champions League from 2012), should lead to an increase in the number of subscribers. Technological developments (the iPlus decoder, high definition) and the change in the commercialization model for iPlus have increased its penetration to reach 29% of total subscribers and have also contributed to decrease churn rate to 13.6% (15.8% in 2010). These same trends should continue in the future. Finally, agreements reached in 2011 with other telecom operators (highlighting the one signed with Telefónica in August 2011 and with Jazztel at the end of 2011) within the new multi-distribution strategy of Canal+ should also lead to increase the number of subscribers in 2012.

In the current economic environment, the effort in cost controlling and the improvement in operating efficiency are key to maintain the Group´s profitability. Within this context Prisa has completed a restructuring plan in 2011 with a total investment of 94.8 million euros, with expected annual savings of 64.5 million euros. The effort to control costs as well as the implementation of additional measures to improve the operating efficiency of the Group will be maintained in the future.

After a long negotiating process, the Group has renegotiated the conditions for its bank borrowings extending the different maturities of the loans to 2014/2015 and activating the mechanisms for the conversion of 75 million warrants in January 2012 , de 75 millones de warrants for a total amount of 150 million euros (most of the proceeds have been destined to debt reduction). The refinancing process has provided the Group with financial flexibility to focus on improving the operating performance of its businesses.

APPENDIX II: ANNUAL REPORT ON CORPORATE GOVERNANCE

ANNUAL REPORT ON CORPORATE GOVERNANCE

LISTED COMPANIES

DATA IDENTIFYING ISSUER

FINANCIAL YEAR 31.12.2011

TAX ID CODE: A-28297059

Corporate Name:

PROMOTORA DE INFORMACIONES, S.A.

(Free translation from the original in Spanish language)

A OWNERSHIP STRUCTURE

A.1. Complete the following table concerning the company's share capital:

Date Last Modified	Share Capital (€)	Number of Shares	Number of Voting Rights
29/12/2011	84,786,115.80	847,861,158	459,650,730

Indicate whether there are different classes of shares having different rights:

YES

Class	Number of Shares	Unit par value	Unit number of voting rights	Different Rights
Class A	459,650,730	0.10	1	Ordinary Shares
Class B	388,210,428	0.10	0	Convertible non-voting shares (See section G)

A.2. Indicate the direct or indirect owners of significant holdings in your organization at the end of the financial year, excluding Board Members:

Shareholder's Name	Number of Direct Voting Rights	Number of Indirect Voting Rights (*)	Total % of Voting Rights
RUCANDIO, S.A.	0	148,859,840	32.385
PROMOTORA DE PUBLICACIONES, S.L.	87,443,838	0	19.024
ASGARD INVERSIONES, SLU	35,487,164	0	7.720
DAIWA SECURITIES GROUP INC	0	28,000,000	6.092
BH STORES IV, B..V	16,719,416	0	3.637
BNP PARIBAS, SOCIETE ANONYME	15,143,403	0	3.295
INMOBILIARIA CARSO, S.A. DE C.V	8,665,000	6,030,000	3.197
BANK OF AMERICA CORPORATION	0	13,482,068	2.933
ASSET VALUE INVESTORS LIMITED	0	13,425,564	2.921

Indirect Shareholder's Name	Through: direct Shareholder's Name	Number of direct Voting Rights	Total % of Voting Rights
RUCANDIO, S.A.	ASGARD INVERSIONES, SLU	35,487,164	7.720
RUCANDIO, S.A.	PROMOTORA DE PUBLICACIONES, S.L.	87,443,838	19.024
RUCANDIO, S.A.	RUCANDIO INVERSIONES SICAV, S.A.	339,094	0.074
RUCANDIO, S.A.	TIMON, S.A.	7,928,140	1.725
DAIWA SECURITIES GROUP INC	DAIWA CAPITAL MARKETS EUROPE	28,000,000	6.092

Indicate the most significant changes in shareholder structure during the financial year:

Shareholder's Name	Date of Transaction	Description of Transaction
MARLIN EQUITIES II, LLC	28/02/2011	dropped from 3% of share capital
BERGGRUEN ACQUISITION HOLDINGS LTD	21/12/2011	dropped from 3% of share capital
HSBC HOLDINGS PLC	19/01/2011	reached 3% of share capital
HSBC HOLDINGS PLC	07/02/2011	dropped from 3% of share capital
HSBC HOLDINGS PLC	23/03/2011	reached 3% of share capital
HSBC HOLDINGS PLC	14/11/2011	dropped from 3% of share capital
ASSET VALUE INVESTORS LIMITED	28/01/2011	reached 3% of share capital
BH STORES IV, B.V	21/12/2011	reached 3% of share capital
BNP PARIBAS, SOCIETE ANONYME	31/01/2011	reached 3% of share capital
BNP PARIBAS, SOCIETE ANONYME	11/05/2011	dropped from 3% of share capital
BNP PARIBAS, SOCIETE ANONYME	25/05/2011	reached 3% of share capital
BNP PARIBAS, SOCIETE ANONYME	16/06/2011	dropped from 3% of share capital
BNP PARIBAS, SOCIETE ANONYME	18/11/2011	reached 3% of share capital
BNP PARIBAS, SOCIETE ANONYME	19/12/2011	reached 3% of share capital
DAIWA SECURITIES GROUP INC	12/08/2011	reached 3% of share capital
DAIWA SECURITIES GROUP INC	17/08/2011	reached 5% of share capital
INMOBILIARIA CARSO, S.A. DE C.V	09/11/2011	reached 3% of share capital
UBS AG	31/01/2011	dropped from 5% of share capital
UBS AG	30/03/2011	dropped from 3% of share capital
UBS AG	23/06/2011	reached 3% of share capital
UBS AG	01/07/2011	dropped from 3% of share capital
UBS AG	04/07/2011	reached 3% of share capital
UBS AG	12/07/2011	dropped from 3% of share capital
UBS AG	18/07/2011	reached 3% of share capital
UBS AG	19/07/2011	dropped from 3% of share capital
UBS AG	20/07/2011	reached 3% of share capital
UBS AG	10/08/2011	dropped from 3% of share capital
UBS AG	11/08/2011	reached 3% of share capital
UBS AG	12/08/2011	dropped from 3% of share capital
UBS AG	18/08/2011	reached 3% of share capital
UBS AG	19/08/2011	dropped from 3% of share capital
DEUTSCHE BANK AG	04/05/2011	dropped from 3% of share capital
RUCANDIO, S.A.	18/02/2011	dropped from 35% of share capital

A.3. Complete the following tables concerning members of the Board of Directors who hold voting rights in the Company:

Director´s Name	Number of Direct Voting Rights	Number of Indirect Voting Rights (*)	Total % of Voting Rights
IGNACIO POLANCO MORENO	153,041	39,012	0.042
JUAN LUIS CEBRIÁN ECHARRI	2,057,307	1,242,257	0.718
AGNES NOGUERA BOREL	16,536	500	0.004
ALAIN MINC	44,563	0	0,010
BORJA JESÚS PÉREZ ARAUNA	24,436	40,350	0.014
DIEGO HIDALGO SCHNUR	16,586	0	0.004
EMMANUEL ROMAN	17,893	0	0,004
ERNESTO ZEDILLO PONCE DE LEON	0	0	0.000
FERNANDO ABRIL-MARTORELL	0	0	0.000
GREGORIO MARAÑÓN BERTRÁN DE LIS	16,511	493,088	0.111
HARRY SLOAN	67,893	0	0,015
JUAN ARENA DE LA MORA	31,435	0	0.007
MANUEL POLANCO MORENO	27,863	65,266	0.020
MARTIN FRANKLIN	10,174,937	0	2.214
MATÍAS CORTÉS DOMÍNGUEZ	16,511	0	0.004
NICOLAS BERGGRUEN	17,893	16,719,416	3.641

(*Through):

Name or Corporate Name of the indirect holder	Name or Corporate Name of the direct holder	Number of Direct Voting Rights	Total % of Voting Rights
NICOLAS BERGGRUEN	BH STORES IV, B.V	16,719,416	3.637

Total % of Voting Rights controlled by the Board of Directors	6.806

Complete the following table concerning Members of the Board of Directors holding stock options in the Company:

Director's Name	Number of Direct Stock Options	Number of Indirect Stock Options	Number of Equivalent Shares	Total % of Voting Rights

IGNACIO POLANCO MORENO	168,372	42,913	211,285	0.046
JUAN LUIS CEBRIÁN ECHARRI	18,752	1,366,482	1,385,234	0.301
JUAN ARENA DE LA MORA	16,498	0	16,498	0.004
NICOLAS BERGGRUEN	0	33,438,840	33,438,840	7.275
MATIAS CORTES DOMINGUEZ	82	0	82	0.000
MARTIN FRANKLIN	20,314,092	0	20,314,092	4.419
DIEGO HIDALGO SCHNUR	165	0	165	0.000
GREGORIO MARAÑON Y BERTRAN DE LIS	82	130,047	130,129	0.028
AGNES NOGUERA BOREL	110	550	660	0.000
MANUEL POLANCO MORENO	30,676	71,792	102,468	0.022
BORJA PEREZ ARAUNA	8,800	44,385	53,185	0.012

A.4. Indicate, if applicable, any family, commercial, contractual or corporate relationships existing between the owners of significant shareholdings that are known to the Company, unless they are irrelevant or derive from ordinary commercial transactions:

Type of Relationship
Corporate

Brief Description:
Timón, S.A. directly controls 100% of Asgard Inversiones, S.L.U.

Names of the Related Persons or Entities
ASGARD INVERSIONES, SLU

Type of Relationship
Corporate

Brief Description:
Timón, S.A. controls directly 69.15% and Rucandio, S.A. controls directly 6.94% of the share capital of Promotora de Publicaciones, S.L. Consequently, Rucandio, S.A. controls direct and indirectly 76.09% of the share capital of Promotora de Publicaciones, S.L.

Names of the Related Persons or Entities
PROMOTORA DE PUBLICACIONES, S.L.

Type of Relationship
Contractual

Brief Description:

On 22/12/2011 Promotora de Publicaciones, S.L. executed some corporate arrangements that allow its shareholders to replace an indirect shareholding into a direct shareholding in PRISA. Some shareholders who acquired the direct shareholding, entered into a shareholders agreement by virtue of which they maintain the syndicated right to vote in PRISA. Rucandio, S.A. controls the majority of the voting rights in the shareholders' agreement. .

Names of the Related Persons or Entities
PROMOTORA DE PUBLICACIONES, S.L.

Type of Relationship
Contractual

Brief Description:
In order to facilitate the refinancing of the financial debt of PRISA, Timón, S.A., Promotora de Publicaciones, S.L., Asgard Inversiones, S.L.U, Berggruen Acquisition Holdings S.A.R.L and Mr. Martin Franklin, reached an agreement and set up a company named as OTNAS INVERSIONES, S.L., indirectly controlled by Rucandio, destined to convert 75,000,000 warrants, amounting 150,000,000 euros, into PRISA shares. The transaction has been executed in January 2012.

Names of the Related Persons or Entities
RUCANDIO, S.A.

Type of Relationship
Corporate
Brief Description:
Rucandio, S.A. controls directly 56.53% of the share capital of Timón, S.A.

Names of the Related Persons or Entities
TIMON, S.A.

A.5. Indicate, if applicable, any commercial, contractual or corporate relationships existing between significant shareholders and the Company and/or its Group, unless they are of little relevance or derive from ordinary commercial transactions:

A.6. Indicate whether any shareholders´agreement have been communicated to the Company pursuant to articles 112 LMV. If applicable, describe them briefly and list the shareholders bound by those agreements:

YES

% of share capital
32.385

Brief Description of the Agreement
Shareholders´ Agreement in Rucandio, S.A. (See the note in section G)

Parties to the Shareholders' Agreement
IGNACIO POLANCO MORENO
ISABEL MORENO PUNCEL
MARIA JESÚS POLANCO MORENO
MARTA LOPEZ POLANCO
ISABEL LOPEZ POLANCO
MANUEL POLANCO MORENO
JAIME LOPEZ POLANCO
LUCIA LOPEZ POLANCO

% of share capital
19.024

Brief Description of the Agreement
Shareholders´ Agreement in Promotora de Publicaciones, S.L. (See the note in section G)

Parties to the Shareholders' Agreement
EVIEND SARL
RUCANDIO, S.A.
TIMÓN, S.A.

% of share capital
3.856

Brief Description of the Agreement
Shareholders´ Agreement in PRISA (See the note in section G)

Parties to the Shareholders' Agreement
MANUEL VARELA UÑA
ELISA ESCRIÑA DE SALAS
BELEN CEBRIAN ECHARRI
REBECA CEBRIAN TORALLAS
MARIA DEL MAR CORTES BOHIGAS
MANUEL VARELA ENTRECANALES
PALOMA GARCIA-AÑOVEROS ESCRIÑA
ELISA GARCIA-AÑOVEROS ESCRIÑA
JOSE BUENAVENTURA TERCEIRO LOMBA
ISABEL VARELA ENTRECANALES
JOSE MARIA ARANAZ CORTEZO
MARTA VARELA ENTRECANALES
Mª CRUZ VARELA ENTRECANALES
RAFAEL CEBRIAN ARANDA
ANDRÉS VARELA ENTRECANALES
JUAN LUIS CEBRIAN ECHARRI
ANA VARELA ENTRECANALES
JESUS DE LA SERNA GUTIERREZ REPIDE
TIMON, S.A.
LIBERTAS 7, S.A.
PROMOTORA DE PUBLICACIONES, S.L.
ASESORAMIENTO BRUCH, S.L.
EDICIONES MONTE ANETO, S.L.
ASGARD INVERSIONES, SLU
INVERSIONES MENDOZA SOLANO, S.L.

Indicate, if applicable, any concerted actions among company shareholders that are known to the Company:

NO

Expressly indicate any change or breach of those agreements or concerted actions during the financial year.

Changes made in the aforementioned shareholders agreements are explained in section G.

A.7. Indicate whether any individual or corporate entity controls or may control the Company pursuant to Article 4 of the Securities Market Law:

YES

Name
RUCANDIO, S.A.

Observations

A.8. Complete the following tables concerning the Company's treasury stock:

At year's end:

Number of Direct Shares	Number of Indirect Shares (*)	Total % of Share Capital
2,879,503	0	0.339

(*) Through:

Name or Corporate Name of the direct holder	Number of Direct Shares
Total:	0

Indicate any significant variations during the financial year with respect to the provisions of Royal Decree 1362/2007:

Date of notification	Total direct shares acquired	Total indirect shares acquired	Total % of Share Capital
--	--	--	--

A.9. Indicate the conditions and terms of any powers conferred upon the Board of Directors at the Shareholders' Meeting to purchase or transfer treasury stock.

The Shareholders' Meeting held on November 27, 2010 passed the following resolution:

The derivative acquisition of the Company's own shares is authorized, directly or through any of its subsidiary companies, by way of purchase and sale or any other "inter vivos" act for consideration, up to 31 December 2013, the ending date of the "2010-2013 Share/Stock Options Delivery Plan".

The limits or requirements of these acquisitions will be as follows:

- The par value of the shares acquired, added to those already held by the Company and its subsidiaries, may not exceed the allowable legal maximum.
- The acquired shares must be free of any liens or encumbrances, must be fully paid up and not subject to performance of any kind of obligation.
- A frozen reserve may be established within the liabilities on the company's balance sheet in an amount equivalent to the amount of the treasury shares reflected in assets. This reserve must be maintained until the shares have been disposed of or cancelled or there is been a legislative change so authorising.
- The acquisition price may not be less than par value or more than 20 percent of the quoted value. The transactions for the acquisition of own shares will be accordance with the rules and practices of the securities markets.

All of the foregoing will be understood to be without prejudice to application of the general scheme for derivative acquisitions contemplated in article 146 of the current Companies Act.

Express authorisation is granted for the shares acquired by the Company or its subsidiaries pursuant to this authorisation, and those owned by the Company at the date of holding this General Meeting, to be used, in whole or in part, to facilitate fulfilment of the "2010-2013 Share/Stock Options Delivery Plan".

Also, it is resolved to revoke the unused part of the authorisation granted by the General Shareholders Meeting of 30 June 2010.

A.10. Indicate, if applicable, any legal restrictions or limitations in the company bylaws on voting rights, or any legal restrictions on the acquisition or transfer of share capital holdings:

NO

Maximum percent of voting rights that a shareholder may exercise pursuant to legal restrictions	0

Indicate any restrictions in the bylaws on the exercise of voting rights:

NO

Maximum percent of voting rights that a shareholder may exercise pursuant to restrictions in the bylaws	**0**

Indicate whether there are legal restrictions on the acquisition or transfer of shares:

NO

A.11 Indicate whether shareholders at the Annual Meeting have resolved to adopt any anti-takeover measures pursuant to Law 6/2007.

NO

If applicable, explain the measures passed and the terms in which restrictions would not apply:

B. COMPANY MANAGEMENT STRUCTURE

B.1 Board of Directors

B.1.1. Indicate the maximum and minimum number of directors provided for in the Bylaws:

Maximum Number of Directors	17
Minimum Number of Directors	3

B.1.2. Complete the following table providing information concerning Board Members:

Director's Name	Representative	Position on the Board	Date of First Appointment	Date of Last Appointment	How Elected

IGNACIO POLANCO MORENO		CHAIRMAN	18 March 93	27 November 10	APPOINTED AT THE ANNUAL SHAREHOLDERS' MEETING
JUAN LUIS CEBRIÁN ECHARRI		CEO	15 June 83	27 November 10	APPOINTED AT THE ANNUAL SHAREHOLDERS' MEETING
FERNANDO ABRIL-MARTORELL		DIRECTOR	24 June 11	24 June 11	APPOINTED AT THE ANNUAL SHAREHOLDERS' MEETING
JUAN ARENA DE LA MORA		DIRECTOR	27 November 10	27 November 10	APPOINTED AT THE ANNUAL SHAREHOLDERS' MEETING
NICOLAS BERGGRUEN		DIRECTOR	27 November 10	27 November 10	APPOINTED AT THE ANNUAL SHAREHOLDERS' MEETING
MATÍAS CORTÉS DOMÍNGUEZ		DIRECTOR	25 March 77	27 November 10	APPOINTED AT THE ANNUAL SHAREHOLDERS' MEETING
MARTIN FRANKLIN		DIRECTOR	27 November 10	27 November 10	APPOINTED AT THE ANNUAL SHAREHOLDERS' MEETING
DIEGO HIDALGO SCHNUR		DIRECTOR	17 June 82	27 November 10	APPOINTED AT THE ANNUAL SHAREHOLDERS' MEETING
GREGORIO MARAÑÓN BERTRÁN DE LIS		DIRECTOR	15 June 83	27 November 10	APPOINTED AT THE ANNUAL SHAREHOLDERS' MEETING
ALAIN MINC		DIRECTOR	27 November 10	27 November 10	APPOINTED AT THE ANNUAL SHAREHOLDERS' MEETING
AGNES NOGUERA BOREL		DIRECTOR	20 April 06	27 November 10	APPOINTED AT THE ANNUAL SHAREHOLDERS' MEETING
BORJA JESÚS PÉREZ ARAUNA		DIRECTOR	18 May 00	27 November 10	APPOINTED AT THE ANNUAL SHAREHOLDERS' MEETING
MANUEL POLANCO MORENO		DIRECTOR	19 April 01	27 November 10	APPOINTED AT THE ANNUAL SHAREHOLDERS' MEETING
EMMANUEL ROMAN		DIRECTOR	27 November 10	27 November 10	APPOINTED AT THE ANNUAL SHAREHOLDERS' MEETING
HARRY SLOAN		DIRECTOR	27 November 10	27 November 10	APPOINTED AT THE ANNUAL SHAREHOLDERS' MEETING
ERNESTO ZEDILLO PONCE DE LEON		DIRECTOR	27 November 10	27 November 10	APPOINTED AT THE ANNUAL SHAREHOLDERS' MEETING

Total Number of Board Members	16

Indicate any Members retiring from the Board of Directors during the financial year

B.1.3 Complete the following tables concerning the Members of the Board and their functions:

EXECUTIVE DIRECTORS

Director's Name	Committee Proposing His/Her Appointment	Post or Functions
MR. JUAN LUIS CEBRIÁN ECHARRI	NOMINATION AND COMPENSATION COMMITTEE	CEO
MR. FERNANDO ABRIL-MARTORELL	NOMINATION AND COMPENSATION COMMITTEE	DEPUTY CEO AND CHIEF FINANCIAL OFFICER
MR. MANUEL POLANCO MORENO	NOMINATION AND COMPENSATION COMMITTEE	CHAIRMAN OF PRISA TELEVISION

Total Number of Executive Directors	3
% of the Board	18.75

EXTERNAL DIRECTORS REPRESENTING SIGNIFICANT SHAREHOLDINGS

Director's Name	Committee that Proposed His/Her Appointment	Name of Significant Shareholder Who He/She Represents or Who Proposed His/Her Appointment
MR. IGNACIO POLANCO MORENO	NOMINATION AND COMPENSATION COMMITTEE	TIMÓN, S.A.
MR. NICOLAS BERGGRUEN	NOMINATION AND COMPENSATION COMMITTEE	BH STORES, B.V
MR. MARTIN FRANKLIN	NOMINATION AND COMPENSATION COMMITTEE	MR. MARTIN FRANKLIN
MRS. AGNES NOGUERA BOREL	NOMINATION AND COMPENSATION COMMITTEE	PROMOTORA DE PUBLICACIONES, S.L.
MR. BORJA JESÚS PÉREZ ARAUNA	NOMINATION AND COMPENSATION COMMITTEE	TIMÓN, S.A.
MR. DIEGO HIDALGO SCHNUR	NOMINATION AND COMPENSATION COMMITTEE	PROMOTORA DE PUBLICACIONES, S.L.

Total number of external directors representing significant shareholdings	6
% of the Board	37.5

INDEPENDENT EXTERNAL DIRECTORS

Director's Name	Profession
MR. GREGORIO MARAÑÓN Y BERTRÁN DE LIS	LAWYER
MR. EMMANUEL ROMAN	FINANCIAL. Co-CEO OF GLG Partners

MR. HARRY SLOAN	LAWYER. CHAIRMAN AND CEO –GLOBAL EAGLE ACQUISITION CORPORATION.
MR. ERNESTO ZEDILLO PONCE DE LEON	ECONOMIST. EX PRESIDENT OF MEXICO
MR. ALAIN MINC	ENGINEER, POLITICAL AND ECONOMIC ADVISER. PROFESSOR
MR. JUAN ARENA DE LA MORA	ENGINEER AND FINANCIAL. EX PRESIDENT OF BANKINTER. EX PROFESSOR OF HARVARD BUSINESS SCHOOL.

Total number of independent external directors	6
% of the Board	37.5

OTHER EXTERNAL DIRECTORS

Director's Name	Committee that Proposed His/Her Appointment
MR. MATIAS CORTES DOMINGUEZ	NOMINATION AND COMPENSATION COMMITTEE

Total number of other external directors	1
% of the Board	6.25

Explain why they may not be considered significant shareholders or independent and their relationships with the company, its directors or shareholders:

Director´s Name	MR. MATIAS CORTES DOMINGUEZ
Relationships with the company, directors or Shareholders	--
Reasons	Professional relationship held by the Director with the Company.

If applicable, indicate any changes that have occurred during the year in each director's status:

Director's Name	Date	Previous status	Current Status
MR. MANUEL POLANCO	31.12.2011	EXTERNAL DIRECTOR REPRESENTING SIGNIFICANT SHAREHOLDING	EXECUTIVE DIRECTOR

B.1.4. Explain, if applicable, why directors representing significant shareholdings have been appointed at the request of shareholders whose stake is less than 5% of share capital:

Name of Shareholder	Justification

Indicate whether formal requests for representation on the board have been denied shareholders whose stake is equal or higher than others whose requests to appoint a director to represent a significant shareholding was granted. If so, explain why such requests were denied:

NO

B.1.5 Indicate whether any board member has left his post before the end of his mandate, whether he explained his reasons to the board and by what means, and if expressed in writing to the entire board, provide the reasons given:

NO

B.1.6. If applicable, indicate the powers delegated to members of the Board of Directors:

Board Member's Name	Brief Description
IGNACIO POLANCO MORENO	HE HAS BEEN DELEGATED ALL POWERS OF THE BOARD OF DIRECTORS EXCEPT THOSE THAT CANNOT BE DELEGATED BY LAW
JUAN LUIS CEBRIÁN ECHARRI	HE HAS BEEN DELEGATED ALL POWERS OF THE BOARD OF DIRECTORS EXCEPT THOSE THAT CANNOT BE DELEGATED BY LAW
FERNANDO ABRIL-MARTORELL	HE HAS BEEN DELEGATED ALL POWERS OF THE BOARD OF DIRECTORS EXCEPT THOSE THAT CANNOT BE DELEGATED BY LAW

B.1.7. If applicable, identify board members who hold posts as directors or officers in subsidiary companies within the listed company's group:

Director's Name	Name of the Group Company	Position
IGNACIO POLANCO MORENO	DIARIO EL PAIS, S.L.	DIRECTOR
JUAN LUIS CEBRIAN ECHARRI	DIARIO EL PAIS, S.L.	CHAIRMAN
JUAN LUIS CEBRIAN ECHARRI	DTS DISTRIBUIDORA DE TELEVISION DIGITAL, S.A.	DIRECTOR
JUAN LUIS CEBRIAN ECHARRI	EDICIONES EL PAIS	REPRESENTATIVE OF THE SOLE DIRECTOR DIARIO EL PAIS, S.L.
JUAN LUIS CEBRIAN ECHARRI	GRUPO MEDIA CAPITAL, SGPS, S.A.	DIRECTOR
JUAN LUIS CEBRIAN ECHARRI	PRISA DIVISION INTERNACIONAL, S.L.	REPRESENTATIVE OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER PRISA
JUAN LUIS CEBRIAN ECHARRI	PRISA INC	CHAIRMAN AND CHIEF EXECUTIVE OFFICER
JUAN LUIS CEBRIAN ECHARRI	PRISA TELEVISION, S.A.U	DEPUTY CHAIRMAN
JUAN LUIS CEBRIAN ECHARRI	PROMOTORA DE ACTIVIDADES AMERICA 2010 MEXICO, S.A. DE CV.	CHAIRMAN AND CHIEF EXECUTIVE OFFICER
FERNANDO ABRIL-MARTORELL HERNANDEZ	DIARIO AS, S.L.	DIRECTOR
GREGORIO MARAÑÓN BERTRÁN DE LIS	PRISA TELEVISION, S.A.U	DIRECTOR
MANUEL POLANCO MORENO	CANAL CLUB DE DISTRIBUCION DE OCIO Y CULTURA, S.A.	DIRECTOR
MANUEL POLANCO MORENO	CHIP AUDIOVISUAL, S.A.	DIRECTOR

MANUEL POLANCO MORENO	DTS DISTRIBUIDORA DE TELEVISION DIGITAL, S.A.	CHAIRMAN
MANUEL POLANCO MORENO	GRUPO MEDIA CAPITAL, SGPS, S.A.	DIRECTOR
MANUEL POLANCO MORENO	INSTITUTO UNIVERSITARIO DE POSGRADO, S.A.	DIRECTOR
MANUEL POLANCO MORENO	MCP MEDIA CAPITAL PRODUCOES, S.A	CHAIRMAN
MANUEL POLANCO MORENO	MEDIA CAPITAL PRODUCOES INVESTIMENTOS SGPS, S.A.	CHAIRMAN
MANUEL POLANCO MORENO	PLURAL ENTERTAINMENT CANARIAS, S.L.U	JOINT AND SEVERAL DIRECTOR
MANUEL POLANCO MORENO	PLURAL ENTERTAINMENT ESPAÑA, S.L.U	JOINT AND SEVERAL DIRECTOR
MANUEL POLANCO MORENO	PLURAL ENTERTAINMENT PORTUGAL, S.L.U	CHAIRMAN
MANUEL POLANCO MORENO	PLURAL JEMPSA SL	DEPUTY CHAIRMAN AND JOINT CEO
MANUEL POLANCO MORENO	PRISA DIGITAL, S.L.	DIRECTOR
MANUEL POLANCO MORENO	PRISA DIVISION INTERNACIONAL, S.L.	DIRECTOR
MANUEL POLANCO MORENO	PRISA INC	DIRECTOR
MANUEL POLANCO MORENO	PRISA TELEVISION, S.A.U	CHAIRMAN
MANUEL POLANCO MORENO	PRODUCTORA CANARIA DE PROGRAMAS, S.A.	DIRECTOR
MANUEL POLANCO MORENO	SOCIEDAD CANARIA DE TELEVISION REGIONAL, S.A.	DIRECTOR
MANUEL POLANCO MORENO	TESELA PRODUCCIONES CINEMATOGRÁFICAS, S.L.	JOINT AND SEVERAL DIRECTOR
MANUEL POLANCO MORENO	TVI - TELEVISÃO INDEPENDENTE, SA	CHAIRMAN
MANUEL POLANCO MORENO	VERTIX, SGPS, S.A.	CHAIRMAN
MATIAS CORTES DOMINGUEZ	DIARIO EL PAIS, S.L.	DIRECTOR

B.1.8. If applicable, indicate the directors of your company who are members of the boards of directors of other companies listed on official Spanish securities markets, other than companies in your own group, which have been reported to the company:

Director's Name	Name of Listed Company	Position
IGNACIO POLANCO MORENO	RUCANDIO INVERSIONES SICAV, S.A.	CHAIRMAN
IGNACIO POLANCO MORENO	NOMIT GLOBAL SICAV, S.A.	CHAIRMAN
FERNANDO ABRIL-MARTORELL	GRUPO EMPRESARIAL ENCE, S.A.	DIRECTOR
AGNES NOGUERA BOREL	LIBERTAS 7, S.A.	CHIEF EXECUTIVE OFFICER
JUAN ARENA DE LA MORA	FERROVIAL, S.A.	DIRECTOR
JUAN ARENA DE LA MORA	ALMIRALL, S.A.	DIRECTOR
JUAN ARENA DE LA MORA	DINAMIA CAPITAL PRIVADO, S.A.	DIRECTOR
JUAN ARENA DE LA MORA	MELIÁ HOTELS INTERNATIONAL, S.A.	DIRECTOR

ALAIN MINC	CAIXABANK, S.A.	DIRECTOR
BORJA JESUS PEREZ ARAUNA	VALSEL INVERSIONES SICAV, S.A.	CHAIRMAN
BORJA JESUS PEREZ ARAUNA	CARAUNA INVERSIONES SICAV, S.A.	CHAIRMAN
BORJA JESUS PEREZ ARAUNA	NOMIT GLOBAL SICAV	DIRECTOR
GREGORIO MARAÑÓN Y BERTRÁN DE LIS	VISCOFAN, S.A.	DIRECTOR
MATIAS CORTES DOMINGUEZ	SACYR VALLEHERMOSO	DIRECTOR

B.1.9. Indicate, and if applicable explain, whether the company has established rules regarding the number of boards on which its directors may sit:

NO

B.1.10. In accordance with Recommendation 8 of the Unified Code, indicate the general company policies and strategies that must be approved by the board in full:

Investment and financing policy	YES
Definition of group company structure	YES
Corporate governance policy	YES
Corporate social responsibility policy	YES
Strategic or business plan, as well as management goals and annual budgets	YES
Remuneration policy and assessment of performance of senior management	YES
Risk management and control policy, as well as periodic monitoring of internal information and control systems	YES
Dividends policy, and treasury stock policy, particularly with regard to limitations thereon	YES

B.1.11. Complete the following tables concerning the aggregate remuneration of directors paid during the financial year:

a) In the Company that is the subject of this report:

Payments	Euros 000
Fixed Salaries	2,838
Variable Salaries	6,575
Allowances	540
Remuneration Stipulated in the Bylaws	1,950
Stock Options and/or Options in Other Financial Instruments	0
Others	917

Total:	12,820

Other Benefits	Euros 000
Advances	0
Loans	0
Pension Funds and Plans: Contributions	0
Pension Funds and Plans: Obligations Assumed	0
Life Insurance Premiums	21
Guarantees assumed by the Company in the benefit of Directors	0

b) To Company Board Members for serving on the boards of directors and/or exercising management functions in the Group's subsidiary companies:

Payments	Euros 000
Fixed Salaries	495
Variable Salaries	261
Allowances	21
Remuneration Stipulated in the Bylaws	50
Stock Options and/or Options in Other Financial Instruments	0
Others	12
Total:	**839**

Other Benefits	Euros 000
Advances	0
Loans	0
Pension Funds and Plans: Contributions	0
Pension Funds and Plans: Obligations Assumed	0
Life Insurance Premiums	2
Guarantees assumed by the Company to benefit the Directors	0

c) Total Remuneration for Each Category of Director:

Category	By Company	By Group
Executive Directors	8,647	768
External Directors Representing Significant Shareholdings	2,550	0
Independent External Directors	1,365	71
Other External Directors	258	0
Total Euros 000	**12,820**	**839**

d) In relation to Profits Attributed to the Parent Company:

Total Directors' Remunerations (in Euros 000)	13,659
Total Directors' Remunerations/Profits Attributed to the Parent Company (in %)	0.0

B.1.12. Identify members of senior management who are not executive directors and indicate the total remunerations paid in their favor during the financial year:

Name	Position
MIGUEL ANGEL CAYUELA SEBASTIAN	CHIEF EXECUTIVE OFFICER OF GRUPO SANTILLANA
IGNACIO SANTILLANA DEL BARRIO	GENERAL MANAGER

IÑIGO DAGO ELORZA	SECRETARY GENERAL
PEDRO GARCÍA GUILLÉN	CHIEF EXECUTIVE OFFICER OF PRISA TELEVISION
AUGUSTO DELKADER TEIG	PRESIDENT OF PRISA RADIO
JAVIER PONS TUBIO	CHIEF EXECUTIVE OFFICER OF PRISA RADIO
FERNANDO MARTINEZ ALBACETE	DIRECTOR OF CORPORATE DEVELOPMENT
BARBARA MANRIQUE DE LARA	DIRECTOR OF COMMUNICATIONS AND CORPORATE IMAGE
VIRGINIA FERNANDEZ IRIBARNEGARAY	INTERNAL AUDIT DIRECTOR
KAMAL BHERWANI	CHIEF DIGITAL OFFICER
ANDRES CARDÓ SORIA	DIRECTOR OF TRANSVERSAL OPERATIONS AND MARKETING
JOSE LUÍS SAINZ DIAZ	EXECUTIVE PRESIDENT OF PRISA NOTICIAS AND CHIEF EXECUTIVE OFFICER OF EL PAIS

Total Senior Management Salaries (in Euros 000)	**6,784**

B.1.13. Indicate in general terms if there are any guarantee or "golden parachute" clauses benefiting senior managers (including executive directors) of the Company and its Group in the event of dismissal or changes in control. Indicate whether such contracts must be reported and/or approved by the governing bodies of the Company or Group:

Number of Beneficiaries	11

	Board of Directors	Shareholders' Meeting
Body authorizing these clauses	YES	NO

Are the participants at the Shareholders' Meeting informed of these clauses?	YES

B.1.14. Indicate the process for determining the remuneration of members of the Board of Directors and any relevant clauses in the bylaws.

In accordance with the provisions of Article 19 of the Company Bylaws, Directors' compensation shall consist of an annual amount provided for in the terms set forth by the board of directors, within limits established by shareholders at the annual shareholders meeting. The remuneration of individual directors may differ depending on the offices they hold and their service on board committees, and shall be compatible with per diem expenses paid for attendance at meetings. When approving the annual accounts at the annual shareholders meeting, shareholders may amend the limit set on directors' remuneration and, if not amended, the current limit shall automatically be revised at the beginning of the fiscal year, based on any variation in the total national Consumer Price Index.

The board shall determine the exact amount of per diem expenses and individual compensation to be paid to each director, within the limit set at the annual shareholders meeting.

Without prejudice to the remuneration set forth above, directors' compensation may also include stock or stock options, or amounts pegged to share value. Such compensation shall require the approval of shareholders at the annual meeting, indicating the number of shares to be awarded, the exercise price for stock options, the value of shares taken as a reference, and the duration of this compensation system. Likewise, the company may subscribe a civil liability insurance policy for its directors.

According to the provisions of Article 28 of the Company Bylaws, the Chairman's remuneration and, if applicable, the remuneration of the Deputy Chairmen and Chief Executive Officer shall be determined by the Board of Directors, without prejudice to any amounts that may be due them pursuant to Article 19 of the Company Bylaws.

Likewise and as set forth in Article 25 of the Company Bylaws, the remuneration for directors provided for in the bylaws is compatible with and independent of any salaries, payments, indemnification, pensions or compensation of any nature established either generally or individually for members of the Board of Directors who hold a paid post or position of responsibility (whether under a contract of employment or otherwise) in the Company or the companies within its Group, i.e., those defined as such within the scope of Article 42 of the Commercial Code.

Indicate whether the full board has reserved the right to approve the following decisions:

At the proposal of the chief executive officer of the company, the appointment and possible termination of senior managers, as well as their compensation clauses.	NO
Remuneration of directors as well as in the case of executive directors, additional remuneration for those duties and other conditions provided for in their contracts.	YES

B.1.15 Indicate whether the board of directors approves a detailed remuneration policy and specify the matters on which it issues an opinion:

YES

Amount of fixed remuneration with a breakdown, if applicable, of per diem allowances for serving on the board and board committees, and an estimate of the resulting fixed annual remuneration	YES
Variable remuneration	YES
Main features of benefits system, with an estimate of its annual cost or equivalent	NO
Conditions that must be respected in the contracts of executive directors who perform senior management duties	YES

B.1.16. Indicate whether the board submits to a non-binding vote at the shareholders meeting and as a separate item on the agenda, a report on the remuneration policy of directors. If so, explain aspects of the report describing the remuneration policy approved by the board for the following years, the most significant changes in that policy vis-à-vis the policy applied this year, and a summary of how this year's policy was applied. Describe the role played by the Compensations Committee and, if external advice was sought, the names of the external consultants who provided such advice:

YES

Issues Addressed in the Remuneration Policy Report
The remuneration policy report, that shall be submitted to a non-binding vote at the next Ordinary Shareholders Meeting, as a separate item on the agenda, addresses the following issues: 1.-Remuneration policy of directors (Article 19 of the Bylaws); 2.- 2012 Management Team remuneration policy: 2.1. Compensation system of the CEO and Chairman of the Delegated Committee D. Juan Luis Cebrian Echarri; 2.2. Compensation system of the Deputy CEO D. Fernando Abril-Martorell Hernandez; 2.3. Compensation system of the rest of the management team; 2.4. Fixed remuneration of the Management Team; 2.5. Short-term variable remuneration (annual); 2.6. Variable Multiannual Compensation; 2.7. In-kind remuneration Plan; 2.8. Share delivery and option plans; 3.- Other aspects relating to the remuneration of the management team: guarantee clauses; 4.-Overwiew of the remuneration policy applied in 2011; 5.- Individual Compensation accrued by the Directors in 2011, and 6.- Most significant changes in the 2012 remuneration policy with respect to that applied in 2011.

(Free translation from the original in Spanish language)

Sections 4 and 6 include:

Overview of the remuneration policy applied in 2011:

	2011 Projected Fix Remuneration Management Team	2011 Actual Fix Remuneration Management Team
Directors and members of senior management	**6,066,386 €**	**6,537,569 €**

	2011 Reference Bonus Management Team	2011 Actual Bonus Management Team
Directors and members of senior management	**3,386,186 €**	**8,094,412 €**

Differences between forecast in the Compensation Policy Report for 2011 and carried out in the Compensation Policy Report for 2012 is due to the different perimeter considered. At the Compensation Policy Report for 2011, for the calculation of both the fixed compensation of the management team in 2011 (€ 6,066,386) and the target bonus for the management team for 2011 (€ 3,386,186), it was expected one executive director and 14 managers who then made up the top management. However, at the effective fixed salary and cash bonus paid for 2011, which are recorded in the two tables above, tehere are included 3 directors of the Company with executive functions within the PRISA Group (Mr Juan Luis Cebrian Echarri, Mr Fernando Abril-Martorell Hernandez and Mr Manuel Polanco Moreno), and 12 directors who are current members of senior management.

Most significant changes in the 2012 remuneration policy with respect to that applied in 2011:

	2011	2012
Directors' remuneration	1,950,000 €	1,900,000 €
Directors' attendance fees	540,000 €	462,000 €
	2,490,000 €	**2,362,000 €**

	2011 Actual Fix Remuneration Management Team	2012 Fix Remuneration Management Team
Directors	2,332,743 €	2,366,920 €
Members of senior management	4,204,826 €	4,166,640 €
	6,537,569 €	**6,533,560 €**

	2011 Actual Bonus Management Team	Reference Bonus 2012 management Team
Directors	6,174,612 €	8,200,000 €
Members of senior management	1,919,800 €	2,375,622 €
	8,094,412 €	**10,575,622 €**

Role of the Compensations Committee
The committee prepared the remuneration policy and proposed the corresponding resolutions to the board of directors in all cases in which this is required under the Bylaws and Board of Directors' Regulation.

Was outside advice sought?	YES
Name of external consultants	Spencer Stuart

B.1.17. If applicable, identify the members of the Board of Directors who are likewise members of the boards of directors, managers or employees of companies that have significant shareholdings in the listed company and/or in companies within its group:

Director's Name	Significant Shareholder's Corporate Name	Position
IGNACIO POLANCO MORENO	RUCANDIO, S.A.	CHAIRMAN
IGNACIO POLANCO MORENO	PROMOTORA DE PUBLICACIONES, S.L.	CHAIRMAN
IGNACIO POLANCO MORENO	ASGARD INVERSIONES, SLU	JOINT AND SEVERAL DIRECTOR
IGNACIO POLANCO MORENO	TIMÓN, S.A.	CHAIRMAN
JUAN LUIS CEBRIÁN ECHARRI	PROMOTORA DE PUBLICACIONES, S.L.	DIRECTOR
AGNES NOGUERA BOREL	PROMOTORA DE PUBLICACIONES, S.L.	DIRECTOR (REPRESENTATIVE OF LIBERTAS 7, S.A.)
BORJA PÉREZ ARAUNA	PROMOTORA DE PUBLICACIONES, S.L.	DIRECTOR
BORJA PÉREZ ARAUNA	ASGARD INVERSIONES, SLU	JOINT AND SEVERAL DIRECTOR
BORJA PÉREZ ARAUNA	TIMÓN, S.A.	DEPUTY CHAIRMAN
DIEGO HIDALGO SCHNUR	PROMOTORA DE PUBLICACIONES, S.L.	DIRECTOR
MANUEL POLANCO MORENO	RUCANDIO, S.A.	DIRECTOR
MANUEL POLANCO MORENO	PROMOTORA DE PUBLICACIONES, S.L	DIRECTOR
MANUEL POLANCO MORENO	TIMÓN, S.A.	DEPUTY CHAIRMAN

If applicable, indicate the relevant relationships (other than those listed in the previous table) existing between members of the Board of Directors and significant shareholders and/or companies in the group:

Director's Name	Significant Shareholder's Name	Description of the Relationship
IGNACIO POLANCO MORENO	RUCANDIO, S.A.	THE DIRECTOR OWNS 13.55% OUTRIGHT AND IS THE NAKED OWNER OF 11.45% OF THE SHARE CAPITAL OF RUCANDIO, S.A.
JUAN LUIS CEBRIÁN ECHARRI	PROMOTORA DE PUBLICACIONES, S.L.	THE DIRECTOR HAS A 0.25% INDIRECT HOLDING IN THE SHARE CAPITAL OF PROMOTORA DE PUBLICACIONES, S.L.
NICOLAS BERGGRUEN	BH STORES IV, B.V	BH STORES IV B.V. ("BH IV") IS AN INDIRECT SUBSIDIARY OF BERGGRUEN HOLDINGS LTD. ("BH LTD."), A DIRECT, WHOLLY-OWNED SUBSIDIARY OF THE NICOLAS BERGGRUEN CHARITABLE TRUST (THE "TRUST"). THE ULTIMATE OWNER OF THE SHARES HELD BY BH IV IS THE TRUST. MR. BERGGRUEN IS A

		DIRECTOR OF BERGGRUEN HOLDINGS LTD
BORJA JESÚS PÉREZ ARAUNA	PROMOTORA DE PUBLICACIONES, S.L.	THE DIRECTOR HAS DIRECT HOLDINGS (0.0048%) IN THE SHARE CAPITAL OF PROMOTORA DE PUBLICACIONES, S.L.
BORJA JESÚS PÉREZ ARAUNA	TIMÓN, S.A.	THE DIRECTOR HAS AN EMPLOYMENT RELATIONSHIP WITH TIMÓN, S.A.
DIEGO HIDALGO SCHNUR	PROMOTORA DE PUBLICACIONES, S.L.	THE DIRECTOR HAS INDIRECT HOLDINGS (11.569%) IN THE SHARE CAPITAL OF PROMOTORA DE PUBLICACIONES, S.L.
DIEGO HIDALGO SCHNUR	PROMOTORA DE PUBLICACIONES, S.L.	THE DIRECTOR CONTROLS EVIEND SARL, A COMPANY BOUND BY THE SHAREHOLDERS AGREEMENT IN PROMOTORA DE PUBLICACIONES, S.L. DESCRIBED IN SECTION A.6.
MANUEL POLANCO MORENO	RUCANDIO, S.A.	THE DIRECTOR OWNS 13.55% OUTRIGHT AND IS THE NAKED OWNER OF 11.45% OF THE SHARE CAPITAL OF RUCANDIO, S.A.
MATÍAS CORTÉS DOMINGUEZ	PROMOTORA DE PUBLICACIONES, S.L.	THE DIRECTOR HAS DIRECT HOLDINGS (0.06%) IN THE SHARE CAPITAL OF PROMOTORA DE PUBLICACIONES, S.L.

B.1.18. Indicate if the Board Regulation has been amended during the year.

YES

Description of Amendments
The Board of Directors Regulation has been amended by resolution of the Board held on June 24, 2011, primarily in order to: i. Regarding the qualification of the different types of Directors, refers to the definitions settled in the Unified Code of Good Governance, and additionally, to the extent that the Company's Shares are listed, directly or indirectly, through other financial instruments in the New York Stock Exchange (NYSE), provides that the Company will adjust the definitions of the type of directors to the definitions approved by that Stock Exchange. ii. Develop the powers of the President, in the context of its functions of organizing the Board. iii. Modify the denomination of the Executive Commission to Delegated Commission and to carry out certain modifications in its composition. iv. Develop standards relating to attendance in person or by proxy, at meetings of the Board. v. Delete the figure of the Honorary Director vi. Modify some aspects of the composition and powers of the Audit Committee. vii. Split the Corporate Governance, Nomination and Compensation Committee into two different Committees: one on Corporate Governance and another on Nomination and Compensation with the corresponding split of powers, to its adaptation to the modifications of the Bylaws approved by the General Shareholders Meeting.

B.1.19. Indicate the procedures for the appointment, reelection, evaluation and removal of directors. Describe the bodies empowered to do so, the steps to be taken and the criteria to be applied in each of those procedures.

According to Article 17 of the Company Bylaws, the Board shall have a minimum of three and a maximum of seventeen members, who shall be appointed by and whose number shall be determined at the Shareholders' Meeting. In that regard, the shareholders may expressly determine the number at a Meeting, or may do so indirectly by choosing to fill or not to fill vacancies or to appoint or not to appoint new Directors within the aforementioned minimum and maximum number of members.

The Board of Directors shall appoint a Chairman from among its members and may likewise appoint one or several deputy chairmen. It may also appoint an Executive Committee from one of its members, or one or several Chief Executive Officers, to whom the Board may grant joint or joint and several powers to represent the Company. The Board shall also appoint a secretary, who need not be a board member, and may appoint a deputy secretary, who likewise need not be a board member.

As provided in article 15 bis of the Bylaws, a favorable vote of 75% percent of the shares having voting rights, present or represented by proxy at a General Meeting shall be required to adopt resolutions concerning changes in the Board of Directors and a appointment of members of the Board at the Shareholders' Meeting, except for candidates proposed by the Board of Directors.

Likewise in accordance with article 17 bis of the Bylaws, shall be considered as:

a) Executive Directors: Those who perform executive functions or who are senior managers of the Company. In any case, those directors who have been delegated permanent general powers by the Board and/or are under senior management contracts or contracts to provide full-time executive services to the Company shall be deemed executive directors.

b) External Directors Representing Significant Shareholdings: Directors who (i) hold shares equal or superior to those legally considered significant shareholdings at any time or who have been appointed due to their position as shareholders, although their holdings may be less than those considered significant; (ii) or whose appointments were proposed by shareholders falling under section (b) (i) above.

c) Independent External Directors: Those not included in the previous categories, appointed based on their recognized personal and professional prestige and their experience and knowledge for the exercise of their functions, without ties to the executive team or significant shareholders.

d) Other External Directors: external directors who do not qualify as either significant shareholders or independent.

The Board of Directors Regulation may further define and develop these concepts.

Article 17 bis of the Bylaws also provides that the composition of the Board of Directors shall be such that external directors or non-executive directors represent a majority with respect to executive directors, with the presence of independent directors.

Chapter VI of the Board Regulations provides for the following procedures for appointing, reelection, evaluating and removing Directors:

- Appointment of Directors: Directors shall be appointed by the participants at the Shareholders' Meeting or, provisionally, by the Board of Directors in accordance with the provisions of the Companies Law and the Company Bylaws.

Proposals for the appointment of directors submitted by the Board of Directors for consideration at shareholders meetings and resolutions appointing directors that the Board adopts by virtue of its legally-attributed powers of co-optation must conform to the provisions of this Regulation, and must be accompanied by a non-binding proposal or advisory opinion issued by the Nomination and Compensation Committee or of the Corporate Governance Committee, as the case may be.

- Appointment of External Directors: The Board of Directors and the Nomination and Compensation Committee shall seek to ensure, within the scope of their respective powers, that the candidates selected are persons of acknowledged competence and experience.

The Corporate Governance Committee shall evaluate the skills, knowledge and experience on the Board, and therefore, define functions and capabilities required of candidates to fill each vacancy and evaluate dedication necessary to properly perform their duties.

- Re-appointment of Directors: Motions for re-appointment of directors submitted by the Board of Directors at a shareholders meeting shall be subject to a formal drafting process. A necessary part of this process is an opinion issued by the Nomination and Compensation Committee in which the performance and commitment of the directors proposed during the previous mandate shall be evaluated.

- Tenure of Service: Directors shall be appointed for a term of five (5) years, and may be re-appointed. Directors appointed by co-optation may be ratified in office by resolution of the first shareholders meeting following his appointment.

- Termination of Tenure: Directors shall leave their posts when the period for which they were appointed has expired, or when so decided by shareholders at a shareholders meeting in the exercise of the powers that are conferred upon them by statute or in the bylaws. Directors shall offer their resignations to the Board of Directors and, if deemed appropriate, formally resign in cases provided in article 21.2 of the Board of Directors Regulation, which are described in section B.1.20 below.

The Board of Directors shall not propose the removal of any independent director before completing the term of office set forth in the bylaws for which he 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.

- Voting Objectivity and Secrecy: Directors affected by motions for re-appointment or termination shall absent themselves from the meeting during deliberations and voting on such matters.

If any director so requests, Board of Director votes involving the appointment, re-appointment or termination of directors shall be by secret ballot, without prejudice to the right of any director to have his vote recorded in the minutes.

-Evaluation: As provided in the Board of Directors Regulation, periodic evaluation of the performance and composition of the Board of Directors shall be submitted to Board approval with the previous report by the Corporate Governance Committee.

B.1.20. Indicate under what circumstances Directors are obliged to resign.

As set forth in Article 21.2 of the Board Regulations, Directors shall offer their resignations to the Board of Directors and, if deemed appropriate, formally resign in the following cases:

1) When they are subject to any of the legally-established prohibitions or grounds for disqualification or cease.

2) When based on a criminal offense they are indicted in ordinary felony proceedings or have been convicted in a misdemeanor proceeding.

3) When they have received a serious reprimand from the Board of Directors for failure to fulfill their obligations as Directors.

4) When the reasons for which they were appointed have ceased to exist and, in particular, when an independent director or an owner-director loses his respective status as such.

5) When in the course of a year they fail to attend physically to more than two meetings of the Board of Directors, of the Delegated Commission or to the Committees which they participate, which one of them must be necessarily of the Board, without just cause, in the opinion of the Board, the delegated Committee or the Committees to whom he/she participates.

6) When the belonging to the Board for lack of fitness, in the manner described in Article 31.5 of these Regulations, may jeopardize directly, indirectly or through persons connected with him/her, the loyal and diligent exercise of his/her functions under the corporate interest.

Article 33.5 of the Board of Director Regulations provides that in cases where the conflict of interest is, or reasonably expected to be, of such nature as to constitute a structural and permanent conflict between the Director (or a person related to him/her, or in the case of a proprietary Director, the shareholder or shareholders who proposed or made the appointment or persons directly or indirectly related thereto) and the Company and the companies in its group, it is understood that the Director has no, or no longer has, the required qualifications for the performance of duties for the purposes of Article 21 of this Regulation.

B.1.21. Indicate whether the functions of Chief Executive Officer of the Company are also performed by the Chairman of the Board of Directors. If so, explain the measures adopted to limit the risks of conferring those powers upon a single person:

NO

Risk-Limiting Measures
The CEO bears ultimate responsibility for the management of the company and chairs the Delegated Committee. The Chairman of the Board organizes, monitors and supervises management, defining strategies and promoting corporate governance. The Chairman likewise has the power to propose appointments and changes in board membership, including the chief executive.

Indicate, and if so explain, whether rules have been passed to enable an independent director to request that a board meeting be held or that new items be included on the agenda, to coordinate and reflect the concerns of external directors and to direct assessment by the board of directors.

NO

B.1.22. Are reinforced majorities required for taking certain types of decisions, other than those required by law?

NO

Describe how board decisions are taken, indicating at least the minimum attendance quorum required and the types of majorities required to pass resolutions:

Type of Resolution:
Any type

Quorum	%
Attendance at the meeting, either in person or by proxy, of half plus one of the board members	56.25

Majority Required	%
An absolute majority of the votes of all directors in attendance or represented by proxy, unless a reinforced majority is required by law.	56.25

B.1.23. Indicate whether the requirements for being elected Chairman differ from those required for election to the Board:

NO

B.1.24. Indicate whether the Chairman may exercise a casting vote:

YES

Matters in which the Chairman has a Casting Vote
Pursuant to Article 23 of the Company Bylaws and Article 16.2 of the Board Regulations, the Chairman may exercise a casting vote to break any possible ties that may arise concerning any matter.

(Free translation from the original in Spanish language)

B.1.25. Indicate whether the Bylaws of the Board Regulations set an age limit for Directors:

NO

Age limit for the Chairman	0
Age limit for the Chief Executive Officer	0
Age limit for Directors	0

B.1.26. Indicate whether the Bylaws or Board Regulations limit the term of office of independent directors:

NO

Maximum Term of Office	0

B.1.27. If there are few or no female directors, explain the reasons and the measures adopted to correct this situation.

Explanation of reasons and measures
Article 8.1 of the Board Regulation provides that in the composition of the Board of Directors the external, independents and ownership directors, will represent a majority with respect of the executive directors.

Specifically indicate whether the Nominations and Compensations Committee has established procedures to ensure that selection processes are not implicitly biased against the selection of female directors and that they deliberately seek female candidates the meet the required profile:

YES

Description of the principal procedures
The selection process is based solely on the suitability and prestige of the candidates. No ad hoc procedure for selecting female directors has been implemented, precisely due to the non-sexist nature of the company's procedures. Nevertheless, within the competences of the Corporate Governance Committee has been included "report to the Board on issues of gender diversity in relation to the composition of the Board".

B.1.28. Indicate whether there are formal procedures for delegating votes on the Board of Directors. If so, describe them briefly:

Article 23 of the Company Bylaws and Article 16 of the Board Regulations provide that directors may delegate their votes to another director. In that regard, proxies must be in writing, specifically for the meeting in question and instructing to the representative about the sense of any vote.

B.1.29. Indicate the number of meetings that were held by the Board of Directors during the financial year. Likewise indicate, if applicable, the number of meetings held in the absence of the Board's President:

Number of Board Meetings	5
Number of Meetings That the President Did Not Attend	0

Indicate the number of meetings held by the Board's committees:

Number of meetings of the Executive or Delegated Committee	8
Number of meetings of the Audit Committee	7
Number of meetings of the Compensations and Nominations Committee	6

B.1.30. Indicate the number of meetings held by the Board of Directors during the financial year in which all members were not in attendance. Proxies in attendance without specific instructions should be counted as absent:

Number of absences of board members during the year	3
% of absences with respect to the total number of votes during the year	3.84

B.1.31. Indicate whether the individual and consolidated annual accounts submitted to the Board for its approval are previously certified:

NO

Identify, if applicable, the person or persons who certified the individual and consolidated annual accounts of the Company, for submission to the Board:

B.1.32. Explain, if they exist, the mechanisms established by the Board of Directors to prevent the annual and consolidated accounts from being submitted at the Shareholders' Meeting with provisos in the Auditor's Report.

Pursuant to article 24.4.b) of the Board of Directors Regulation, the Audit Committee has the following competences in connection with the preparation and publication of the Company's financial information

i. Review legal compliance requirements and monitor proper application of generally accepted accounting principles, and report on the proposed changes to accounting principles and criteria suggested by management.

ii. Know and oversee the effectiveness of internal control systems of the Company, and risk management systems, and discuss with the auditors or audit firms significant weaknesses in internal control, identified in the development of audit

iii. Oversee the preparation and presentation of financial information regulated.

Likewise, article 40 of the Board of Directors Regulation provides that_

1. The Board of Directors shall refrain from proposing the appointment or renewal of an auditing firm when the fees to be paid to that firm by the Company for all of its services exceed five percent of the auditing firm's annual earnings, based on an average for the last five years.

2.- The Board of Directors shall disclose the total amount of fees that the Company has paid to the auditing firm, distinguishing between auditing fees and payments for other services. The Annual Report on annual accounts shall further contain a breakdown of amounts paid to the auditors, to companies in the auditor's group, or to any other company that the auditor may be associated with through common ownership, management or control.

B.1.33. Is the Secretary of the Board of Directors likewise a Director?

NO

B.1.34 Explain the procedures for the appointment and removal of the Secretary to the Board, indicating whether the Nominations Committee issued an opinion and the Board approved his appointment and removal.

Procedure for appointment and removal
Pursuant to Article 13 of the Board of Directors Regulation, the Board of Directors appoints a secretary, who must be a lawyer and need not be a member of the Board. The Board of Directors may appoint a Deputy Secretary, who need not be a director, to assist the Secretary to the Board of Directors. Likewise, and in accordance with Article 25.3 of the Board of Directors Regulation, one of the main responsibilities of the Nomination and Compensation Committee is to issue an opinion concerning the Board of Directors' proposal for the appointment of the secretary and deputy secretary of the board.

Does the Nomination Committee issue an opinion concerning the appointment?	YES
Does the Nomination Committee issue an opinion concerning the removal?	NO
Is the appointment approved by the full Board?	YES
Is the removal approved by the full Board?	YES

Is the Secretary to the Board specifically responsible for overseeing compliance with good governance recommendations?

YES

Observations
Yes, with regard to the recommendations accepted by the Company and including in its internal regulations.

B.1.35. Indicate, if applicable, the mechanisms established by the Company to preserve the independence of auditors, financial analysts, investment banks and rating agencies.

Pursuant to article 24.4.c) of the Board of Directors Regulation, the Audit Committee has the following competences in connection with the external Auditor of the Company

i. To propose to the Board of Directors the appointment of external account auditors pursuant to Section 263 of the Companies Act, to be submitted at the annual shareholders meeting.

ii. To report and propose to the Board the external Auditor engagement conditions, the scope of its charge, and, if is the case, the removal or not renewal of the Auditor, and the oversight of the engagement fulfillment.

iii. To maintain contact with the external auditors in order to receive information on those issues related to the accounts auditing process, together with any other communication provided for in accounts auditing legislation and rules.

iv. To receive from the external auditors any information about all the issues that may compromise the Auditor's independence. In any event, the Committee shall receive every year written confirmation from the Auditor of its independence from the entity or entities linked to auditors, directly or indirectly, and information of any additional services provided to these entities by external auditors, or by persons or entities linked to them in accordance with the provisions of Law 19/1988 of July 12, Audit of Accounts.

v. Pre-approve, before its execution, any engagement with the Company's Auditor, for any works related with audit services or any other kind of services rendered by the Auditor.

vi. To issue every year, prior to the issuance of the Audit Report, a report expressing an opinion on the independence of external auditors. This report shall, in any case, make reference on the provisions of additional services rendered by the Auditor.

Likewise, article 40 of the Board Regulations stipulates that:

1. The Board of Directors shall refrain from proposing the appointment or renewal of a firm of auditors when the fees paid by the Company for all of its services represent more than 5% of the annual income of that auditing firm, based on the average for the last five years.

2. The Board of Directors shall publicize the total fees that the Company has paid to the auditors, differentiating between fees for auditing company accounts and those paid for other services rendered. The Annual Report of company accounts must likewise include a breakdown of the fees paid to auditors, as well as those paid to any company belonging to the firm of auditor's corporate group or to any company sharing common property, management or control with the Company's auditors.

B.1.36 Indicate whether during the financial year the company has changed external auditors. If so, specify the former and present auditors:

NO

Former auditor	Current auditor

In the event there were discrepancies with the former auditor, explain the nature of those discrepancies:

NO

B.1.37. Indicate whether the auditing firm renders other non-auditing services to the Company and/or its corporate group and, if so, state the amount of fees paid for those services and the percent that this represents of the total fees invoiced to the Company and/or its group.

YES

	Company	Group	Total
Amount paid for non-auditing services (Euros 000)	381	752	1,133
Amount paid for non-auditing services / Total amount invoiced by the auditing firm (%)	44.1	27.7	31.7

(Free translation from the original in Spanish language)

B.1.38. Indicate whether the report on the audit of the annual accounts for the previous year contained any reservations or qualifications. If so, indicate the reasons provided by the chairman of the Audit Committee to explain the content and scope of those reservations or qualifications.

NO

B.1.39. Indicate the number of consecutive years that the present auditing firm has audited the annual accounts of the Company and/or its group. Likewise indicate the percent that the number of years with this auditing firm represents with respect to the total number of years that the annual accounts have actually been audited.

	Company	Group
Number of consecutive years	21	20

	Company	Group
Number of years audited by the present auditing firm / Number of years that the Company has been audited (%)	100.00	100.00

B.1.40. Indicate the shareholdings that members of the Board of Directors of the Company have in entities engaged in the same, similar or complementary activities as those comprising the Company or the Company's group's corporate purpose, of which the Company has been informed. Likewise indicate the positions that they hold or functions that they perform in those entities:

Director's Name	Name of the entity in question	% Share	Position or functions
JUAN LUIS CEBRIAN ECHARRI	MEDIASET ESPAÑA COMUNICACIÓN, S.L.	0.000	DIRECTOR
JUAN LUIS CEBRIÁN ECHARRI	LE MONDE LIBRE	0.000	DIRECTOR
JUAN LUIS CEBRIÁN ECHARRI	SOCIÉTÉ EDITRICE DU MONDE	0.000	DIRECTOR
NICOLAS BERGGRUEN	SOCIÉTÉ EDITRICE DU MONDE	0.000	DIRECTOR
GREGORIO MARAÑÓN Y BERTRÁN DE LIS	UNIVERSAL MUSIC SPAIN, S.L.	0.000	CHAIRMAN
MANUEL POLANCO MORENO	MEDIASET ESPAÑA COMUNICACIÓN, S.L	0.000	DEPUTY CHAIRMAN
HARRY SLOAN	ZENIMAX MEDIA INC	0.000	DIRECTOR

B.1.41. Indicate whether there is a procedure for Directors to obtain outside counsel and, if so, describe that procedure.

YES

Description of the Procedure
The Board Regulations incorporate this principle in the following terms: "Directors shall have broad powers to obtain information and counsel that they may need with regard to any aspect of the Company, provided that it is required in

the fulfillment of their duties." (Article 27).

Likewise, article 28 establish that in order to be assisted in exercising their functions, any Director may request the hiring, under the Company cost, legal, accounting, technical, financial, commercial or other experts. The engagement must deal with specific problems of certain importance and complexity that arise in the performance of their duties. The application for hire will be channeled through the President or Secretary of the Board of Directors, who may subject to prior approval of the Board of Directors, which may be denied when there are reasons that justify it.

Articles 14 and 23 of said Regulation respectively establish that the Delegated Commission and the Committees may seek outside advice when they deem it necessary for the fulfillment of their obligations.

B.1.42. Indicate whether there is a procedure for Directors to obtain the information they need in sufficient time to enable them to prepare for the meetings of the governing bodies and, if so, describe that procedure:

YES

Description of the Procedure
Pursuant to article 13 of the Board of Directors Regulation the Secretary shall ensure the proper functioning of the Board. Likewise, article 15 of the Board of Directors Regulation provides the call for meetings of the Board of Directors, which shall be sent a minimum of seven (7) days in advance of the meeting, shall always include the agenda for the meeting and that the Chairman shall ensure that the Chief Executive Officer prepares and provides the rest of the directors with information concerning the progress of the Company and those matters necessary for adopting the items proposed on the agenda at each meeting of the Board of Directors. Article 27 of the Board of Directors Regulation provides that Directors may request, with the broadest powers, any information and advice they require concerning any aspect of the Company, provided that this is needed in the fulfillment of their functions. This right to information is extended to subsidiary companies, whether national or foreign, and shall be channeled through the Chairman, who shall answer requests from directors, providing them with the information directly, directing them to the appropriate sources, or taking any measures necessary for the inspection requested. Furthermore, the Chairman of the Board shall ensure that all directors receive all documentation to be distributed at meetings of the Delegated Committee and the various committees and their respective minutes. Article 32 of the Board of Directors Regulation includes within the general obligations of the Directors, that of being informed about and adequately prepare for the meetings of the Board and the committees on which they serve (including, if applicable, the Delegated Commission).

B.1.43. Indicate whether the company has rules (and if so, describe those rules) compelling directors to inform and, if warranted, resign in circumstances that may damage the prestige and reputation of the company:

YES

Description of the Procedure

As established in section 21.2. of the Rules of the Board of Directors, Directors shall offer their resignations to the Board of Directors and, if deemed appropriate, formally resign in the following cases: 1) When they are subject to any of the legally-established prohibitions or grounds for disqualification or cease. 2) When based on a criminal offense they are indicted in ordinary felony proceedings or have been convicted in a misdemeanor proceeding. 3) When they have received a serious reprimand from the Board of Directors for failure to fulfill their obligations as Directors. 4) When the reasons for which they were appointed have ceased to exist and, in particular, when an independent director or an owner-director loses his respective status as such. 5) When in the course of a year they fail to attend physically to more than two meetings of the Board of Directors, of the Delegated Commission or to the Committees which they participate, which one of them must be necessarily of the Board, without just cause, in the opinion of the Board, the delegated Committee or the Committees to whom he/she participates. 6) When the belonging to the Board for lack of fitness, in the manner described in Article 33.5 of these Regulations, may jeopardize directly, indirectly or through persons connected with him/her, the loyal and diligent exercise of his/her functions under the corporate interest.

B.1.44. Indicate whether any member of the Board of Directors has informed the company that he has been prosecuted or that proceedings have been brought against him for any of the offenses listed in Article 124 of the Corporations Law:

NO

Indicate whether the Board of Directors has analyzed the case. If so, explain the grounds for the decision as to whether the director should continue in his post.

NO

Decision adopted	Grounds for the decision

B.2. Committees of the Board of Directors

B.2.1. List all Committees of the Board of Directors and their members:

DELEGATED COMMITTEE

Name	Position	Classification
MR. JUAN LUIS CEBRIÁN ECHARRI	CHAIRMAN	EXECUTIVE DIRECTOR
MR. MATIAS CORTES DOMINGUEZ	MEMBER	OTHER EXTERNAL DIRECTOR
MR. GREGORIO MARAÑON Y BERTRAN DE LIS	MEMBER	INDEPENDENT EXTERNAL DIRECTOR
MR. MANUEL POLANCO MORENO	MEMBER	EXECUTIVE DIRECTOR
MR. MARTIN FRANKLIN	MEMBER	EXTERNAL DIRECTOR REPRESENTING SIGNIFICANT SHAREHOLDINGS

(Free translation from the original in Spanish language)

MR. EMMANUEL ROMAN	MEMBER	INDEPENDENT EXTERNAL DIRECTOR
MR. ALAIN MINC	MEMBER	INDEPENDENT EXTERNAL DIRECTOR

AUDIT COMMITTEE

Name	Position	Classification
MR. JUAN ARENA DE LA MORA	CHAIRMAN	INDEPENDENT EXTERNAL DIRECTOR
MRS. AGNES NOGUERA BOREL	MEMBER	EXTERNAL DIRECTOR REPRESENTING SIGNIFICANT SHAREHOLDINGS
MR. ALAIN MINC	MEMBER	INDEPENDENT EXTERNAL DIRECTOR
MR. EMMANUEL ROMAN	MEMBER	INDEPENDENT EXTERNAL DIRECTOR

NOMINATION AND COMPENSATION COMMITTEE

Name	Position	Classification
MR. GREGORIO MARAÑÓN Y BERTRÁN DE LIS	CHAIRMAN	INDEPENDENT EXTERNAL DIRECTOR
MR. BORJA PEREZ ARAUNA	MEMBER	EXTERNAL DIRECTOR REPRESENTING SIGNIFICANT SHAREHOLDINGS
MR. DIEGO HIDALGO SCHNUR	MEMBER	EXTERNAL DIRECTOR REPRESENTING SIGNIFICANT SHAREHOLDINGS
MR. HARRY SLOAN	MEMBER	INDEPENDENT EXTERNAL DIRECTOR

CORPORATE GOVERNANCE COMMITTEE

Name	Position	Classification
MR. ERNESTO ZEDILLO	CHAIRMAN	INDEPENDENT EXTERNAL DIRECTOR
MR. MATIAS CORTES DOMINGUEZ	MEMBER	OTHER EXTERNAL DIRECTOR
MR. GREGORIO MARAÑÓN Y BERTRÁN DE LIS	MEMBER	INDEPENDENT EXTERNAL DIRECTOR
MRS AGNES NOGUERA BOREL	MEMBER	EXTERNAL DIRECTOR REPRESENTING SIGNIFICANT SHAREHOLDINGS

B.2.2 Indicate whether the Audit Committee performs the following duties:

Supervision of the preparation and integrity of the company's, and if applicable, the group's financial information, monitoring compliance with regulatory requirements, the appropriate composition of the	YES

consolidation perimeter and the correct application of accounting rules	
Periodic review of internal control and risk management systems, so that the main risks are adequately identified, managed and notified	YES
Ensuring the independence and accuracy of the operations of the internal audit department; proposing the selection, appointment, reelection and removal of the head of the internal audit department; receiving periodic information concerning audit activities; and verifying that senior managers take into account the conclusions and recommendations contained its reports	YES
Setting up and supervising a mechanism whereby employees may confidentially and, if deemed appropriate, anonymously notify the company of any potentially relevant irregularities within the company, particularly financial or accounting irregularities, of which they may be aware	YES
Submission to the Board of Directors of proposals for the selection, appointment, reelection and substitution of the external auditor, as well as the conditions of its contract	YES
Receiving regularly from the external auditor information concerning the audit plan and the results of its application, and verifying that senior managers take its recommendations into account	YES
Ensuring the independence of the external auditor	YES
In the case of group companies, encouraging the group auditor to assume responsibility for auditing group companies.	YES

B.2.3. Describe the rules governing the organization and functions, as well as the responsibilities attributed to each of the board committees.

DELEGATED COMMITTEE

The rules governing the organization and operations of the Delegated Committee that are described below are contained in articles 5 and 14 of the Board of Directors Regulations:

The Board of Directors shall appoint a Delegated Committee comprising no more than eight board members and the Delegated Committee shall be presided by the Chief Executive Officer. Appointment of the other members of the Delegated Committee shall be made upon a proposal from the Chairman of the Board of Directors and a two-thirds favorable vote of board members.

The composition of the Delegated Committee with regard to the type of directors shall be similar to that of the Board of Directors.

Members of the Delegated Committee shall cease in their functions when they cease to be board members or upon a decision of the Board of Directors.

The Secretary of the Board shall act as Secretary of this Committee.

Without prejudice to the powers vested in the Chairman of the Board and the Chief Executive Officer, and under the provisions of Art. 5 of this Rules, all powers of the Board of Directors that may legally be delegated shall be delegated to the Delegated Committee. As provided for in that rule, the decisions that must be submitted to the Board of Directors and that may be legally delegated to the Delegated Committee may be taken by it for urgency reasons, which must be justified in the next Board meeting to be held. Said decisions are the following: i) Financial information related to listed securities that the Company must disclose periodically; ii) The undertaking of investments, assumption of financial obligations or the granting of any financial commitments that derive, among others, from loans, credits, sureties or other guarantees, as well as entering into contracts that are of significant importance to the Company or its subsidiary and/or controlled companies, except for cases of extreme urgency in which it is impossible for the Board of Directors to meet; iii) Any transfer or encumbrance of assets relating to the Company or its subsidiary or controlled companies, iv) Motions or resolutions for capital increases or reductions. Any other changes in capital structure; v) Strategic alliances of the

Company or its controlled companies; vi) The creation or acquisition of interests in entities domiciled in countries or territories considered tax havens; vii) Mergers, spin-offs and any other relevant decision regarding the position of the Company as a listed company; viii) The remuneration of directors as well as, in the case of executive directors, any additional remuneration for their executive functions and other conditions set forth in their contracts; ix) Authorization of linked transactions in the terms provide for in this Regulation; x) Periodic evaluation of the performance and composition of the Board of Directors and the senior management.

The Delegated Committee shall meet at least six times a year and at any time that, in the opinion of the Chief Executive Officer, company interests warrant a meeting or when two or more members of the Delegated Committee request that a meeting be called, the Chairman being obliged to give notice of meetings sufficiently in advance.

A Committee meeting may be validly held when a majority of the directors on the committee are present or represented by proxy, and members not in attendance may give their proxies to another director who is a committee member.

Resolutions shall be passed by an absolute majority vote of the Delegated Committee members present or represented by proxy.

When there are no specific procedures, those set forth in this Regulation for the Board of Directors shall apply to the Delegated Committee, provided that they are compatible with the Committee's nature and functions.

When requested to do so by the Chairman of the Committee, other directors who are not committee members, as well as managers whose reports are necessary for company operations, may attend committee meetings, having voice but no vote

The Delegated Committee shall keep minutes of its meetings in the terms provided for the Board of Directors.

The Delegated Committee shall report on its activities at the first full board meeting following its sessions, and shall be accountable for the work it undertakes. The Board shall always be informed of all matters discussed and all resolutions adopted by the Delegated Committee. All board members shall receive a copy of the minutes of the Delegated Committee's meetings.

The Delegated Committee may seek outside expert advice when it is deemed necessary for the fulfillment of its functions.

CORPORATE GOVERNANCE COMMITTEE:

The rules governing the organization and operations of the Corporate Governance Committee that are described below are contained in Article 21 ter of the Bylaws and Article 26 of the Board Regulations:

The Corporate Governance Committee shall consist of a minimum of three (3) and a maximum of five (5) external or non executive directors. The appointment and removal of Committee members will be made by the Board of Directors upon a motion from the Chairman of the Board. Members of the Corporate Governance Committee will cease when they do so in their capacity as Directors or as otherwise agreed by the Board of Directors.

The Chairman of the Committee shall be elected by the Board of Directors from among its independent directors.

The Secretary of the Board of Directors and, in his absence, the Deputy Secretary, if any, shall act as Secretary of the Committee and in case of absence, any member of the Committee.

The Corporate Governance Committee shall have the following competences:

a) Regarding the composition of the Board of Directors and Board Committees:
   i. Propose the appointment of independent directors.
   ii. Propose the qualification of directors into the categories of executive, external proprietary, external independent and other directors, when the appointment or renewal of the directors is going to be executed by the General Shareholders Meeting or when that classification is revised annually in the Corporate Governance Report.
   iii. Inform on the removal of executive and independent directors, when the Board of Directors propose the decision to the Shareholders Meeting or when occurs justa causa due to a breach of the director of the duties inherent to his/her position and when is carrying out a disciplinary procedure that could mean the removal of the director.
   iv. Report, together with the Nomination and Compensation Committee, on proposals for the appointment of the Chairman and Vice Chairman, Chief Executive Officer, and members of the Delegated Committee and other committees of the Board of Directors.
   v. Evaluate the skills, knowledge and experience on the Board, and therefore, define functions and capabilities required of candidates to fill each vacancy and evaluate dedication necessary to properly perform their duties.
   vi. Report to the Board on issues of gender diversity in relation to the composition of the Board.

vii. Submit to the Board of Directors, a report evaluating the performance and composition of the Board and the performance of their duties by the Chairman and the Chief Executive of the Company.

b) In connection with the strategy of corporate governance and corporate social responsibility of the Company:
   i. Promoting corporate governance strategy of the Company.
   ii. Know, promote, guide and monitor the performance of the Company regarding corporate social responsibility and sustainability and corporate reputation and to report thereon to the Board and Delegated Committee as appropriate.
   iii. Inform and propose to the Board the approval of the Corporate Governance Report.
   iv. Inform and propose to the Board the approval of the annual corporate social responsibility report and, in general, issue reports and develop actions in the field of corporate social responsibility and sustainability, in addition, in accordance with corporate governance of the Company and when being asked by the Board of Directors or its Chairman.

c) In connection with the internal rules of the Company:
   i. Propose to the Board the approval of a Code of Ethics
   ii. Propose to the Board the approval of a Code of Conduct of the employees.
   iii. Report on proposals for amending the Bylaws, Rules of the Board, Rules of the Shareholders Meetings, Rules of Operation of the Shareholders Electronic Forum, the Internal Rules of Conduct, the Code of Ethics and Code of Conduct of the employees and any other rules of governance of the Company.
   iv. Review the implementation of the Board Rules, the Internal Rules of Conduct, the Code of Conduct of the employees and, in general, the rules of governance of the Company and to make proposals for their improvement.

d) In connection to transactions with related parties to the Company and companies of the Group:
   i. Report of transactions of the company with a significant shareholder, prior to its approval by the Board.
   ii. Report professional or commercial transactions of directors, prior to its approval by the Board.
   iii. Authorize transactions by persons related to directors under the terms provided for in Article 33 of this Regulation.

e) Other competences:
   i. Review compliance policies and propose all necessary measures for its strengthening.
   ii. Approve annually a report on the performance of the Committee and propose to the Board of Directors its publication, when the Annual General Meeting is called.
   iii. Exercise all other powers granted to the Committee in this Regulation.

The Committee shall meet whenever the Board of Directors of the Company or the Delegated Committee requests the issuance of a report or the approval of proposals within the scope of its competencies and when, in the opinion of the Chairman, be appropriate for the proper performance of its functions.

Any member of the company management team or staff who may be required for such purpose shall be compelled to attend committee meetings and to provide it with assistance and access to any information at its disposal.

NOMINATION AND COMPENSATION COMMITTEE

The rules governing the organization and operations of the Nomination and Compensation Committee that are described below are contained in Article 21 quater of the Bylaws and Article 25 of the Board Regulations:

The Nomination and Compensation Committee shall have a minimum of three (3) and a maximum of five (5) external directors. The appointment and removal of the Committee members will be determine by resolution of the Board of Directors upon a motion from the Chairman.

The Nomination and Compensation Committee may request the attendance of the company's Chief Executive Officer or any other officer or employee of the Company at its meetings.

The members of the Nomination and Compensation Committee shall leave their posts when they do so in their capacity as directors or when so resolved by the Board of Directors.

The Chairman of the Committee shall be selected by the Board of Directors from among its independent directors.

The Secretary of the Board of Directors and, in his absence, the Deputy Secretary, if any, shall act as Secretary of the Committee and in case of absence, any member of the Committee.

The Nomination and Compensation Committee shall have the following core competencies:

a) Regarding the composition of the Board of Directors and Board Committees of PRISA and management bodies of its subsidiaries:

i. Report on proposals for appointment, reappointment and removal of directors.
ii. Report, together with the Corporate Governance Committee, on proposals for appointment of Chairman and Vice Chairman, Chief Executive Officer, members of the Delegated Committee and other committees of the Board of Directors.
iii. Report on the nomination of the Secretary and Deputy Secretary.
iv. Review and organize the succession of the chairman and chief executive of the Company and make recommendations to the Board of Directors to facilitate that such succession occurs in an orderly and well planned.
v. Report on proposals for appointment of representatives of the Society in the managing bodies of its subsidiaries.

b) In connection with the senior management of the Group:

i. Propose the definition of senior management.
ii. Report the appointment and removal of senior management.
iii. Approve contracts for senior management.
iv. Information and, where appropriate, issue reports on disciplinary action to senior management of the Company.

c) In relation to the compensation policy:

i. Propose to the Board of Directors: i) the Compensation Plan for directors, ii) the amounts and/or compensation limits that apply to directors, based on their dedication to the Board and the Committees thereof, iii) the individual remuneration of executive directors and other conditions of their contracts and iv) a statement of compensation policy for Directors and senior management.
ii. Approve the key objectives linked with the variable compensation for executive directors and/or the management.
iii. Propose to the Board of Directors the compensation system for senior managers of PRISA and its subsidiaries and report to the Board about the liquidation of the variable compensation for them and to establish other incentive plans for them.
iv. Ensure compliance with the remuneration policy set by the Company.

d) Other competences

i. Approve annually a report on the performance of the Committee and propose to the Board of Directors its publication, when the Annual General Meeting is called.
ii. Exercise all other powers granted to the Committee in this Regulation.

The Committee shall meet whenever the Board of Directors of the Company or the Delegated Committee requests the issuance of a report or the approval of proposals within the scope of its competencies and when, in the opinion of the Chairman, be appropriate for the proper performance of its functions.

Any member of the company management team or staff who may be required for such purpose shall be compelled to attend committee meetings and to provide it with assistance and access to any information at its disposal.

<u>AUDIT COMMITTEE</u>:

The rules governing the organization and operations of the Audit Committee that are described below are contained in article 21bis of the Company Bylaws and Article 24 of the Board of Directors Regulations:

The Audit Committee shall have the number of members that is determined by the Board of Directors from time to time, with a minimum of three (3) and a maximum of five (5) members. It shall have a majority of non-executive directors who shall not have a contractual relationship with the Company other than the position to which they are appointed. The composition of the committee shall provide appropriate representation to independent directors. At least one member of the Committee shall be independent and shall be appointed taking into account his/her knowledge and experience in accounting, auditing or both.

Additionally, to the extent that the Company's securities are listed, directly or indirectly through other financial instruments, in the New York Stock Exchange (NYSE), the Company will adjust the composition of the Committee to the rules established by United States of America laws and the NYSE.

The appointment and termination of committee members shall be made by the Board of Directors on a motion from the Chairman.

Committee members shall leave their posts when they cease to be directors or when so agreed by the Board of Directors.

The Chairman of the committee shall be elected by the Board of Directors from among its members who are independent directors, and may not maintain a contractual relation with the Company other than the position for which he is appointed. The committee chairman shall be replaced every four years, and may be re-appointed one year after having left the post.

The Secretary of the Board of Directors and, in his absence, the Deputy Secretary or any member of the Committee, shall act as Secretary of the Committee.

The primary function of the Audit Committee is to assist the Board of Directors in its tasks of overseeing the management of the company.

The Audit Committee shall have the following competences:

b) To report at annual shareholders meetings on issues raised by shareholders, pursuant to the provisions of the Law and the Shareholders Meeting Regulation.

c) In connection with the preparation and publication of the Company's financial information

   i. Review legal compliance requirements and monitor proper application of generally accepted accounting principles, and report on the proposed changes to accounting principles and criteria suggested by management.

   ii. Know and oversee the effectiveness of internal control systems of the Company, and risk management systems, and discuss with the auditors or audit firms significant weaknesses in internal control, identified in the development of audit

   iii. Oversee the preparation and presentation of financial information regulated.

   iv. Review any admission or trading prospectus, and the information on the financial statements to be filed by the Board to the markets and to the Regulators.

d) In connection with the external Auditor of the Company

   i. To propose to the Board of Directors the appointment of external account auditors pursuant to Section 263 of the Companies Act, to be submitted at the annual shareholders meeting.

   ii. To report and propose to the Board the external Auditor engagement conditions, the scope of its charge, and, if is the case, the removal or not renewal of the Auditor, and the oversight of the engagement fulfillment.

   iii. To maintain contact with the external auditors in order to receive information on those issues related to the accounts auditing process, together with any other communication provided for in accounts auditing legislation and rules.

   iv. To receive from the external auditors any information about all the issues that may compromise the Auditor's independence. In any event, the Committee shall receive every year written confirmation from the Auditor of its independence from the entity or entities linked to auditors, directly or indirectly, and information of any additional services provided to these entities by external auditors, or by persons or entities linked to them in accordance with the provisions of Law 19/1988 of July 12, Audit of Accounts.

   v. Pre-approve, before its execution, any engagement with the Company's Auditor, for any works related with audit services or any other kind of services rendered by the Auditor.

   vi. To issue every year, prior to the issuance of the Audit Report, a report expressing an opinion on the independence of external auditors. This report shall, in any case, make reference on the provisions of additional services rendered by the Auditor.

e) In connection with the Internal Audit services

   i. To propose the selection, appointment, reappointment or removal of the person in charge of the company's internal audit service.

   ii. To oversee internal auditing services and the annual report of the Internal Audit Department.

f) Other competences

i. To analyze and issue opinions concerning specific investment transactions when, owing to their importance, the Board so requests

ii. To issue opinions concerning the creation or acquisition of interests in entities domiciled in countries or territories considered as tax havens.

iii. To exercise all other powers granted the committee in this Regulation.

iv. To approve an annual report about the Committee performance and propose to the Board the edition when the Shareholders is called.

The Audit Committee shall establish and oversee a procedure which may allow to communicate to the Company the relevant irregularities, specially financing and accounting, in the Company. When these claims are presented by Company or its Group employees, this mechanism will be confidential, and when appropriate, anonymous.

The Audit Committee shall meet periodically as warranted, and at least four (4) times a year.

Any member of the company management team or staff who may be required for such purpose shall be compelled to attend committee meetings and to provide it with assistance and access to any information at his disposal. The committee may likewise request the attendance of the accounts auditors at its meetings.

B.2.4. Indicate, if applicable, the advisory powers and, if applicable, powers that have been delegated to each of the committees:

Committee Name	Brief Description
DELEGATED COMMITTEE	HAS BEEN DELEGATED ALL BOARD POWERS THAT MAY LEGALLY BE DELEGATED
AUDIT COMMITTEE	FOR ADVISORY POWERS, SEE B.2.3 ABOVE. NO DELEGATED POWERS HAVE BEEN ATTRIBUTED TO THIS COMMITTEE.
CORPORATE GOVERNANCE COMMITTEE	FOR ADVISORY POWERS, SEE B.2.3 ABOVE. NO DELEGATED POWERS HAVE BEEN ATTRIBUTED TO THIS COMMITTEE.
NOMINATION AND COMPENSATION COMMITTEE	FOR ADVISORY POWERS, SEE B.2.3 ABOVE. NO DELEGATED POWERS HAVE BEEN ATTRIBUTED TO THIS COMMITTEE.

B.2.5. Indicate, if applicable, whether there are board committee regulations, and if so, where they are available for consultation and any amendments made to them during the financial year. Likewise indicate whether any non-mandatory annual reports are issued concerning the activities of each committee:

Committee Name
DELEGATED COMMITTEE
Brief Description
Its composition, operations and powers are set forth in the Board of Directors Regulation, which is available on the company website (www.prisa.com).

Amendments to the Board of Directors Regulation implemented in 2011 that affect this committee are detailed in section B.1.18 above.

Committee Name
CORPORATE GOVERNANCE COMMITTEE
Brief Description
Its composition, operations and powers are set forth in article 21 quater of the Bylaws and in article 26 of the Board of Directors Regulation, which are available on the company website (www.prisa.com).

Amendments to the Board of Directors Regulation implemented in 2011 that affect this committee are detailed in section B.1.18 above.

On May 2011 the Corporate Governance, Nomination and Compensation Committee (which in June 2011 was splitted into two different committees: Corporate Governance Committee and Nomination and Compensation Committee) published a report on compliance with the company's rules of corporate governance during the 2010 financial year and also concerning the functions and activities of the Committee during said financial year.

Committee Name
NOMINATION AND COMPENSATION COMMITTEE
Brief Description

Its composition, operations and powers are set forth in article 21 ter of the Bylaws and in article 25 of the Board of Directors Regulation, which are available on the company website (www.prisa.com).

Amendments to the Board of Directors Regulation implemented in 2011 that affect this committee are detailed in section B.1.18 above.

On May 2011 the Corporate Governance, Nomination and Compensation Committee (which in June 2011 was splited into two different committees: Corporate Governance Committee and Nomination and Compensation Committee) published a report on compliance with the company's rules of corporate governance during the 2010 financial year and also concerning the functions and activities of the Committee during said financial year.

Committee Name
AUDIT COMMITTEE
Brief Description
Its composition, operations and powers are set forth in article 21 bis of the Bylaws and in article 24 of the Board of Directors Regulation, which are available on the company website (www.prisa.com).

Amendments to the Board of Directors Regulation implemented in 2011 that affect this committee are detailed in section B.1.18 above.

On May 2011 the Audit Committee published a report on its functions and activities during the 2010 financial year.

B.2.6. Indicate whether the composition of the Executive Committee reflects the Board Member's holdings within their category:

NO

If not, explain the composition of the Executive Committee
There is a predominance of independent directors in the Delegated Commission (3 of its members have this nature) and likewise it is composed by 2 executive directors, 1 director representing significant shareholdings and 1 other external director. The Board of Directors is composed by 3 executive directors, 6 directors representing significant shareholdings, 6 independent directors and 1 other external director.

C. RELATED-PARTY TRANSACTIONS

C.1 Indicate whether the Board in full has reserved the right to approve the company's transactions with directors, significant shareholders or those represented on the Board, or persons related thereto, after having received the favorable opinion of the Audit Committee or any other committee performing that function:

YES

C.2. Describe relevant transactions that entail a transfer of resources or obligations between the Company or its subsidiaries and the Company's significant shareholders:

C.3. Describe relevant transactions that entail a transfer of resources or obligations between the Company or its subsidiaries and the managers or directors of the Company.

Manager's or Director's Name	Name of the Company or Entity in its Group	Nature of the Relationship	Type of Transaction	Amount (Euros 000)
D. GREGORIO MARAÑÓN Y BERTRÁN DE LIS	PRISA TELEVISION, S.A.U	Contractual	PROVISION OF SERVICES	100
MATIAS CORTES DOMINGUEZ	PRISA TELEVISION, S.A.U	Contractual	PROVISION OF SERVICES	4,896

C.4. Describe any relevant transactions between the Company and other of its group entities that are not compensated in the consolidated financial statements and whose objectives and conditions are not a part of the Company's normal operations:

Name of the Group Entity	Brief Description of the Transaction	Amount (Euros 000)
DTS DISTRIBUIDORA DE TELEVISION DIGITAL, S.A.	DIVIDENDS PAID BY DTS DISTRIBUIDORA DE TELEVISION DIGITAL, S.A. TO ITS SHAREHOLDER MEDIASET ESPAÑA COMUNICACIÓN, S.A.	18,338
DÉDALO GRUPO GRAFICO, S.L.	PRISA PROVIDED A JOINT AND SEVERAL GUARANTEE TO DÉDALO GRUPO GRÁFICO, S.L. WITH RESPECT TO THE BANKING SYNDICATE CREATED BY VIRTUE OF THE SYNDICATED CREDIT AND LOAN AGREEMENT SIGNED ON FEBRUARY 8, 2008, FOR A MAXIMUM OF 105,200,000 EUROS.	105,200
DÉDALO GRUPO GRAFICO, S.L.	PROVISION OF PRINTING SERVICES BY SEVERAL COMPANIES IN WHICH DEDALO GRUPO GRAFICO, S.L. HAS HOLDINGS, TO SEVERAL COMPANIES IN WHICH PRISA HAS HOLDINGS.	18,985

DÉDALO GRUPO GRAFICO, S.L.	LOANS FOR A TOTAL OF 136,792,000 EUROS, PLUS INTEREST CAPITALIZED, GRANTED BY PRISAPRINT, S.L., A COMPANY IN WHICH PRISA HAS HOLDINGS, TO DEDALO GRUPO GRAFICO, S.L. OR COMPANIES IN WHICH IT HOLDS INTERESTS, AS A RESULT OF DIFFERENT FINANCING OPERATIONS.	136,792
DÉDALO GRUPO GRAFICO, S.L.	LOANS FOR A TOTAL OF 556,000 EUROS, GRANTED BY DIARIO EL PAIS, S.L., A COMPANY IN WHICH PRISA HAS HOLDINGS, TO DISTRIBUCIONES ALIADAS, S.A. AND NORPRENSA, S.A., COMPANIES IN WHICH DEDALO GRUPO GRAFICO, S.L. HOLDS INTERESTS.	556
GELESA GESTION LOGISTICA, S.L.	INCOMES RECEIVED BY PRINT MEDIAS OF PRISA GROUP FOR PURCHASE OF COPIES BY GELESA GESTION LOGISTICA	41,886
GELESA GESTION LOGISTICA, S.L.	DISTRIBUTION, TRANSPORT AND LOGISTICS SERVICES RENDERED BY GELESA GESTION LOGISTICA TO THE PRINT MEDIA OF PRISA GROUP	8,628
LE MONDE LIBRE	PRISA PROVIDED A JOINT AND SEVERAL GUARANTEE TO LE MONDE LIBRE, AMOUNTING TO 36,550,000 EUROS, THAT CORRESPOND TO THE AMOUNT OF THE OBLIGATIONS ACQUIRED BY THE COMPANY FROM SUCH HOLDERS OF OBLIGATIONS REIMBURSABLE BY SHARES, ISSUED AT THE TIME BY LE MONDE	36,550
MEDIASET ESPAÑA COMUNICACIÓN, S.A.	INCOMES RECEIVED BY SEVERAL COMPANIES IN WHICH PRISA HAS HOLDINGS, FOR TECHNICAL AND ADMINISTRATIVE SERVICES RENDERED TO EITHER MEDIASET COMUNICACIONES ESPAÑA, SA AND ITS PARTICIPATED COMPANIES, AS WELL AS FOR SALE OF ADVERTISING SPACE AND RIGHTS TO THESE COMPANIES.	43,940

(Free translation from the original in Spanish language)

MEDIASET ESPAÑA COMUNICACIÓN, S.A.	PURCHASES OF RIGHTS AND ADVERTISING BY SEVERAL COMPANIES IN WHICH PRISA HAS HOLDINGS, TO MEDIASET ESPAÑA COMUNICACION, S.A. AND IST PARTICIPATED COMPANIES, AS WELL AS TECHNICAL AND ADMINISTRATIVE SERVICES RENDERED BY THESE COMPANIES	5,664
PRISA TELEVISION, S.A.U	COSTS RELATED TO THE PARTICIPATION IN THE INCOMES OF THE COMPANY REAL MADRID GESTIÓN DE DERECHOS, S.L. IN WHICH PRISA TELEVISION HOLDS AN INTEREST, FOR SPONSORSHIP AND MERCHANDISING OF CLUB REAL MADRID	2,328
PRISA TELEVISION, S.A.U	DIVIDENDS RECEIVED BY PRISA TELEVISION, S.A.U FOR ITS SHAREHOLDINGS IN MEDIASET ESPAÑA COMUNICACIÓN, S.A.	24,688
PRISA TELEVISION, S.A.U	REVENUE SHARE OF REAL MADRID CLUB SPONSORSHIP AND MERCHANDISING, FROM THE COMPANY REAL MADRID GESTIÓN DE DERECHOS, S.L. IN WHICH PRISA TELEVISION HOLDS AN INTEREST.	9,875
SOCIEDAD ESPAÑOLA DE RADIODIFUSION, S.L.	LOANS FOR A TOTAL OF 4,407,000 EUROS, GRANTED BY SOCIEDAD ESPAÑOLA DE RADIODIFUSION, S.L. TO THE COMPANIES IN WHICH IT HOLDS HOLDINGS, W3COMM CONCESIONARIA, S.A. DE CV AND GREEN EMERALD BUSINESS INC.	4,407

C.5. Identify, if applicable, any circumstances in which company directors are involved that may constitute a conflict of interest, pursuant to the provisions of Article 127ter of the Corporations Law.

YES

Director's name	Description of the conflict of interest
Matías Cortés Domínguez	Approval of his professional services by the Board of Directors

C.6. Describe the mechanisms in place to detect, determine and resolve possible conflicts of interest between the Company and/or its group and its directors, managers and significant shareholders.

Pursuant to Article 33 of the Board of Directors Regulations:

1.- Directors shall inform the Company of any situation that may involve a conflict of interest as defined in Chapter V of "Promotora de Informaciones, S.A. and its Group Companies' Internal Code of Conduct Concerning Securities Market Transactions."

2.- Direct or indirect professional or commercial transactions of directors (or of persons related to them if they involve operations in excess of 60,000 euro) with the Company or any of its subsidiaries must be authorized by the Board of Directors after it has considered the opinion of the Corporate Governance Committee.

Transactions carried out by persons related to directors and which do not exceed 60,000 euro must be authorized by the Corporate Governance Committee.

3.- Directors shall refrain from intervening in deliberations concerning matters in which they have direct or indirect interests. In addition to not exercising their voting rights, directors affected by a linked operation must absent themselves from the boardroom during deliberations and voting on such matters.

4.- Authorization of the Board of Directors shall not be required for linked operations that fulfill the following conditions:

a) Those involving compliance with standard contract conditions applied extensively to multiple customers;

b) Those involving predetermined prices or fees carried out by the suppliers of the goods and services in question;

c) Those which amount to less than 1% of the annual income of the person or entity receiving the service.

5.- Nonetheless, in cases where the conflict of interest is, or reasonably expected to be, of such nature as to constitute a structural and permanent conflict between the Director (or a person related to him/her, or in the case of a proprietary Director, the shareholder or shareholders who proposed or made the appointment or persons directly or indirectly related thereto) and the Company and the companies in its group, it is understood that the Director has no, or no longer has, the required qualifications for the performance of duties for the purposes of Article 21 of this Regulation.

Likewise, Article 35 of the Board Regulations provides that Directors may not provide their professional services to competitors of the Company, its subsidiaries or companies in which it has holdings. This excludes holding posts in companies that have a significant stable stake in the Company's shareholdings.

In other respects, Article 36 of the Board of Directors Regulations states that:

1. The Board of Directors formally reserves the right to oversee any Company transaction with a significant shareholder.

2. Under no circumstances shall a transaction be authorized if an opinion of the Corporate Governance Committee assessing the operation from the point of view of market conditions has not been issued.

3. Nevertheless, authorization of the Board of Directors shall not be required for those transactions that fulfill all of the conditions set forth in Article 33.4 above.

With respect to the above and to ensure transparency, Article 37 of the Board of Directors Regulations provides that the Board of Directors shall include in its annual public reports a summary of the transactions carried out by the Company with its Directors and significant shareholders. This information shall detail the overall volume of the operations and the nature of the most relevant.

In addition, section V of the "Internal Code of Conduct of Promotora de Informaciones, S.A. and its Corporate Group Concerning Matters Involving Securities Markets" provides the following rules for the conflicts of interest:

5.1. All persons subject to this Internal Code of Conduct must promptly inform the Secretary General of any situations in which a conflict of interests may exist.

In that respect, notification must be made of any situations derived from their activities outside of GRUPO PRISA or those of related persons (to the extent defined in paragraph 5.2. below) that may conflict with the interests of GRUPO PRISA with regard to any specific action, service or operation with

i) financial intermediaries
ii) professional investors
iii) suppliers
iv) clients
v) competitors

5.2. With respect to paragraph 5.1 above, the following shall be considered related persons:

(i) a spouse or any person in a relationship that can be equated to marriage;
(ii) the ascendants, descendents and siblings of the person subject to this Code of Conduct or of his/her spouse;
(iii) the spouses of the ascendants, descendents and siblings of the person subject to this Code of Conduct;
(iv) the companies in which the persons subject to this Code of Conduct, either personally or through an intermediary, fall within any of the categories set forth in article 4 of Law 24/1988, of July 28, governing the Securities Market.

5.3. Those persons affected by a conflict of interest shall refrain from deciding, intervening or influencing decisions taken with respect to those actions, services or operations.

C.7 Are more than one of the group companies listed in Spain?

NO

Specify the subsidiary companies that are listed:

D. RISK CONTROL SYSTEMS

D.1. General description of the Company and/or its Group's risk policy, detailing and evaluating the risks covered by the system, together with the justification as to why these systems are deemed adequate for each type of risk.

Prisa Group´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 comprising the Group. 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 Group's Internal Audit Office, which periodically reports the results of its work to the Audit Committee. The conclusions of the Risk Map of each business unit are reviewed with the respective managements of business.

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

e. Information, infrastructures and technology risks

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

a. <u>Control of Strategic Risks</u>

The CEO is 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 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. 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.

b. 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.

Transactional business risks, as well as operational, commercial, legal, fiscal and other types of risks are monitored by their respective organizations, with supervisory mechanisms in place for each at the corporate level. For example, the Group's fiscal management unit monitors compliance with current tax legislation in each of the geographic and business segments in which it carries out its activity, and manages risks arising from different interpretation of rules that the competent tax authorities may offer in each case. In other respects, risks inherent in radio and television, which are generally regulated activities subject to temporary administrative concessions or licensing, are evaluated by the general management of their respective business units and supervised at the corporate level by the Secretary General.

Likewise, commercial risks related to advertising and matching our offer of services and product to client demands are continuously monitored by the Group's Commercial Management and by a specialized Advertising Committee. 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 effect, the Group's top-line activities are based on turnover from subscribers to its digital television platform, which generated 32.56% of the Group's operating turnover in 2011. In other respects, the Transversal Business Committee coordinates the different business units that analyze business opportunities as well as joint actions among business units.

c. Control of Financial Management Risks

- Financing Risks

The Group's financial obligations are described in Note 12, "Financial Debt" in Prisa's 2011 Consolidated Annual Report. At 31 December 2011 the Group's bank borrowings amounted to 3.400 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. To meet its financial obligations, during 2011 the Group has signed a refinancing framework agreement with its creditor banks that envisions certain changes in the terms and conditions of its principal financing contracts including, among others, an extension of the syndicated loan until March 19, 2014, and of the bridge loan until January 16, 2015. Both loans, depending on the achievement of certain milestones, will be extended until December 19, 2014 and September 21, 2015 respectively. These mechanisms reduced the Group's debt gearing and increased its working capital.

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 maintaining 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 and a Treasury Account, Debt and CAPEX Committee that monitors the Group's expenditures weekly, as well as making periodic consolidated financial forecasts that optimize available resources to meet the financial needs of each business and to service the debt.

- 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 takes out contracts to cover interest rate risk, basically by means of contracts that ensure maximum rates of interest, as far as has lines of credit available to it.

- 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 2011 revenue from the international area and Latin America respectively accounted for 32.22% and 24.26% 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, 2011 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, 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 some of its production processes. 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 2011 paper consumption represented 8.7% of the Group's total purchases and consumption.

d. 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 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".

e. Risk control in information systems, infrastructures and technology

The overall security of Prisa Group is managed by three main areas, protection of personal data by the General Secretary, occupational risk prevention and physical security by the Management of Human Resources, and information security and business continuity by Management of Communication and Information Systems. In line with the increased internationalization of the business, global security management includes consulting in the areas of physical and network security and the adoption of coordinated measures to reinforce protection of the confidentiality, integrity and availability of information and information systems, as well as the security of the Group's remaining assets –personnel, processes, installations and content.

In compliance with the Corporate Security Policy, since fiscal year 2008, the Group has been implemented a Corporate Security Management System (CSMS), which provides for controls in the following areas: general policies, security policy, organizational structure security, asset classification and control, personnel security, physical and environmental security, management of communications and operations, management of control centers and externalized security, systems development and maintenance, access control, security incidents management, and business continuity and compliance.

Through this System the Group integrates all security areas of its different business units, establishing general rules and controls to be applied throughout the Group or specific ones for the Business.

The Group periodically carries out projects in communications security, incident management, security auditing, IT contingency plans, vulnerability analysis and alert systems. Regarding physical security has completed the centralization of security management of the different headquarters, strengthening the Comprehensive Corporate Control Center, which coordinates the Group's various Control Centers with respect to any physical or network security incident. It also continues to make progress in studies of optimization of resources in physical security aimed at cost reduction and technological improvements.
In addition, Prisa Group has a Technological Observatory to identify risks and business opportunities afforded the Group as a result of technological developments.

D.2 Indicate whether during the financial year any of the different types of risks affecting the company or its group (operational, technological, financial, legal, reputational, fiscal ...) have actually materialized:

YES

If so, indicate the circumstances that prompted the risk and whether established control systems were effective.

Risk materialized during fiscal year:

During the fiscal year various financial risks have been materialized, mainly the impairment of the investments in Portugal.

Reasons of materialization:

The adverse macroeconomic situation during 2011 in Portugal has caused an increase in the discount rate in the analysis of the investments in Portugal by the consideration of the country risk, and also, of the decrease in the advertising expenditure in this country during 2011.

Operation of control systems:

The Group performs an ongoing monitoring of the foreign investments and at least annually determines the impairment test of them.

D.3. Indicate whether there is a committee or other governing body in charge of establishing and supervising those control mechanisms:

SI

If so, explain its duties.

Name of committee or body	Description of its duties
Audit Committee	Article 24 of the Board of Directors Regulation includes the following competences of the Audit Committee: i. Know and oversee the effectiveness of internal control systems of the Company, and risk management systems, and discuss with the auditors or audit firms significant weaknesses in internal control, identified in the development of audit ii. Oversee the preparation and presentation of financial information regulated. iii. Review any admission or trading prospectus, and the information on the financial statements to be filed by the Board to the markets and to the Regulators.

D.4. Identify and describe the compliance processes for the different regulations governing your Company and/or its Group.

The Board of Directors Regulations state that:

- The Directors and senior management of the Company and its Group, have the obligation to be informed of, and comply with and compel compliance with these Regulations (Article 4).

- In any event, the Secretary of the Board of Directors shall ensure the formal and material lawfulness of all Board activities and that its procedures and rules of governance are obeyed (Article 13).

-Among others, the Audit Committee has the powers to Review legal compliance requirements and monitor proper application of generally accepted accounting principles, and report on the proposed changes to accounting principles and criteria suggested by management (Article 24).

Likewise and as provided for in article 24, the Audit Committee has established and oversees a procedure which allows to communicate to the Company the relevant irregularities, specially financing and accounting, in the Company. When this claims are presented by Company or its Group employees, this mechanism will be confidential, and when appropriate, anonymous.

- Among the powers of the Appointments and Remunerations Committee there is a power to receive information and, when warranted, issue reports to the senior company management concerning any disciplinary measure (Article 25).

- Among the powers of the Corporate Governance Committee there are the following powers in connection with the internal rules of the Company (article 26):

i. Propose to the Board the approval of a Code of Ethics

ii. Propose to the Board the approval of a Code of Conduct of the employees.

iii. Report on proposals for amending the Bylaws, Rules of the Board, Rules of the Shareholders Meetings, Rules of Operation of the Shareholders Electronic Forum, the Internal Rules of Conduct, the Code of Ethics and Code of Conduct of the employees and any other rules of governance of the Company.

iv. Review the implementation of the Board Rules, the Internal Rules of Conduct, the Code of Conduct of the employees and, in general, the rules of governance of the Company and to make proposals for their improvement.

Likewise, the Corporate Governance Committee shall review compliance policies and propose all necessary measures for its strengthening.

Section 10 of the Internal Code of Conduct provides for the following:

10.1. In order to ensure compliance with the provisions of this Code, the Secretary General of GRUPO PRISA will have the following responsibilities and powers:

(i) To maintain, in coordination with the Director of Human Resources, an updated list of those persons subject to this Internal Code.
(ii) To receive and preserve communications reflecting transactions with respect to the Securities and to the securities of other companies included within the accounts consolidation perimeter of Promotora de Informaciones, S.A., from the persons subject to this Internal Code, and to annually request the interested parties to confirm the balances of the securities included in the corresponding file.
(iii) To bring any Relevant Information to the attention of the CNMV, following consultation with the Chairman or Chief Executive Officer.
(iv) To pay particular attention to the quotation of the Securities during the review or negotiation phases of any type of legal or financial transaction that could have a noticeable effect on the quotation of the Securities.
(v) To monitor news that the professional sources of financial information and the media issue and which could affect the evolution on the market of the Securities and, following consultation with the Chairman or Chief Executive Officer, to confirm or deny as the case may be, any public information on circumstances deemed to be relevant information.
(vi) To maintain a Central Register of Privileged Information.
(vii) Following consultation with the Chairman or Chief Executive Officer and pursuant to the provision of sections II and IX herein, to determine those who shall be subject to the Internal Code of Conduct.

10.2. In order to ensure compliance with this Code, the Director of Finances and Administration of GRUPO PRISA shall have the following responsibilities and powers:
(i) To have access to the communications referred to in section 10.1. ii) of this Code.
(ii) To bring any Relevant Information to the attention of the CNMV, following consultation with the Chairman or Chief Executive Officer.

(iii) To closely monitor the quotation of the Securities during the phases of review or negotiation of any type of legal or financial transaction that could have a noticeable affect on the quotation of the Securities.
(iv) To monitor the news issued by the professional sources of financial information and the media that may affect the evolution of the Securities in the market and, following consultation with the Chairman or Chief Executive Officer thereof, to confirm or deny as the case may be, any public information on circumstances deemed as Relevant Information.
(v) To execute, following consultation with the Chairman or Chief Executive Officer, the specific plans for the acquisition or transfer of its own Securities or those of the dominant company and to order and supervise the development of ordinary transactions on Securities, in accordance with the contents of Internal Code, and to make the official communications on the transactions on Securities undertaken pursuant to provisions currently in force.
(vi) To determine, following consultation with the Chairman or the Chief Executive Officer, those persons that are assigned to the Department of Finances and Administration and should be subject to this Internal Code.

- The Board of Directors shall take the measures necessary to ensure the distribution of the Shareholders' Meeting Regulations to shareholders by making them known to the National Stock Exchange Commission as relevant information, recording them on the Companies Register and publishing them on the Company's webpage (Article 25).

E. SHAREHOLDERS MEETING

E.1 Concerning the quorum required at Shareholders Meetings, indicate whether there are differences with respect to the minimum stipulated in the Corporations Law, and if so, explain.

NO

	% difference vs. quorum required pursuant to Article 102 LSA of the Corporations Law (general)	**% difference vs. quorum required pursuant to Article 103 of the Corporations Law (special cases provided in Article 103)**
Quorum required at initial meeting	0	0
Quorum required at adjourned meeting	0	0

E.2 Concerning rules for adopting corporate resolutions, explain whether there are differences with respect to those provided in the Corporations Law and, if so, explain:

YES

Description of the resolutions that require qualified majority	**Value**
See section below with description of the differences	75.000

Description of the differences:
Article 15 bis of the Bylaws provides that except as provided in the Law, a favorable vote of 75% percent of the shares having voting rights, present or represented by proxy at a General Meeting shall be required to adopt resolutions concerning the following matters:

a) Amendments to the Bylaws including, among others, change of business purpose and capital increases or reductions, unless such operations are required by law.

b) A corporate conversion, merger or spin-off of any type, as well as the assignment of all corporate assets and liabilities.

c) Dissolution and liquidation of the Company.

d) Exclusion of pre-emptive subscription rights in capital increases for cash.

e) Changes in the Board of Directors.

f) Appointment of members of the Board at the Shareholders' Meeting, except for candidates proposed by the Board of Directors.

E.3. Describe shareholders' rights with respect to General Meetings that differ from those established in the Corporations Law.

Pursuant to Article 15.b.) of the Company Bylaws, all shareholders holding at least 60 shares recorded in the corresponding share ledger five days prior to the meeting and who obtain the corresponding attendance card may attend the Shareholders' Meeting.

According to Article 15.h.) of the Company Bylaws, each share with voting rights represents one vote.

The Shareholders' Meeting Regulation likewise states that:

Shareholders or their representatives who arrive on the premises late, once admission to the Shareholders' Meeting has been closed in accordance with the time set for the commencement of the meeting, may enter the premises if the Company deems it warranted, but in no case may those shareholders be included in the list of attendees nor may they exercise the right to vote (Article 16.2).

The list of persons in attendance shall be made available to those shareholders who request it at the beginning of the Shareholders' Meeting (Article 16.6)

In order to be included in the minutes of the meeting, the shareholders present may express to the Notary any reservations or objections that they may have concerning whether the meeting is valid as held, or concerning the general numbers of the list of shareholders in attendance after it has been read aloud (Article 17.8).

Shareholders who wish their intervention at the meeting to be recorded verbatim in the minutes must simultaneously deliver it in writing to the Notary, so that he can compare the text to the shareholder's intervention, once it has concluded (Article 18.2).

E.4. Indicate, if applicable, the measures adopted to promote the participation of shareholders at the Shareholders' Meeting.

Those set forth in the Law.

E.5. Indicate whether the Shareholders' Meeting is presided by the Chairman of the Board of Directors. Explain, if applicable, the measures adopted to guarantee the independence and proper conduct of shareholders' meetings:

YES

Description of Measures
As provided in Article 14.2 of the Shareholders' Meeting Regulations, the Chairman of the Board of Directors shall act as chairman at the Shareholders' Meeting or, in his absence, the Vice Chairman, if any, or in the absence of both of them, the Director who is present and has the most seniority or, in the absence of all of the foregoing, a shareholder chosen by the other shareholders in attendance at the Meeting. In accordance with Article 26 of the Company Bylaws, in the event of the temporary absence or incapacity of the Chairman, the chair shall be assumed by the Deputy Chairman, if there is one, and if not, by a Director appointed by the Board. Measures to guarantee the independence and proper conduct of shareholders' meetings: The Shareholders' Meeting held on April 15, 2004 approved the "Regulations Governing the Shareholders' Meetings of Promotora de Informaciones, S.A. (Prisa)", which contains a series of measures to guarantee the independence and proper conduct of shareholders' meetings. These Regulations are available for consultation on the Company's webpage.

E.6. Indicate, if applicable, any amendments made to the Shareholders' Meeting Regulations during the financial year.

No amendments

E.7. Provide attendance statistics for the general shareholders' meetings held during the year to which the present report refers:

	Attendance Statistics				
Date of Shareholders' Meeting	% physically present	% represented by proxy	% distance voting		Total
			Vote by electronic means	Others	
24 June 2011	36.114	6.657	0.001	0.000	42.771

E.8. Briefly describe the resolutions adopted at the general shareholders' meetings held during the year to which this report refers, providing the percentage of votes cast to pass each resolution.

The following resolutions were adopted at the Shareholders' Meeting held on June 24, 2011:

First.- Approval of the Annual Accounts (Balance Sheet, Profit and Loss Account and Annual Report) and the Management Report, both for the Company and its consolidated group, for the 2010 financial year, as well as the proposal for distribution of profits.

Second.- Approval of the Board of Directors' management of the Company during the 2010 financial year.

Third.- The appointment of DELOITTE S.L. as auditors of the accounts of the Company and its consolidated group was renewed for a term of one (1) year, in order to audit the financial statements that will be closed on December 31, 2011.

Fourth. – Determination of the number of Directors in 16 and appointment of Mr. Mr Fernando Abril- Martorell Hernández as director.

Fifth.- Amendment of the Bylaws in order to break down the Corporate Governance, Nomination and Compensation Committee into two separate committees, one on Corporate Governance and the other on Nomination and Compensation and defining the responsibilities of the Committees.

Sixth.- It was resolved to delegate powers to the Board of Directors, the Chairman of the Board of Directors Mr. Ignacio Polanco Moreno, the Chief Executive Officer Mr. Juan Luis Cebrián Echarri and the Secretary Mr. Iñigo Dago Elorza.

Agenda	Votes in favor		Votes against		Abstaining	
	Votes	%	Votes	%	Votes	%
Item1	189,115,602	99.98358	30,078	0.01590	993	0.00052
Item 2	189,116,278	99.98393	30,340	0.01604	55	0.00003
Item 3	188,910,684	99.87524	234,996	0.12424	993	0.00052
Item 4.1	173,209,806	91.57434	15,934,652	8.42449	2,215	0.00117
Item 4.2	173,784,776	91.87832	15,359,682	8.12051	2,215	0.00117
Item 5.1	189,141,908	99.99749	3,772	0.00199	993	0.00052
Item 5.2	189,140,336	99.99665	5,344	0.00283	993	0.00052
Item 5.3	189,130,588	99.99150	15,092	0.00798	993	0.00052
Item 6	188,893,844	99.86634	251,669	0.13305	1,160	0.00061

E.9 Indicate whether there are any restrictions in the company bylaws with respect to the minimum number of shares required to attend the Annual Shareholders Meeting:

YES

Number of shares required to attend the Annual Shareholders Meeting	60

E.10. Indicate and justify the policies followed by the Company with respect to proxy voting in shareholders' meetings.

Article 8 of the Shareholders' Meeting Regulations (which is subject to modification for its adaptation to the Corporates Act) states that:

8.1. Shareholders may authorize another shareholder to act on their behalf as a proxy. Grant of proxy shall be valid for a specific meeting. This requisite shall not apply when the proxy holds a notarized power of attorney to manage all of the shareholder's assets located in Spain. Grant of proxy shall be indicated on the attendance card provided with the notice of meeting, in a letter, and in any case, shall bear the grantor's signature.

8.2. The proxy form shall contain or have annexed thereto the agenda for the meeting, as well as the request for voting instructions and an indication as to how the proxy shall vote, in the event that precise instructions are not provided. If proxy has been validly granted pursuant to the Law and this Regulation but does not include instructions as to how to vote or there are doubts as to the scope of the proxy granted, it will be understood that the proxy's powers (i) extend to all items on the agenda of the General meeting, (ii) the vote is intended to be favorable with respect to all proposals set forth by the Board of Directors and (iii) this shall likewise extend to any off-agenda items that may arise, with respect to which the proxy shall vote in the manner deemed most favorable to the interests of the shareholder he represents.

8.3. Proxy granted to persons ineligible to exercise this right pursuant to the Law shall be invalid and have no effect.

8.4. Proxy may also be granted by electronic means of distance communication according to the procedures set forth in Article 11.2. of this Regulation, provided that they are not incompatible with the type of proxy, and the shareholders' identity shall be verified with the same requisites provided in the aforementioned Article 11.2., the term set forth in Article 11.3. of this Regulation for the valid receipt of the proxy card likewise being applicable.

8.5. Proxy may always be revoked, and will be considered to have been so if a shareholder who has granted proxy attends a meeting in person.

8.6. The Board of Directors is empowered to implement the foregoing provisions, setting forth the appropriate rules, means and procedures according to available technology, in order to enable proxy to be granted electronically, and adjusting them when warranted to any norms that may be issued in that regard.

Specifically, the Board of Directors may (i) regulate the use of guarantees with respect to electronic signatures for granting proxy through electronic correspondence and (ii) set an earlier deadline for receiving proxies granted by mail or electronically.

8.7. The person presiding at the meeting and the secretary of the Shareholder's Meeting shall have broad powers to judge the validity of the documents or means used for authorizing proxies.

Concerning public proxy solicitations, see section B.1.28 of this Report.

E.11. Indicate whether the Company is aware of the policy of institutional investors to participate or not in Company decisions:

NO

E.12. Indicate the address and means for accessing corporate governance content on the company webpage.

www.prisa.com / Shareholders and Investors

F DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the company's degree of compliance with the recommendations of the Unified Code of Corporate Governance.

In the event of noncompliance with any of them, explain the recommendations, rules, practices or criteria that the company applies.

1. **The bylaws of listed companies shall not limit the number of votes cast by a single shareholder nor contain other restrictions that preclude taking control of a company by acquiring its shares on the market.**
   See sections: A.9, B.1.22, B.1.23 and E.1, E.2

   Complies

2. **When both the parent company and a subsidiary are listed companies, both shall publicly and accurately define:**

   a) **Their respective areas of activity and the business dealings between them, as well the listed subsidiary's business dealings with the other group companies;**
   b) **The mechanisms in place to resolve possible conflicts of interest that may arise.**

   See sections: C.4 and C.7

   Not applicable

3. **Although not expressly required under company law, operations that result in a modification of company structure shall be submitted for approval at the annual shareholders meeting, especially the following:**

   a) **conversion of listed companies into holding companies through "subsidiarization" or reallocating to dependent companies core activities previously carried out by the originating company, even when the latter retains full control of the former;**
   b) **acquisition or disposal of key operating assets that would effectively alter the company's corporate purpose;**
   c) **operations that effectively result in the company's liquidation.**

   Complies

4. **Detailed explanation of the resolutions to be adopted at the Annual Shareholders Meeting, including the information referred to in Recommendation 28 shall be made public when the Notice of Meeting is issued.**

   Complies

5. **Separate votes shall be taken at annual shareholders meeting on matters that are materially different, so that shareholders may express their voting preferences separately. This rule is applied specifically to:**

   a) **Appointment and ratification of directors, which shall be voted on individually;**
   b) **With reference to amendments of the bylaws, votes shall be taken on each article or articles that are substantially independent.**

   See section: E.8

   Complies

6. **Companies shall allow split votes so that financial intermediaries who are the shareholders of record acting on behalf of different clients may cast their votes according to their clients' instructions.**

   See section: E.4

   Complies

7. **The Board of Directors shall perform its duties with unity of purpose and independent criteria, afford all shareholders equal treatment, and be guided by the best interests of the company, which may be defined as constantly seeking to maximize the company's value over time.**

   The Board shall ensure that in its relationships with stakeholders, the company abides by all laws and regulations, fulfills its obligations and contracts in good faith, respects the customs and good practices of the sectors and territories in which it does business, and observes any additional principles of social responsibility that it has voluntary accepted.

   Complies

8. **The core components of the Board's mission shall be to approve the company's strategy and organize its implementation, as well as to supervise and ensure that management meets its objectives and pursues the company's interests and corporate purpose. In that regard, the Board in full shall approve:**

   a) **The company's general policies and strategies, and in particular:**
      i) **The strategic or business plan, management targets and annual budgets;**
      ii) **Investment and financing policy;**
      iii) **Design of the structure of the corporate group;**
      iv) **Corporate governance policy;**
      v) **Corporate social responsibility policy;**
      vi) **Remuneration and evaluation of the performance of senior management;**
      vii) **Risk control and management policy, as well as periodic monitoring of internal information and control systems.**

viii) Policy on dividends and treasury shares, and the limits applied thereto.

See sections: B.1.10, B.1.13, B.1.14 and D.3

b) The following decisions:

i) At the proposal of the company's chief executive, the appointment and removal of senior managers, as well as their compensation clauses.

See section: B.1.14.

ii) Remuneration of directors, as well as in the case of executive directors, additional compensation for their executive duties and other conditions that must be respected in their contracts.

See section: B.1.14.

iii) Financial information that listed companies must periodically disclose.

iv) Investments or operations of any nature, which due to the amount involved or their characteristics are considered as strategic, unless they require the approval of the shareholders at the annual meeting;

v) The incorporation or acquisition of interest in special-purpose entities or those domiciled in countries or territories considered tax havens, as well as any similar transactions or operations, which due to their complexity may impair the group's transparency.

c) Operations that the company conducts with directors, significant shareholders, shareholders represented on the board, or with persons related thereto ("related-party transactions").
However, board authorization shall not be required for related-party transactions that simultaneously meet the following three conditions:

1. Those governed by standard-form contracts applied equally to a large number of clients;
2. Those made at prices or rates generally set by the supplier of the goods or services in question;
3. Those whose value does not exceed 1% of the company's annual revenue.
It is recommended that the Board approve related-party transactions only after having received a favorable opinion from the Audit Committee or, if applicable, any other committee exercising that function; and that directors affected by the transactions should neither vote nor be present at the meetings in which the Board deliberates and votes thereon.

It is recommended that the Board not be allowed to delegate the powers attributed to it herein, with the exception of those mentioned in sections b) and c), which for reasons of urgency may be exercised by a delegated committee, and subsequently ratified by the board in full.

See sections: C.1 and C.6

Partially complies

The company complies with all points with the exception of b) i). The Nomination and Compensation

Committee has the authority to report the appointment and removal of senior management.

9. **In order to achieve effectiveness and full participation, it is recommended that the Board have no fewer than five and no more than fifteen members.**
   See section: B.1.1

   Explain

   The Board of Directors is composed by 16 directors.

10. **External directors representing significant shareholdings and independent directors should constitute a broad majority of the Board, while the number of executive directors should be kept at a necessary minimum, taking into account the complexity of the corporate group and the percent of the executive directors' interests in the company's share capital.**
    See sections: A.2, A.3, B.1.3 and B.1.14.

    Complies

11. **If there is any external director who cannot be considered as either independent or representing a significant shareholding, the company shall explain that circumstance and his relationships either with the company, management, or its shareholders.**
    See section: B.1.3

    Complies

12. **Among external directors, the relationship between the number of directors representing significant shareholdings and independent directors shall reflect the proportion existing between share capital represented by directors representing significant shareholdings and the rest of the company's capital.**

    This criterion of strict proportionality may be relaxed so that the weight of significant shareholdings may be greater than the percentage of the total capital that they actually represent in the following cases:

    1. **In large cap companies where few or no equity stakes meet the legal threshold to be considered significant shareholdings, but where there are shareholders with share packages having a high absolute value.**
    2. **In companies in which many shareholders are represented on the board, and who are not otherwise related.**

    See sections: B.1.3, A.2 and A.3

    Complies

13. **Independent directors should comprise at least one third of all board members.**
    See section: B.1.3

    Complies

14. The Board shall explain the nature of each director to the shareholders at the Annual Shareholders Meeting that is to ratify his/her appointment, and confirm or, if applicable, review that status annually in the Annual Report on Corporate Governance, after having verified it with the Nominations Committee. That report should likewise explain the reasons for appointing directors representing significant shareholdings at the request of shareholders holding less than 5% of capital stock; and explain the reasons, if applicable, for having denied formal requests for representation on the board from shareholders whose stake is equal to or higher than the stake of others whose requests to appoint directors representing significant shareholdings were granted.

See sections: B.1.3 and B.1.4

Complies

15. When there are few or no female directors on the Board, explain the reasons and the measures adopted to correct that situation, and, specifically, those that the Nominations Committee takes when filling new vacancies to ensure that:

a) Selection procedures are not implicitly biased against the selection of female directors; and

b) The company deliberately seeks and includes among potential candidates women who meet the required profile.

See sections: B.1.2, B.1.27 and B.2.3.

Complies

16. The Chairman, as the person responsible for the efficient operations of the Board, shall ensure that all directors receive in advance sufficient information, stimulate debate and the active participation of board members at board meetings, ensure that they can freely take sides and express their opinions, and organize and coordinate with the chairmen of the relevant committees periodic evaluations of the board, as well as, when applicable, the chief executive officer.

See section: B.1 42

Complies

17. When the Chairman of the Board is also the company's Chief Executive Officer, one of the independent directors should be empowered to request that a meeting of the board be called or that new items be included on the agenda, to coordinate and reflect the concerns of external directors and to direct the board's evaluation of the Chairman.

See section: B.1.21

Not applicable

18. The Secretary to the Board shall take special steps to ensure that the Board's actions:

a) **Adhere to the spirit and letter of the laws and their implementing regulations, including those issued by regulatory bodies;**
b) **Conform to the provisions of the Company Bylaws, Shareholders Meeting Regulation, Board of Directors Regulation and other company regulations;**
c) **Take into account the corporate governance recommendations contained in the Unified Code that the company has accepted.**

And to ensure the Secretary's independence, impartiality and professionalism, his/her appointment and removal shall be submitted to the Nominations Committee for its opinion and approved at a meeting of the full board; and this procedure for appointment and removal should be set forth in the Board of Directors Regulation.
See section: B.1.34

Partially complies

It is not provided in that the Nomination and Compensation Committee reports with respect to the removal of the Secretary.

19. **The Board shall meet with the frequency required to enable it to efficiently perform its functions, following a schedule of dates and matters to be determined at the beginning of the year, and each director shall be allowed to propose additional items on the agenda not initially included.**
See section: B.1.29

Complies

20. **Directors' absences from board meetings shall be kept to a minimum and shall be quantified in the Annual Report on Corporate Governance. Directors who have no choice but to appoint a proxy shall issue proxy voting instructions.**
See sections: B.1.28 and B.1.30

Complies

21. **When directors or the Secretary express concerns about a given proposal, or in the case of directors, about the performance of the company, and these concerns are not addressed by the Board, the person expressing those concerns may request that they be recorded in the minutes.**

Complies

22. **The Board shall evaluate annually:**

a) **The quality and efficiency of the Board's operations;**
b) **The performance of the Chairman of the Board and the Chief Executive Officer, based on the Nominations Committee report;**
c) **The performance of the board committees, based on the reports they submit.**

See section: B.1.19

Complies

(Free translation from the original in Spanish language)

23. All directors shall be able to exercise their right to receive the additional information they deem warranted concerning matters of the Board's competence. Unless otherwise stipulated in the Bylaws or the Board of Directors Regulation, they should make such requests to the Chairman or Board Secretary.

See section: B.1.42

Complies

24. All directors shall have the right to obtain from the company the guidance they require in the performance of their duties. The company shall establish suitable channels for the exercise of this right, which in special circumstances may include outside assistance provided at the company's expense.

See section: B.1.41

Complies

25. Companies shall set up an orientation program to promptly provide new directors with sufficient knowledge of the company and its rules of corporate governance, while likewise offering directors ongoing training programs when circumstances so warrant.

Partially complies

In practice this information is provided without a formal program.

26. Companies shall demand that directors devote the time and effort necessary to efficiently perform their duties, and in that regard:

a) Require directors to inform the Nominations Committee of other professional obligations they have, in the event that they might interfere with the dedication their directorships require;

b) Establish limits as to the number of boards of directors on which their directors may sit.

See sections: B.1.8, B.1.9 and B.1.17

Partially complies

The company doesn't limit the number of boards on which directors may sit.

27. The proposed appointment or reelection of directors that the Board submits at the Annual Shareholders Meeting, as well as their provisional appointment by cooptation, shall be approved by the Board:

a) At the proposal of the Nominations Committee in the case of independent directors.

b) After receiving the prior opinion of the Nominations Committee in the case of all other directors.

See section: B.1.2

Complies

28. Companies shall provide on their websites and maintain updated the following information concerning their directors:

a) Professional profile and biography;
b) Other boards of directors on which they sit, whether listed companies or otherwise;
c) Indication of the type of director, and in the case of directors representing significant shareholdings, the identity of the shareholders whom they represent or with whom they maintain business relations.
d) Dates of first and subsequent appointments as director, and;
e) Shares in the company or stock options that the director holds.

Complies

29. Independent directors shall not remain as such for a continuous period exceeding twelve years.
See section: B.1.2

Explain

It has not been considered necessary to establish a limit, since it is not clear why after twelve years a director would lose his independence.

30. Directors representing significant shareholdings shall resign when the shareholders they represent sell all of their interests in the company. They shall also do so when the shareholders in question reduce their shareholdings to the extent that would require a reduction in the number of directors representing those shareholders.
See sections: A.2, A.3 and B.1.2

Complies

31. The Board of Directors shall not propose the removal of any independent director before he concludes the term in office mandated in the bylaws for which he was appointed, unless after receiving the opinion of the Nominations Committee, the Board deems that there is just cause to do so. In particular, just cause shall be deemed to exist when the director has failed to fulfill the duties inherent in his post or incurs in any of the circumstances described in paragraph 5 of Section III of the definitions contained in the Code.

The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate operation resulting in changes in the company's capital structure warrant changes in the Board based on the proportionality criterion set forth in Recommendation 12.
See sections: B.1.2, B.1.5 and B.1.26

Complies

32. **Companies shall establish rules that oblige directors to inform and, if warranted, to resign in situations that may impair the credit and reputation of the company, and specifically, rules that oblige them to inform the Board of any criminal process in which they are indicted, as well as the progress of any subsequent proceedings.**

    If a director is indicted or legal proceedings are commenced against him for any of the offenses set forth in Article 124 of the Corporations Law, the Board shall examine his case as soon as possible and, in view of the specific circumstances, decide whether the director should continue in his post. The Board shall provide details of the foregoing in the Annual Corporate Governance Report.

    See sections: B.1.43, B.1.44

    Partially complies

Article 21.2.2) of the Board of Directors Regulation provides that directors shall offer their resignations to the Board of Directors and, if the Board deems it warranted, effectively resign *"when based on a criminal offense they are indicted in ordinary felony proceedings or have been convicted in a fast-track criminal proceeding."*

33. **All directors shall clearly express their opposition when they consider any proposed decision submitted to the Board to be contrary to the company's interests. Independent directors and others not affected by a conflict of interest shall do likewise when the decision in question could prejudice shareholders not represented on the Board.**

    When the Board adopts significant or reiterated decisions about which a director has expressed serious reservations, he shall draw the pertinent conclusions and, if he chooses to resign, explain his motives in the letter referred to in the following recommendation.

    This Recommendation shall also apply to the Secretary to the Board, whether a board member or not.

    Complies

34. **Any director who resigns or otherwise leaves his post before the end of his tenure shall explain his motives in a letter addressed to all of the members of the Board. Regardless of whether the resignation is disclosed as relevant information, the reasons therefore shall be set forth in the Annual Corporate Governance Report.**

    See section: B.1.5

    Not applicable

35. **The remuneration policy approved by the Board shall as a minimum include the following points:**

a) **Amount of fixed sums, detailing, if applicable, allowances for participating on the Board and its committees, and an estimate of the resulting annual fixed remuneration;**
b) **Variable remuneration, including in particular:**
   i) **The type of directorships to which it applies, as well as an explanation of the relative weight of variable remuneration vis-à-vis fixed remuneration.**
   ii) **Criteria for evaluating performance on which the right to perceive remuneration in shares, stock options or other variable compensation is based;**
   iii) **Parameters and justification for any annual bonus system or other non-cash benefits; and**
   iv) **An estimate of the total amount of variable remuneration in the proposed remuneration plan, based on performance or fulfillment of the objectives taken as a reference.**
c) **Principal characteristics of any benefits systems (such as supplementary pensions, life insurance and similar arrangements) with an estimate of their equivalent annual cost.**
d) **Conditions that must be respected in the contracts of those exercising senior management duties such as executive directors, among which should be included:**
   i) **the duration;**
   ii) **terms for notices of termination; and**
   iii) **any other clauses covering hiring bonuses, as well as compensation or golden parachutes in the event of early termination of the executive director's contractual relationship with the company.**

See section: B.1.15

Complies

36. **Any remuneration that includes stock in the company or group companies, stock options or instruments pegged to stock prices, variable retribution linked to company performance or benefit plans shall be limited to executive directors.**
This recommendation shall not include delivery of stock when it is contingent upon the directors' holding the stock until the end of their tenure as director.

See sections: A.3 , B.1.3

Explain

About 40% of remuneration paid to directors for their membership of the board is satisfied in shares of PRISA.

37. **Remuneration of external directors shall be sufficient to compensate them for their commitment, qualifications and the responsibility that the post entails, but not so high as to compromise their independence.**

Complies

38. **Remuneration linked to company performance shall take into account any possible qualifications stated in the external auditor's Audit Report that may reduce those results.**

Explain

This hypothesis has not been considered.

39. **In the case of variable remuneration, remuneration policies shall include precise technical safeguards to ensure that that remuneration actually reflects the professional performance of the beneficiaries and is not simply derived from the general evolution of the markets or the company's sector of activities or other similar circumstances.**

Complies

40. **As a separate item on the agenda, the Board shall submit to a non-binding vote at the Annual Shareholders Meeting a report on the remuneration policy for directors. That report shall be made available to shareholders, either separately or in any other form the company considers appropriate.**
The report shall focus specifically on the remuneration policy approved by the Board for the current year as well as, if applicable, the policy for future years. It shall include all matters addressed in Recommendation 35, except those which would require the disclosure of sensitive commercial information. It shall underscore the most significant changes in the policies applied during the past year for which a shareholders meeting was held, and shall likewise include an overall summary of how the remuneration policy was applied over the last year.

The Board shall also review the role played by the Remuneration Committee in the preparation of the remuneration policy and, if external advice was sought, disclose the identity of the consultants who provided that advice.

See section: B.1.16

Partially complies

The Board of Directors has been submitting its annual remuneration policy for the Board of Directors and management team to the shareholders for their approval at the Annual Shareholders Meeting, as an integral part of the Management Report submitted with the annual accounts), in accordance with the Recommendation of the European Commission of December 14, 2004 concerning promoting an adequate remuneration system for directors of listed companies.

Following the entry into force of the Sustainable Economy Act that adds an Article 61 ter of the Securities Market Act, regulating the new regime of annual report on the remuneration of directors, the Company, at the next annual meeting of shareholders, will disseminate and submit to a non-binding vote as a separate item on the agenda, the remuneration policy report for the year 2012.

41. The Annual Report shall itemize the individual remuneration of the director for the year and include:

a) An individualized breakdown of each director's remuneration, including, if applicable:

i) Allowances for attending meetings or other fixed remuneration as director;

ii) Additional remuneration for chairing or serving as a member of a board committee;

iii) Any remuneration that includes a share in profits or bonuses, and the reasons why it was awarded;

iv) Contributions on behalf of the director to defined-contribution pension plans; or any increase in the director's vested rights with respect to defined-benefit schemes;

v) Any compensation agreed or paid in the event of termination of his duties;

vi) Remuneration perceived as director from other group companies;

vii) Remuneration of executive directors who perform senior management duties;

viii) Any other remuneration in addition to the above, whatever its nature or the group company from which it originates, especially when it may be considered a related-party transaction or when its omission would distort the fair view of the total remuneration received by the director.

b) An individualized breakdown of any stock, stock option or any other instrument pegged to share prices granted directors, including:

i) The number of shares or options granted during the year, and the conditions for exercising them;

ii) The number of options exercised during the year, indicating the number of shares affected and the exercise price;

iii) The number of shares pending exercise at the end of the year, indicating the price, date and other requirements for exercising them;

iv) Any change during the year in the conditions for exercising options already granted.

c) Information concerning the relationship during the past year between the remuneration obtained by executive directors and profits, or other means for measuring the company's performance.

Partially Complies

The company will approve an annual remuneration policy for the year 2012 in accordance with the provisions of the Sustainable Economy Act.

42. When there is a Delegated or Executive Committee (hereinafter, the "Delegated Committee"), its structure and composition with respect to the different categories of directors shall be similar to the Board's, and its secretary shall be the Secretary to the Board.

See sections: B.2.1 and B.2.6

Partially Complies

(Free translation from the original in Spanish language)

The Secretary of the Delegated Committee is the same as the Board of Directors. However, the composition of the Delegated Committee is not similar to that of the Board of Directors, as explained in section B.2.6 of this report

43. The Board shall always be informed of the matters discussed and decisions adopted by the Delegated Committee and all board members shall receive a copy of the minutes of the meeting of the Delegated Committee.

Complies

44. In addition to the Audit Committee provided for in the Securities Market Law, the Board of Directors shall form one or two separate committees for appointments and remuneration.

The rules governing the composition and operations of the Audit Committee or the Nominations and Compensations Committee (or committees) shall be included in the Board of Directors Regulation and stipulate the following:

a) The Board shall designate the members of those committees, taking into account the knowledge, skills and experience of the directors and members of each committee; shall deliberate on their proposals and opinions; and the committees shall report on their activities and work at the first full board session following their meetings;

b) These committees shall be composed exclusively of a minimum of three external directors. The foregoing is without prejudice to the fact that executive directors or senior managers may attend committee meetings when expressly agreed by the committee members.

c) The committees shall be chaired by independent directors.

d) Committees may seek external advice when it is deemed necessary for the performance of their duties.

e) Minutes shall be taken of committee meetings, and copies thereof shall be sent to all board members.

See sections: B.2.1 y B.2.3

Complies

45. Supervision of compliance with internal codes of conduct and rules of corporate governance shall be vested in the Audit Committee, or if there is a separate committee, in the Corporate Governance Committee.

Complies

46. The members of the Audit Committee and especially its chairman shall be appointed taking into account their knowledge and experience in the area of accounting, audits and risk management.

Complies

47. **Listed companies shall have an internal audit department which, under the supervision of the Audit Committee shall ensure the proper functioning of internal information and control systems.**

Complies

48. **The person in charge of the internal audit shall present to the Audit Committee his/her annual work plan; inform the committee directly of any incidents that may arise when conducting the audit; and shall submit a report of its activities at the end of each financial year.**

Complies

49. **The risk management and control policy shall identify at least the following:**

    a) **Different types of risks (operational, technological, financial, legal, reputational ...) which the company may encounter, including among the financial or economic risks contingent liabilities and off-balance sheet risks;**
    b) **Establishing the level of risk that the company deems acceptable;**
    c) **Measures to mitigate the impact of identified risks, in the event they materialize;**
    d) **Information and internal control systems to be used to control and manage those risks, including contingent liabilities and off-balance sheet risks.**

See section: D

Complies

50. **The Audit Committee shall:**

    1 With respect to information and internal control systems:

    a) **Supervise the preparation and integrity of the company's, and if applicable, the group's financial information, monitoring compliance with regulatory requirements, the appropriate composition of the consolidation perimeter and the correct application of accounting rules**
    b) **Periodically review internal control and risk management systems, so that the main risks are adequately identified, managed and reported.**
    c) **Ensure the independence and accuracy of the operations of the internal audit department; propose the selection, appointment, reelection and removal of the head of the internal audit department; receive periodic information concerning audit activities; and verify that senior managers take into account the conclusions and recommendations contained its reports.**
    d) **Set up and supervise a mechanism whereby employees may confidentially and, if deemed appropriate, anonymously notify the company of any potentially relevant irregularities within the company of which they may be aware, particularly financial or accounting irregularities.**

    2 With regard to the external auditor:

a) **Submit to the Board of Directors proposals for the selection, appointment, reelection and substitution of the external auditor, as well as the conditions of the auditor's contract.**
b) **Receive regularly from the external auditor information concerning the audit plan and the results of its application, and verify that senior managers take its recommendations into account.**
c) **Ensure the independence of the external auditor, and in that regard ensure that:**
   i) **The company discloses to the National Securities Market Commission as an announcement of relevant information any change of auditor and attaches a declaration with respect to any discrepancies with the former auditor, if applicable, and the nature of those discrepancies.**
   ii) **Measures are be taken to ensure that the company and the auditor abide by regulations concerning the provision of services other than auditing services, limits on the concentration of the auditor's business and, in general, all other rules designed to ensure the auditor's independence;**
   iii) **In the event of the resignation of the external auditor, the circumstances motivating that resignation shall be examined.**
d) **In the case of groups, encourage the group's auditor to assume responsibility for auditing group companies.**

See sections: B.1.35, B.2.2, B.2.3 y D.3

Complies

51. **The Audit Committee shall be able to meet with any employee or manager of the company, and may even require that they appear without the presence of another manager.**

Complies

52. **The Audit Committee shall issue an opinion to the Board before the Board adopts any decisions concerning the following matters listed in Recommendation 8:**

a) **Financial information that a listed company must disclose periodically. The committee shall ensure that the interim accounts are prepared using the same accounting criteria as the annual accounts and, to that end, consider a limited review by the external auditor.**
b) **The creation or acquisition of interests in special-purpose entities or those domiciled in countries or territories considered tax havens, as well as any other similar transactions or operations, which due to their complexity may impair the group's transparency.**
c) **Related-party transactions, unless the function of issuing an advisory opinion has been attributed to another supervision and control committee.**

See sections: B.2.2 and B.2.3

Complies

(Free translation from the original in Spanish language)

53. **The Board of Directors shall endeavor to present the accounts at the Shareholders Meeting without reservations or qualifications in the audit report and, in exceptional circumstances where they exist, both the Chairman of the Audit Committee and the auditors shall clearly explain to the shareholders the content and scope of those reservations or qualifications.**
See section: B.1.38

Complies

54. **The majority of the members of the Nominations Committee (or the Nominations and Compensations Committee, if they form a single committee) shall be independent directors.**
See section: B.2.1

Explain

Two members of the Nomination and Compensation Committee are independent directors (its chairman, Mr. Gregorio Marañón y Bertrán de Lis and a member, Mr. Harry Sloan), and the other two (Mr. Diego Hidalgo Schnur and Mr. Borja Pérez Arauna) represent significant shareholdings, since the presence of such representatives is deemed essential on this committee.

55. **In addition to the functions indicated in the preceding Recommendations, the Nominations Committee shall perform the following:**

    a) **Evaluate the skills, knowledge and experience needed on the Board, and in consequence define the functions and aptitudes required of the candidates to fill each vacancy, and evaluate the time and devotion required to enable them to properly perform their duties.**
    b) **Examine and organize in the manner deemed appropriate the succession to the Chairman and Chief Executive and, if warranted, make proposals to the Board, so that succession may take place in a ordered and well-planned manner.**
    c) **Issue opinions concerning the appointments and removal of senior managers that the Chief Executive proposes to the Board.**
    d) **Issue opinions to the Board concerning matters of gender diversity set forth in Recommendation 14 of the Code.**

See section: B.2.3

Complies

56. **The Nominations Committee shall consult the Chairman and the Chief Executive, especially with regard to matters concerning executive directors.**
Any director may ask the Nominations Committee to consider potential candidates to cover vacant directorships considered to meet the required profile.

Complies

57. **In addition to the functions indicated in the preceding Recommendations, the Compensations Committee shall have the following duties:**
    a) **To propose to the Board of Directors:**

i) The remuneration policy for directors and senior management;
ii) The individual remuneration of executive directors and the other conditions of their contracts.
iii) The standard conditions of the contracts of senior managers.

b) To ensure that the company's remuneration policy is observed.

See sections: B.1.14, B.2.3

Complies

58. The Compensations Committee shall consult with the Chairman and Chief Executive, especially with regard to matters concerning directors and senior managers.

Complies

G. OTHER INFORMATION OF INTEREST

If you believe there are relevant principles or aspects concerning the corporate governance practices applied by your company that have not been presented in this report, please identify and explain their content below.

-With regard to **Section A.1** of this report it should be underscored that:

i) The Extraordinary Shareholders Meeting held on November 27, 2010, passed the following capital increase resolutions:

- Capital increase by issuance of 241,049,050 Class A ordinary shares, issued in exchange for a cash consideration with preemption rights implemented through warrants (the Warrants). PRISA Warrants quote on the platform of the Spanish Stock Warrants, the Warrants have Prisa Class A shares as underlying titles, their exercise price amounts 2 euros and they may be exercised on a monthly basis for 42 windows (up to the date of their expiration on June 5, 2014).
  Over the course of the 2011 financial year implementation of the capital increase corresponding to windows 1 to 12 for exercise of PRISA Warrants was documented in public deeds. The exercise of Warrants over the course of 2011 resulted in subscription of an equivalent number of newly-issued Class A common shares.

- 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, which was subscribed 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).
  Over the course of the 2011 financial year, exercise of the right of conversion of holders of a number of Class B shares equivalent to the number of Class A shares was documented in public deeds.

ii) The shareholdings in PRISA at December 31, 2011, were as stated in section A.1 of this Report. It is nonetheless noted that capital was changed after that date

In particular it is noted that, on December 30, 2011, OTNAS INVERSIONES, S.L. (OTNAS) notified PRISA of exercise of 75,000,000 Warrants, in an amount of 150,000,000 euros. OTNAS is a company indirectly owned by RUCANDIO, S.A. through TIMON, S.A., ASGARD INVERSIONES, S.L.U, PROMOTORA DE PUBLICACIONES, S.L. and the PRISA Shareholders Agreement (notified to the CNMV on December 23, 2011, and referred to in section A.6 of this Report) to the extent of 83.58%, by BERGGRUEN ACQUISITION HOLDINGS to the extent of 8.21%, and by Mr. Martin Franklin to the extent of 8.21%. That transaction was formalized on January 3, 2012.

iii) The indicated date of amendment (12/29/2011) is the date of inscription in the Commercial Registry of the last deed modifying capital during the 2011 financial year.

iv) Class B shares are non- voting convertible shares that will be entitled to receive a minimum dividend per share of 0.175 euros per annum, from the date of their issue, and that will be governed as expressly provided in articles 6 and 8 of the Articles of Association and in accordance with articles 98 and following of the Companies Act.

- With regard to **Section A.2** of this report it should be underscored that:

i) The reported significant holdings are those that as per December 31, 2011 had been disclosed by their holders to the CNMV.

ii) The declared indirect interest of Rucandio, S.A. (148,859,840 voting rights) at December 31, 2011, was through Promotora de Publicaciones, S.L., Timón, S.A., Asgard Inversiones, S.A., Rucandio Inversiones SICAV .Furthermore it included 17,661,604 voting rights of the Company subject to the Prisa Shareholders Agreement signed on December 22, 2011 (in which Rucandio indirectly holdes the mayority of votes), which is described under heading A.6 in this Report.

After various corporate transactions and the exercise of 75,000,000 warrants by OTNAS (formalized on January 3, 2012), the indirect interest of Rucandio, S.A. at the date of approval of this report (221,591,841voting rights), as declared to the CNMV, is through: Promotora de Publicaciones, S.L., Timón, S.A., Asgard Inversiones, S.A., Rucandio Inversiones SICAV, OTNAS INVERSIONES, S.L. and the Prisa Shareholders Agreement.

iii) BH Stores IV, B.V. is a subsidiary of Berggruen Holdings LTD, a 100% subsidiary of Nicolas Berggruen Charitable Trust. The ultimate beneficiary of the shares of BH Stores IV, B.V. is Nicolas Berggruen Charitable Trust. Mr. Nicolás Berggruen is a member of the Board of Directors of Berggruen Holdings. Likewise it is underscored that the 16,719,416 voting rights declared by BH Stores are represented by 4,179,854 ADR´s representing Class A ordinary shares.

iv) Bank of America Corporation declared that of the 13,482,068 voting rights held by this company, 2,632,068 are ordinary Class A shares and 10,850,000 are ADSs representing ordinary Class A shares.

v) The most significant changes in the shareholding structure during the financial year are those declared by the owners of the shares to the CNMV at December 31, 2011. Also, regarding Rucandio, S.A, it is noted that the 35% decrease in the shareholding occurred by reason of "subsequent updating by reason of a change in the number of voting rights of the issuer".

vi) On the CNMV website there are two declarations of Fil Limited, whereby it gives notice that on 5/24/2011 it came to hold more than 1% of the capital of PRISA, and on 8/9/2011 its interest decreased below 1% of that capital. Those declarations cannot be introduced into section A.2 of the ACGR because the CNMV form does not allow entry of transactions implying a change to more or less than 1% of capital.

- With regard to **Section A.3** of this report it should be underscored that:

i) Of the 67,893 voting rights reclared by Mr Harry Sloan, 50,000 are represented by wat of 12,500 ADR´s represeting Class A shares of PRISA. Likewise, and as indicated above, the indirect voting rights declared by Mr. Nicolás Berggruen (16,719,416) and which direct holder is BH Stores IV, B.V, are represented by way of 4,179,854 ADRs representing Class A shares of PRISA.

ii) "The rights on shares of the company" consist of the following:

- Preemption rights documented in the form of warrants: The rights declared by the following directors are treated as warrants: Ignacio Polanco Moreno, Juan Luis Cebrián Echarri, Agnes Noguera Borel, Borja Pérez Arauna, Diego Hidalgo Schnur, Gregorio Marañón y Bertrán de Lis, Matías Cortés Dominguez, Juan Arena de la Mora and Manuel Polanco Moreno.

- ADSs representing class B shares: at December 31, 2011, Mr. Nicolas Berggruen was the indirect owner (through BH Stores IV, B.V.) of 33,438,840 class B shares of Prisa (documented by way of 8,359,710 ADSs representing those shares). Similarly, on that date Mr. Martin Franklin was the direct owner of 20,314,092 class B shares of Prisa (documented by way of 5,078,573 ADSs representing those shares). The aforesaid ADSs are declared as "rights on shares of the company" in accordance with the instructions in CNMV Circular 4/2007, which provides that "*to be indicated under Number of Option Rights is ultimate possession of voting rights attributed to the shares by reason of the financial instrument embodying the right or obligation to acquire or transfer in accordance with Royal Decree 1362/2007*". The holders of ADSs representing class B may ask that the custodian thereof (Citibank NA) directly deliver the corresponding class B shares. In turn, each class B share may be converted into a common Class A share (those being the shares having voting rights), at any time, in the discretion of the holder.

-With regard to **Section A.6** of this report it should be underscored that:

i) The information regarding shareholders agreements was declared to the CNMV in material disclosures 155,690 and 155,942, dated December 23 and December 30, 2011, respectively.

ii) Shareholder Agreement in Rucandio, S.A.
On December 23, 2003 in a private document Mr. Ignacio Polanco Moreno, Ms. Isabel Polanco Moreno–deceased- (whose children have succeeded to her position in this agreement), Mr. Manuel Polanco Moreno, Ms. Mª Jesús Polanco Moreno and their now deceased father Mr. Jesús de Polanco Gutiérrez and mother Ms. Isabel Moreno Puncel signed a Family Protocol, to which a Shareholder Syndicate Agreement was annexed concerning shares in Rucandio, S.A. and whose object is to preclude the entry of third parties outside the Polanco Family in Rucandio, S.A. in the following terms: (i) the syndicated shareholders and directors must meet prior to any shareholder or board meeting to determine how they will vote their syndicated shares, and are obliged to vote together at shareholder meetings in the manner determined by the syndicated shareholders; (ii) if an express agreement is not achieved among the syndicated shareholders with respect to any of the proposals made at a shareholder meeting, it will be understood that sufficient agreement does not exist to bind the syndicate and, in consequence, each syndicated shareholder may freely cast his vote; (iii) members of the syndicate are obliged to attend syndicate meetings personally or to grant proxy to a person determined by the syndicate, unless the syndicate expressly agrees otherwise, and to vote in accordance with the instructions determined by the syndicate, as well as to refrain from exercising any rights individually unless they have been previously discussed and agreed at a meeting of the syndicate.; (iv) members of the syndicate are precluded from transferring or otherwise disposing of shares in Rucandio, S.A until 10 years following the death of Mr. Jesús de Polanco Gutiérrez, requiring in any case the consensus of all shareholders for any type of transfer to

a third party. An exception to the aforementioned term can be made upon the unanimous agreement of the shareholders. This limitation likewise applied specifically to the shares that Rucandio, S.A. holds directly or indirectly in Promotora de Informaciones, S.A.

<u>iii) Shareholder Agreement in Promotora de Publicaciones, S.L.:</u>
The shareholders agreement was signed on May 21, 1992 and in a notarial document certified by Madrid Notary Public Mr. Jose Aristonico Sanchez, Timon S.A. and a group of shareholders of Promotora de Informaciones, S.A. entered into an agreement to govern the contribution of their shares in that company to Promotora de Publicaciones, S.L. (hereinafter, "Propu") and their participation therein. Basically, the undertakings set forth in that agreement are as follows: a) each majority shareholder shall have at least one representative on the Board of Directors of Prisa and, to the extent possible, the governing body of Propu shall have the same composition as Prisa's; b) Propu shares to be voted at Prisa's General Shareholders Meetings will be previously determined by the majority members. Propu members who are likewise members of Prisa's Board of Directors shall vote in the same manner, following instructions from the majority shareholders; c) in the event that Timon, S.A. sells its holdings in Propu, the remaining majority shareholders shall have the right to sell their holdings in Propu on the same terms to the same buyer, to the extent that the foregoing is possible.

<u>iv) Agreement of shareholders of Promotora de Informaciones S.A. (PRISA):</u>
Regarding the Propu Shareholders Agreement referred to in the preceding section, that company agreed to implement the "Reversion Plan" pursuant to which its shareholders were offered the possibility of direct ownership of PRISA shares. This transaction was structured in the form of a reduction of capital, for which purpose PROPU acquired some of its own shares, in exchange delivering shares and warrants of PRISA to the shareholders that had so decided, in the proportion corresponding thereto based on their interests in capital.

On December 22, 2011, before Madrid notary Mr. Rodrigo Tena Arregui, a Shareholders Agreement was signed by PROPU, TIMÓN, S.A. and ASGARD INVERSIONES, S.L.U. (all of them controlled by RUCANDIO), together with those other individuals and legal persons that, to that date having been shareholders of PROPU, had maintained the syndication agreement pursuant to which: (i) without amending the content of principal terms of the existing agreement of shareholders of PROPU, the legal relationships under the agreement of shareholders of PROPU were adjusted to the fact that the concerted controlling interest in PRISA was held directly and (ii) its term was reduced to September 30, 2014, otherwise maintaining the same terms as in the existing agreement of shareholders of PROPU, in such manner that RUCANDIO would continue to hold its controlling interest in PRISA.

v) The concerted actions known to the Company are the shareholders agreements described above.

- With regard to **Section A.10** of this report it should be underscored that ordinary Class A shares don´t have any restriction on the exercise of voting rights. Convertible Class B shares are non-voting shares as provided in articles 6 and 8 of the Bylaws and in Law.

-With regard to **Section B.1.2** of this report it should be underscored that:

i) First appointment of Mr. Ignacio Polanco Moreno as Chairman of the Board of Directors was 23 July 2007;

ii) First appointment of Mr. Juan Luis Cebrian Echarri as Chief Executive Officer was 20 Oct 88;

iii) Mr Fernando Abril-Martorell is Deputy CEO since June 24, 2011

- With regard to **Section B.1.3** of this report it should be underscored that:

i) Although the report indicates that it was the Nomination and Compensation Committee that proposed the appointments, in fact it was the former Corporate Governance, Nomination and Compensation Committee (which was split into two separate committees, one of Corporate Governance and another of Nomination and Compensation upon amendment of the Bylaws and the Board Regulation by various resolutions of the meeting and the board on June 24, 2011) that so decided.

ii) Likewise, the Committee did not "propose" the appointment of the directors that are not qualified as independent, but rather issued a "favorable opinion" concerning those appointments, pursuant to the provisions of the Board of Directors Regulation.

iii) When Mr. Martin Franklin was appointed as a proprietary director at the shareholders meeting held on November 27, 2010, it was done on the initiative of Marlin Equities III LLC, at that date a shareholder of the company.

iv) Mr.Manuel Polanco is an external director representing significant shareholdins having been appointed by Timón, S.A and, likewise, is an executive director.

- With regard to **section B.1.8.** of this report it should be underscored that Company director Ms. Agnès Noguera Borel holds the following posts on the boards of directors of the following companies:

i) Bodegas Riojanas, S.A.: representing the director Luxury Liberty, S.A.
ii) Adolfo Domínguez, S.A.: representing the director Luxury Liberty, S.A.
iii) Compañía Levantina de Edificación y Obras Públicas: representing the director Libertas 7, S.A.

- With regard to **section B.1.11** of this report it should be underscored the following:

i) <u>Compensation system of the CEO and Chairman of the Delegated Committee D. Juan Luis Cebrian Echarri</u>

During years 2009 and 2010 the company faced a process of changing its capital structure and refinancing of its financial debt. Under the restructuring of its capital, the Company's negotiated with Liberty Acquisition Holdings (Liberty), which was a SPAC (Special Purpose Acquisition Company), the incorporation into its capital. This transaction was finally approved by the Shareholders Assembly of Shareholders of PRISA on November 27, 2010. As a condition precedent for the effectiveness of this transaction, PRISA and Liberty had agreed the necessary continuity of the CEO, Mr. Juan Luis Cebrian Echarri, for a minimum period of three years, conditioning the effectiveness of the transaction to his continuity and to the execution of a contract between Mr. Cebrian and PRISA, in terms satisfactory for both parties. This information was published in the Form F-4 filed in May 2010 with the SEC - and subsequent update-, and in the Prospectus approved by the CNMV on 26 November 2010.

The contract between Mr. Cebrian and PRISA was signed in October 2010, with the favorable report from the Corporate Governance, Nominating and Compensation Committee and approval by the Board of Directors of PRISA. The Committee had the advice of the consulting firm Spencer Stuart.

Mr. Cebrian's contract with PRISA provides a fixed annual payment in cash and a variable annual compensation in cash. It also includes the delivery of shares of the Company, by a variable amount, as a substitute of the Long Term Incentive, which does not apply to the CEO due to the limitation to three years.

Additionally, the contract of Mr. Cebrian with PRISA provided for some extraordinary compensations to pay his activity during latest years, in the process of restructuring and refinancing of the Company and his commitment to stay during the period specified above. These amounts are non-recurring or periodic –payable at one time-, are dependent on the success of the transaction with Liberty and collected in 2010 and 2011. According to Spencer Stuart report, these extraordinary compensations are assimilated as social benefits given by other Companies to their top executives, such as pension plans, etc.., which PRISA does not address. Such remunerations are detailed below.

ii) Compensations accrued by the CEO and Chairman of the Delegated Committee D. Juan Luis Cebrian Echarri

The tables of section B.1.11 detail the remuneration accrued and/or perceived by the CEO in 2011, under the conditions of his employment contract, which has been described in the preceding paragraphs.

iii) Breakdown of compensations paid to the Board members in 2011 but accrued in other years.

As indicated above, during years 2009 and 2010 the company faced a process of changing its capital structure and refinancing of its financial debt and due to the same and within the framework of the agreement with Liberty, the Company and Mr. Cebrián signed a contract which, in addition to the ordinary compensation system, provided for some extraordinary compensations to pay his activity during latest years in the process of restructuring and refinancing of the Company and his commitment to stay for a period of three years. These amounts are non-recurring or periodic – payable at one time-, and were conditioned to the success of the transaction with Liberty and were perceived in 2010 and 2011.

In that regard, during year 2011, CEO has received the amount of 1,200,000 euros in cash as extra compensation for the result of the recapitalization and refinancing of the Company. Also during the year 2011, the CEO has received EUR 5,014,286 by delivery of shares (1,350,000 shares), according to a reference value of 2.08 euros/share. This extra compensation is linked to the success of the recapitalization of Company, previously described, and was communicated to the CNMV at the time of delivery, being also reported in the financial information of the first half of 2011.

During 2011 the Chief Executive Officer has received the amount of EUR 1,706,666, by delivery of 440,486 shares of PRISA, for his commitment to continue at the Company for a period of three years, according to the contract signed with Prisa in October 2010 as part of restructuring and corporate recapitalization. The tables of section B.1.11 include the amount attributable to 2011, that corresponds to 220,242 shares. The total amount of shares delivered to the CEO due to this item is 660,728 shares, according to a reference value of 2.17 euros/share. This extraordinary compensation was also communicated to the CNMV at the time of delivery, being also reported in the financial information of the first half of 2011.

Finally, during the year 2011 the CEO has received in cash the amount of 300,000 euros, according to his previous contractual relationship with the Company.

iv) The percentage that the total directors' remuneration represent on the profits attributed to the parent company is calculated (as in the Corporate Governance Reports from previous years) on the outcome of the consolidated group, that in the year 2011 did not have profits.

- With regard to **section B.1.12** of this report it should be underscored that senior managers are those who report directly to the chief executive (members of the Management and Business

Committee who are not directors) as well as the Internal Audit Manager of Promotora de Informaciones, S.A.

-With regard to **Section B.1.13** of this report it should be underscored that:

i) The 11 beneficiaries are part of the management team (3 Directors and 8 members of senior management).

ii) The body that has authorized ironclad or golden handshake clauses was the Corporate Governance, Nomination and Compensation Committee.

- With regard to **Section B.1.15** of this report it should be underscored that as per December 31, 2011 there is no benefits system for members of the Board of Directors or senior managers.

- With regard to **Section B.1.16** of this report it should be underscored that the Board of Directors had been submitting the annual remuneration policy for the Board of Directors and management team to the shareholders for their approval at the Annual Shareholders Meeting, as an integral part of the Management Report submitted with the annual accounts (and not as a separate non-binding item on the agenda), in accordance with the Recommendation of the European Commission of December 14, 2004 concerning promoting an adequate remuneration system for directors of listed companies. Following the entry into force of the Sustainable Economy Act that adds an Article 61 ter of the Securities Market Act, regulating the new regime of annual report on the remuneration of directors, the Company, at the next annual meeting of shareholders, will disseminate and submit to a non-binding vote as a separate item on the agenda, the remuneration policy report for the year 2012.

- For purposes of **Section B.1.29** of this Report it is noted that until June 24, 2011, the company had a Corporate Governance, Nomination and Compensation Committee that, from that date, was split into two separate committees: a Nomination and Compensation Committee and a Corporate Governance Committee.

Regarding the number of meetings indicated for the Nomination and Compensation Committee (six), five of them correspond to the former Corporate Governance, Nomination and Compensation Committee, and one of them corresponds to the current Nomination and Compensation Committee. In addition, the Corporate Governance Committee has met three times in 2011.

- With regard to **Section B.1.40** of this report and by virtue of article 229 of Companies Act, it should be underscored that:

i) Director Mr. Juan Luis Cebrián's offspring, holds the position of Manager of the film area in Television Española (Corporación RTVE. Radio Televisión Española).

ii) Director Mr. Alain Minc's offspring holds the position of Editor of Versión Femina, within Lagardére Group.

iii) Director Mr. Nicolas Berggruen, indirectly through its company Berggruen Holding LTD holds a 45% share of LeYa, a holding company of an editorial group which comprises Brazilian, Portuguese and African editorial companies.

- With regard to **Section C.1** of this report it should be underscored that in accordance with the provisions of the Board of Directors Regulation, related-party transactions will be submitted to the Board of Directors for approval (and for reasons of urgency may be approved by the Delegated Committee) under the following terms:

i) Direct or indirect professional or commercial transactions of directors (or of persons related to them if they involve operations in excess of 60,000 euro) with the Company or any of its subsidiaries must be authorized by the Board of Directors, after it has considered the opinion of the Corporate Governance Committee. Transactions carried out by persons related to directors and which do not exceed 60,000 euro must be authorized by the Corporate Governance Committee. Authorization of the Board of Directors shall not be required for linked operations that fulfill the following conditions: a) Those involving compliance with standard contract conditions applied extensively to multiple customers; b) Those involving predetermined prices or fees carried out by the suppliers of the goods and services in question; c) Those which amount to less than 1% of the annual income of the person or entity receiving the service.

ii) The Board of Directors formally reserves the right to oversee any Company transaction with a significant shareholder. Under no circumstances shall a transaction be authorized if an opinion of the Corporate Governance Committee assessing the operation from the point of view of market conditions has not been issued. Nevertheless, authorization of the Board of Directors shall not be required for those transactions that fulfill all of the conditions mentioned in the preceding paragraph.

- With regard to **Section C.3** of this report it should be underscored that compensation to Prisa directors and senior management is detailed in Sections B.1.11 and B.1.12 of this report.

Likewise it should be underscored that the following services were rendered during 2011 directly or indirectly by Prisa directors to companies of Grupo Prisa:

i) Legal advice services in the amount of 100,000 euro, rendered by the Director Mr. Gregorio Marañón y Bertrán de Lis to PRISA TELEVISION, S.A.U.

ii) Legal counsel services in a series of proceedings in several jurisdictions (administrative, civil, commercial and arbitral) and legal advice in various matters, rendered by Cortés Abogados y Cía S.R.C, thorough Tescor Profesionales Asociados, S.L.P, to PRISA TELEVISION, S.A.U amounting 4,896,000 euro.

-With regard to **Section C.4** of this report it should be underscored that the financing transactions described under this section, accrued interests, in the 2011 financial year, amounting to 180,000 €. At December 31, 2011, the company Iberbanda, S.A. was not within the scope of consolidation of the PRISA Group.

- With regard to **Sections C.7 and F.2** of this report it should be underscored that PRISA Portuguese subsidiary Grupo Media Capital, S.G.P.S, S.A. is listed on the Portuguese securities market.

- For purposes of **Sections F.22 and F.55** of this Report it is noted that, under the Board of Directors Regulation of the Company, it is within the province of the Corporate Governance Committee (and not the "Nomination Committee" as indicated in the text of recommendations 22 and 55) to: i) present a report to the Board of Directors for evaluation of the functioning and composition of the Board and the performance of their duties by the Chairman of the Board and chief executive of the Company and ii) advise the Board regarding matters of gender diversity.

- With respect to the binding definition of an independent director, the answer states that none of the independent directors has or has had a relationship with the company, its significant shareholders or its management that contravenes the provisions of Section 5 of the Unified Code of Good Governance, since the consulting services provided directly or indirectly by some Prisa directors (see the corresponding description in the observations provided under C.3 in Section G of this Report) does not prejudice the independence of those directors.

(Free translation from the original in Spanish language)

-Lastly, and generally applicable throughout the report, it should be underscored that, the Tax Identification Numbers attributed to the non-Spanish companies are fictitious and were provided as required in this computerized form.

-As stated in the beginning of this section, certain Prisa´s Class A and Class B shares trade on the New York Stock Exchange (NYSE) in the form of American Depositary Shares (ADS).

Therefore Prisa qualifies as a "foreign private issuer" under the rules and regulations set forth by the Securities and Exchange Commission (SEC) and is subject to certain reporting and corporate governance obligations under the Securities Exchange Act of 1934, the Sarbanes-Oxley Act of 2002 and the corporate governance requirements of the NYSE.

Nevertheless, Prisa doesn't prepare an annual corporate governance report other than that required under Orden ECO/3722/2003.

Binding definition of independent director:

Indicate whether any of the independent directors maintains or has maintained any relationship with the company, its significant shareholders or its managers which, had it been sufficiently relevant or important, would have determined that the director could not be considered independent as defined in section 5 of the Unified Code of Good Governance:

NO

This Annual Report on Corporate Governance was approved by the Board of Directors of the Company at its meeting on February 24, 2012.

Indicate whether any directors voted against or abstained in the vote taken to approve this report.

NO

ANNEX TO THE ANNUAL CORPORATE GOVERNANCE REPORT OF PROMOTORA DE INFORMACIONES, S.A. FOR THE 2011 FINANCIAL YEAR.

REPORTING OBLIGATIONS UNDER ARTICLE 61 BIS OF THE SECURITIES MARKET ACT (IN THE DRAFT GIVEN BY SUSTAINABLE ECONOMY ACT 2/2011)

Sustainable Economy Act 2/2011 amended Securities Market Act 24/1988 by introducing, inter alia, a new article 61 bis on the dissemination and content of the annual corporate governance report (ACGR). Pursuant to that rule, the ACGR must contain information regarding certain matters, which have no place in the ACGR form approved by CNMV Circular 4/2007 of December 27, 2007, currently in effect.

As a result, this Annex is prepared to comply with the reporting obligations set forth in that rule, as indicated in the CNMV notice of December 28, 2011, regarding the Annual Corporate Governance Report and Directors' Compensation Report. It includes the information contemplated in Act 2/2011 that is not covered by the aforesaid CNMV form.

a) Structure of ownership of the company:

Information regarding the shareholders with significant interests, indicating the percentage interests and the family, commercial, contractual or corporate relationships existing among them, as well as their representation on the board:

That information is included in chapter A (Structure of Ownership) of the ACGR and, further, as regards representation on the Board of shareholders with significant interests, in section B.1.3.

Information regarding the shareholdings of members of the board of directors that must be disclosed to the company, and regarding the existence of shareholders agreements disclosed to the company itself and to the CNMV, and, if applicable, deposited with the Commercial Registry.

That information is included in sections A.3 and A.6 of the ACGR.

Information regarding securities that are not traded on a Community regulated market, if applicable indicating the various classes of shares and, for each class of shares, the rights and obligations conferred thereby, as well as the percentage of capital represented by the company's treasury shares, and significant changes therein.

That information is included in sections A.1 and A.8 of the ACGR.

Also, regarding securities not traded on a Community regulated market, it is noted that the Extraordinary Shareholders Meeting of November 27, 2010, adopted a resolution for increase of capital by way of issuance of 224,855,520 common shares of class A and 402,987,000 convertible non-voting shares of class B, issued against a contribution in kind (the rules for which are explained in section A.1 of the ACGR). These common and convertible shares, in addition to being traded on the Spanish Stock Exchanges, are traded on the New York Stock Exchange as American Depositary Shares (ADS).

The holders of the ADS representing the Class A and Class B shares may request direct delivery of the corresponding class A and class B shares from the custodian thereof (Citibank NA), and their subsequent trading on the Spanish exchanges.

Information regarding the rules applicable to amendment of the company's Bylaws

Amendment of Bylaws is within the authority of the General Shareholders Meeting and must be undertaken in accordance with the provisions of the Companies Act and the Bylaws. Under article 15 bis of the Bylaws, the favorable vote of 75% of the shares entitled to vote, present in person or by proxy at the General Shareholders Meeting, will be required for approval of articles amendments including, inter alia, change of the corporate purpose and increase or reduction of capital, unless those transactions are required by mandate of law.

The Corporate Governance Committee must report on proposals to amend the Bylaws.

b) Any restriction on transferability of securities and any restriction on voting rights.

That information appears in section A.10 of the ACGR.

c) Structure of the company's management:

Information regarding the composition and rules of organization and functioning of the board of directors and its committees

That information appears in chapter B of the ACGR.

Identity and compensation of the members thereof, their functions and positions within the company, their relationships with shareholders with significant interests, indicating the existence of cross-ownership or related directors (consejeros cruzados o vinculados) and the procedures for selection, removal or reelection.

That information appears in chapter B of the ACGR.

Information regarding the powers of the members of the board of directors and, in particular, those related to the possibility of issuing or repurchasing shares

Mr. Manuel Polanco Moreno, Mr. Juan Luis Cebrián Echarri and Mr. Fernando Abril Martorell have been delegated, on a joint and several basis, all of the authority conferred on the Board of Directors by the Bylaws, with the exception of authority that by law cannot be delegated.

Also, Mr. Manuel Polanco Moreno has a power of attorney for the exercise of certain authority.

The powers for the development and implementation of programs for issue and repurchase of shares are given to the Board of Directors, within the context of plans for the issue or repurchase of shares resolved by the General Shareholders Meeting, the following currently being in effect:

- Resolution for the market acquisition of shares of Prisa, adopted by the Extraordinary Shareholders Meeting of November 27, 2010, in effect until December 31, 2013. The shares acquired by the Company or its subsidiaries pursuant to this authorization may be used to facilitate implementation of the "2010-2013 Share/Option Delivery Plan" approved at the same Meeting.

- Resolution for increase of capital in a nominal amount of 24,104,905 euros by issue and circulation of 241,049,050 new shares having a par value of 10 cents on the euro each, with an issue premium of 1.90 euros, to be subscribed and fully paid in against cash contributions, with recognition of the right of preemption, expressly contemplating incomplete subscription, with delegation to the Board of Directors to verify fulfillment of the conditions to which this resolution is subject and redraft article 6 of the Bylaws to adapt the text thereof to the subscriptions made. Preemption rights may be exercised during forty-two (42) monthly windows up to the fourth business day of each calendar month from January, 2011, to June, 2014. This resolution was adopted by the Extraordinary Shareholders Meeting of November 27, 2010.

- Resolution delegating authority to increase capital to the Board of Directors, with delegation to exclude preemption rights, if any, adopted by the General Shareholders Meeting of December 5, 2008, in effect until December, 2013.

- Resolution delegating to the Board of Directors authority to issue fixed income securities, both straight and convertible into newly-issued shares and/or shares exchangeable for outstanding shares of Prisa and other companies, warrants (options to subscribe new shares or acquire outstanding shares of Prisa or other companies), bonds and preferred shares, with delegation of the authority to increase capital by the amount necessary to cover applications for conversion of debentures or exercise of warrants, and to exclude the preemption rights of shareholders and holders of convertible debentures or warrants on newly-issued shares, adopted by the General Shareholders Meeting of December 5, 2008, in effect until December, 2013.

Information regarding significant agreements that have been entered into by the company and become effective, are amended or are terminated in the event of a change of control of the company by reason of a public tender offer, and the effects thereof, except where disclosure thereof would be seriously harmful to the company. This exemption will not apply when the company is legally obligated to publicize this information.

- Shareholders agreement signed by Prisa and Grupo Godó de Comunicación, S.A. (June, 2006).
    - Grupo Godó de Comunicación would have an option to sell all of its interest in Unión Radio, to be exercised during the three following months.

- Shareholders agreement signed by Prisa, Telefónica de Contenidos, S.A. and Gestevisión Telecinco, S.A. (December, 2010)
    - Telefónica de Contenidos, S.A. and Gestevisión Telecinco, S.A. would have an option to purchase all of the interest of Prisa in DTS Distribuidora de Televisión Digital, S.A., to be exercised if there were a change in control.

- Syndicated financing agreement signed by Prisa, HSBC Plc. Sucursal en España (the agent for the syndicated financing) and other financial institutions (May, 2006, and successive innovations).
    - The financing agreements include events of acceleration, among which is change of control of Prisa, which would give the right to demand repayment and cancellation of the lines of credit or a part thereof, subject to rules customary in financings of this kind.

- Financing agreement signed by Prisa and HSBC Plc. Sucursal en España and other financial institutions (December, 2007, and successive novations).
    - The financing agreements include events of acceleration, among which is change of control of Prisa, which would give the right to demand repayment and cancellation of the lines of credit or a part thereof, subject to rules customary in financings of this kind.

Information regarding agreements between the company and its directors and managers or employees who are entitled to indemnification when they resign or are improperly dismissed, or if the employment relationship concludes by reason of a public tender offer

Among the members of the Management Team, there are 11 (3 directors and 8 members of senior management) the contracts of which include a special clause that, in general, contemplates indemnification for improper dismissal in an amount between one and two times their respective total annual compensation (salary + last bonus received).

In addition, another manager of the Company (not a part of the Management Team) has a clause on the same terms as indicated above, in an amount equivalent to one year of total compensation.

d) Related party transactions of the company with its shareholders and directors and managers and intra-group transactions.

That information appears in Chapter C of the ACGR.

e) Risk control systems

That information appears in Chapter D of the ACGR.

f) The functioning of the general meeting, with information regarding the conduct of meetings that are held

That information appears in Chapter E of the ACGR.

g) The degree of compliance with corporate governance recommendations or, if applicable, an explanation of noncompliance with such recommendations

That information appears in Chapter F of the ACGR.

h) A description of the principal characteristics of internal systems for control and management of risks related to the process of issuing financial information.

During fiscal year 2011 the PRISA Group has implemented a system of internal control over financial reporting based on the general framework established by COSO. The methodology used in implementing 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. According to the Sarbanes-Oxley, Prisa must certify for the first time in the fiscal year 2011, the proper functioning of its system of internal control over financial reporting and further the Group's external auditors to give their opinion on the effectiveness of the system control established by the Group.

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 periodic 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 and half-year 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 CEO Deputy 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 Deputy Chief Executive Officer, is responsible for the design, implementation, revision and updating of the Group's organizational structure. The Group's business units have a proper distribution and definition of tasks and functions in the financial areas, which have job descriptions for key roles in the financial area, and clearly defined lines of responsibility and authority areas involved in the preparation of financial information.

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 Grupo Prisa, 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. Also set performance standards requiring that all transactions are accurately and clearly reflect the Group's files and books.

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 shall prepare an annual report on the evaluation and the degree of compliance of the Code of Conduct, which will be communicated to the relevant government bodies Prisa.

Whistleblowing channel

Grupo 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 Grupo Prisa 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 ultimately generate financial information that serves as the basis for preparing consolidated financial statements of Grupo Prisa. 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 has been formally documented with this structure for the first time in the fiscal year 2011, 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. This documentation describes how transactions are initiated, approved, recorded, processed and reported, and from there identify 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 standard or keys.

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 in the fiscal year 2011 has been established a certification process phased model of the effectiveness of internal control over financial reporting. At a first level, the CEOs and CFOs of the business units and companies that are considered significant, confirm 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 Deputy CEO 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. During fiscal year 2011 have been identified the main applications that support critical processes of business and have been analyzed and assessed the controls and procedures associated with them. This analysis of the general system controls shall be performed at least annually.

Information and communication

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.

The Group had implemented control measures to ensure that the data backup of financial information is collected in a complete, accurate and timely basis. There is 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 of financial information.

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, during the fiscal year 2011 internal audit has coordinated and supervised the design and scope of the internal control model over financial reporting of the Group, 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.

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.

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 as of December 31, 2011, in order to record the financial information filed with the Securities and Exchange Commission. At the date of this report, the auditor has not reported to the Audit Committee any material weakness on consolidated basis.

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:

i. 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.

ii. 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.

iii. Monitor the process of preparation and presentation of regulated financial information.

iv. 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.

v. 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.