AUDIT COMMITTEE

ANNUAL REPORT
2011

Madrid, February 2012

(Free translation from the original in Spanish language)
I.- INTRODUCTION

The Audit Committee of PROMOTORA DE INFORMACIONES, S.A. (hereinafter PRISA or GRUPO PRISA where reference to the consolidated Group is made) issues this report to enable the Board of Directors to make available to shareholders information concerning the Committee’s operations and activities during the 2011 financial year.

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

The Committee is governed by the Eighteenth Additional Provision of the Securities Market Law (DA LMV) and, since 2010, also by the American law applicable to companies listed on the American market, particularly the Securities Act, the Securities Exchange Act and the Sarbanes Oxley Act. Likewise, the Committee is governed by Article 21bis of the Company Bylaws and by the Regulation of the Board of Directors of PRISA.

II.- COMPOSITION

The current composition of the Audit Committee is as follows:

Chairman: Mr. D. Juan Arena de la Mora - Independent External Director

Members: Mr. Alain Minc – Independent External Director.
          Ms. Agnes Noguera Borel – External Director (representing a significant shareholding)
          Mr. Emmanuel Román- Independent External Director.

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

The composition of the Committee complies with all legal requirements and with the internal rules of the Company:

Article 21 bis of the Articles of Association contains almost all of the provisions of the DA LMV regarding composition of the Audit Committee, providing that the majority of the Committee is comprised of non-executive Directors, and at

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least one of its members is independent and appointed based on knowledge and experience of accounting or audit matters, or both, and that the Chairman of the Committee is a non-executive director. In addition the DA LMV requires that the members of the Committee have no contractual relationship with the Company other than the status to which they are appointed. Art. 24 of the Board Regulation also requires that adequate representation be given to independent directors and, in addition, if the Company's shares are traded, directly or indirectly, by way of other financial instruments, on the New York Stock Exchange (NYSE), that the composition of the Committee be adapted to the rules established by the legislation of the United States of America and the NYSE.

US legislation (section 10A-3 of the Securities Exchange Act of 1934, in the version given by section 301 of the Sarbanes-Oxley Act, and implementing rules of the NYSE) provide that all members of the Audit Committee must be independent directors (under the independence requirements contemplated in that legislation, which are different from those contemplated in the Spanish system). That legislation does not contemplate proprietary directors.

All members of the PRISA Audit Committee are independent directors for purposes of US legislation

Likewise, the committee’s secretary is the secretary to the Board of Directors, in accordance with the mentioned internal rules.

**III.- FUNCTIONS AND POWERS**

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

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

a) To report at annual shareholders meetings on issues raised by shareholders, pursuant to the provisions of the Law and the Shareholders Meeting Regulation.

b) 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.

c) 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.

d) 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.

e) 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 the Rules of the Board of Directors.

iv. To approve an annual report about the Committee performance and propose to the Board the edition when the Shareholders is called.

Likewise, 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 this claims are presented by Company or its Group employees, this mechanism will be confidential and anonymous.

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

IV.- MEETINGS

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

During 2011 the Committee had met seven times (on January 18, February 17, April 29, June 24, July 29, October 21 and December 16, 2011) and the principal matters discussed were the following:

**Compliance with and adaptation to domestic and international legal requirements deriving from listing on multiple exchanges**

The Committee reviewed the legal requirements deriving from the double listing of the Company’s shares in Spain and the United States of America. In particular it reviewed those related to composition of the Audit Committee,
verifying compliance by all of its members with the Independence standards of Spanish and US federal law.

Also, the Committee reviewed the measures to be adopted to conform its functioning and that of the overall Company to the requirements in Spanish and US rules, specifically those related to Internal Control of Financial Reporting contemplated in the Sustainable Economy Act and in the Sarbanes-Oxley Act (SOX), and in the Securities Act of 1934.

In this regard, after analyzing the proposals received from various top-tier audit firms, the Committee resolved to award the project for adaptation of the internal control system of the Group to the Sarbanes-Oxley Act (SOX) to Ernst & Young.

The degree of adaptation of the internal procedures to SOX was reviewed periodically, and notice was given of the hiring of Ernst & Young to advise on verification of compliance or testing of the defined procedures.

Review of Financial Reporting

Under this point there are two notable matters, the review of the audit of accounts for the 2010 financial year and the preparation of the periodic public reporting for 2011.

Consistent with the practice of this Committee, during the first months of the financial year the outside auditor, which as indicated in this report attended all meetings of the Committee, met with the Committee to provide the preliminary results of its report on the accounts for the 2010 financial year and, within the Audit Committee prior to preparation of the Group accounts, presented its conclusions regarding the audit of the consolidated annual accounts of PRISA for that financial year, the scope of its work being in accordance with Spanish and US rules. The Auditor also attended the meeting held by the Board of Directors to prepare the accounts for the 2010 financial year, reporting on its conclusions.

Regarding the same matter, the Committee had the cooperation of the Auditor and the Management of the Company, in examining and answering the information requests sent by the CNMV regarding clarification of certain specific matters in the annual accounts for the 2010 financial year.

As regards examination of the periodic public reporting (quarterly and semiannual), which the Company disclosed in compliance with the legal requirements, the Committee reviewed it, also assisted by the Auditor, and offered its comments and suggestions.

Finally, during the final months of 2011 the outside auditor also met with the Committee to offer its first analysis of the accounts for the 2011 financial year.
The Committee decided that the consolidated accounts of the Group would be reviewed quarterly by the outside auditor.

**Outside auditor**

**Appointment of Auditor:** As indicated in section 5.1. below, the Committee resolved to propose to the Board the extension of the appointment of the auditor, Deloitte, S.L., for the 2011 fiscal year. The General Meeting of Shareholders approved that proposal.

**Independence of the outside auditor:** The regulatory requirements in this regard have been fulfilled, as reported under heading 5.3 below.

**Prior approval of other professional engagements:** In compliance with section 201 of the Sarbanes-Oxley Act the Committee approved a procedure for processing any proposal for the engagement of the services of the outside auditor, to perform any new work (auditing or consulting) that the Company or any of its subsidiaries wishes to assign to it. In addition, at subsequent meetings of the Committee specific proposals for engaging the services of the Auditor were reviewed and, if applicable, approved.

**Professional fees:** The Committee approved the proposed professional fees of the outside auditor for audit of the annual accounts for the 2010 financial year. The Committee also reviewed the outside auditor's proposed fees for 2011.

**Attendance of outside auditor at meetings of the Board and Committee:** As indicated above, the team responsible for the audit of accounts attended all meetings of the Committee. In addition, the Committee resolved to propose to the Board that the Auditor attend a meeting of the Board of Directors at least once each year.

**Risk control.**

The Committee approved the risk control section of the Corporate Governance Report for the 2010 financial year.

Also, the risk map prepared by the Internal Audit Department was presented, with the Committee analyzing the principal risks detected.

**Internal audit work**

The Internal Audit Manager presented the 2011 Internal Audit Plan to the Committee, and reported at the various meetings held during the year on the degree of progress of the Plan and the results of work undertaken by her department. In addition the methodology for and scope of the internal audit

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projects and the internal audit model within the Group were reviewed. Also, the Internal Audit Manager described the structure of the relationship of corporate internal audit with the business units.

The Committee analyzed the size of Company's staff dedicated to internal audit.

**Other matters**

Whistleblowing: In fulfillment of section 301(4) of the Sarbanes-Oxley Act, the Committee approved the procedure for presentation, receipt, retention and treatment of complaints and claims of employees and/or third parties. The Committee also approved publicity and dissemination of information about this Whistleblowing.

20-F Registration Document: The outside auditor explained its report regarding the 20-F Registration Document prepared by the Company, to be filed with the Securities and Exchange Commission (SEC).

Organizational matters: Certain ideas related to organization and functioning of this Committee were considered, such as the effect of modification of the Board of Directors and its Committees, made by the General Meeting of November 27, 2010.

Report of the Audit Committee: The Audit Committee Report for the 2010 financial year was approved.

**V. EXTERNAL AUDITORS**

5.1. Relations with the External Auditors

The Committee proposed that the Board of Directors extend the appointment of DELOITTE, S.L. as auditors of the accounts of the Company and its Consolidated Group for the term of one year. Based on the Board of Directors’ proposal, the shareholders present at the General Shareholders’ Meeting of PRISA on June 24, 2011 passed a resolution to appoint that firm to audit the financial statements corresponding to the 2011 financial year.

As noted above, the Committee customarily conducts a periodic review of the Company’s and Group’s annual accounts and financial information and the risks this may involve. To this end, during 2011, the team of Deloitte that is in charge of the external audit of the Company and its Consolidated Group for the 2010 and 2011 annual accounts, attended to all meetings held by the Committee, and has reported on the most relevant aspects of the external audit as well as on information requirements submitted by the CNMV in relation to the accounts of 2010, and the periodic public information.
The fees paid in 2011 for DELOITTE, S.L.’s auditing services provided to GRUPO PRISA companies, subsidiaries and other related entities amounted to 2,441,000 euros, of which 482,000 were for services rendered to PRISA. Fees paid to other auditors who participated in the audit of the Group’s companies amounted to 338,000 euros.

The fees for other professional services provided to Group companies by the principal auditors and its associate companies, as well as by other auditors participating in the audits of various Group companies, are the following (in euros 000):

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<tr>
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<th>Principal Auditors</th>
<th>Other Auditors</th>
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<tr>
<td>Other attest services</td>
<td>281</td>
<td>-</td>
</tr>
<tr>
<td>Tax services</td>
<td>405</td>
<td>170</td>
</tr>
<tr>
<td>Other services</td>
<td>407</td>
<td>2,802</td>
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<tr>
<td><strong>Total other professional services</strong></td>
<td><strong>1,902</strong></td>
<td><strong>2,972</strong></td>
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The foregoing information concerning professional fees shall be included in PRISA’s individual annual report and in the consolidated annual report of GRUPO PRISA for the 2011 financial year.

### 5.2. External Audit Reports

**Audit report on the consolidated annual accounts for the 2008, 2009 and 2010 financial years in accordance with PCAOB rules**

During the 2011 financial year Deloitte audited the consolidated financial statements of the Group for the 2008, 2009 and 2010 financial years in accordance with the rules of the US Public Company Oversight Board (PCAOB), for inclusion in form F-20.

In the opinion of the auditor, issued on June 30, 2011, the consolidated financial statements in all material respects presented the financial situation of the Group at December 31, 2009 and 2010, and the results of operations and cash flows for the 2008, 2009 and 2010 financial years in accordance with the International Financial Reporting Standards (IFRS) issued by the IASB.

**Limited review of consolidated short-form interim financial statements at June 30, 2011**

During the 2011 financial year Deloitte undertook a limited review of the summary interim financial statements of the Group at June 30, 2011.
In the opinion of the auditor, issued on July 29, 2011, no matter appeared leading it to conclude that the Group's interim financial statements had not been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 on Interim Financial Reporting.

**2011 Annual Accounts**

During the Committee meeting held on February 22, 2012, the external auditors presented their conclusions concerning the audit of the 2011 annual individual and consolidated accounts of Promotorra de Informacines, S.A. which presents in all material respects, an accurate image of the net worth, financial status and results of operations, the changes in net worth and the cash flows of Prisa and its consolidated group, respectively.

**5.3. Independence of the External Auditor**

In compliance with the Eighteenth Additional Provision of the Securities Market Act (as amended by Law 12/2010 of June 30) and sections f) and g) of Article 24 of the Board of Directors Regulation:

i) The Committee has received from the external auditor written confirmation of its independence, as well as information concerning the fees of the principal auditor and its related entities for professional services rendered to different Grupo Prisa companies (as explained in section 5.1. above), pursuant to the provisions of the Accounts Audit Act;

ii) In view of the foregoing, at its meeting held on February 22, 2012 the Committee issued a report verifying the independence of the external auditors.

**VI. INTERNAL AUDIT**

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

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

a. Evaluating the suitability of internal control systems to increase the effectiveness of procedures to manage and control the risks inherent in Group company activities.
b. Reviewing operations with a view to verifying whether the results achieved meet the established objectives and goals, and to ensure that operations and programs are being implemented and carried out as planned.

c. Obtaining independent opinions and advice concerning the interpretation and application of current accounting legislation and norms.

d. Evaluating the efficiency with which Group resources are used.

e. Reviewing measures to safeguard assets and to verify their existence.

f. Reviewing the feasibility and integrity of the Group companies’ operational and financial information, and the means used to identify, evaluate, classify and disseminate that information.

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

The Annual Internal Auditing Activities Plan reflects the activities that the Internal Auditors plan to carry out during the financial year. The plan, which is included within the multi-year, strategic plan of the function, specifically sets forth the activities and projects to be undertaken, the nature of the tasks involved, and the resources available to the Internal Audit Department.

The most significant projects carried out by the Internal Audit Department during the 2011 financial year include:

a. Coordination and supervision of the design of the internal control model regarding financial reporting of the Prisa Group, based on the general framework established by COSO. Within the scope of this project the internal control and internal and external risks environment of the Group was evaluated, in order to determine the scope of the internal control model to be implemented.

b. Evaluation of the design and functioning of the control activities defined in the internal control model for financial reporting of the Group, in order to certify the effectiveness of the internal control in accordance with the SOX Act.

c. Review of the degree of compliance with the rules for accounting valuation and records established by the PRISA GROUP, and evaluation of the appropriateness and effectiveness of the internal control environment that is operational within the companies in the Santillana

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The Internal Audit Manager attended all of the Committee’s meetings in 2011, specifically informing the Committee about the activities of the Internal Audit Department, the annual internal audit plan and the evolution in the Groups’ risk map and long-term internal audit plan.

VII.- EVALUATION OF THE AUDIT COMMITTEE

Within the framework of the process for evaluation of the Board, contemplated in art. 5 of the Board of Directors Regulation, the members of the Audit Committee evaluated the composition and functioning thereof and reported their conclusions to the Board.