



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

NOMINATIONS AND COMPENSATIONS COMMITTEE

**ANNUAL REPORT
2011**

Madrid, February 2012.

(Free translation from the original in Spanish language)

NOMINATION AND COMPENSATION COMMITTEE ANNUAL REPORT

2011

I.- INTRODUCTION

The General Shareholders Meeting held on June 24, 2011, modified the Bylaws with the intention of strengthening the corporate governance system of the Company, by splitting the Corporate Governance, Nomination and Compensation Committee of the Company (hereinafter the CGCNR) into two separate Committees: one of Corporate Governance, dedicated exclusively to the functions of corporate governance and other of Nomination and Compensation Committee, which maintained the powers relating to the appointments and compensations of directors and members of the management team. The Board of Directors held after such Shareholders Meeting modified the Regulation of the Board of Directors of the Company for its adaptation to the Bylaws amendments.

The current Nomination and Compensation Committee (hereinafter the Committee) is therefore the CGCNR successor on appointments and compensation matters and has also retained the same composition that had the CGCNR. Therefore references made to the Committee throughout this report shall be made either to CGCNR, depending on the dates (before or after June 24, 2011) in which the relevant matter had been dealt with.

The Committee is governed by PRISA Bylaws (article 21 quáter after the amendment approved by the Shareholders Meeting held on June 24, 2011) and by articles 25 and related of the Regulation of the Board of Directors and issues this report concerning its performance during the 2011 financial year, in accordance with the provisions of Article 25. 3.d)i. of the Board of Directors Regulation.

II.- COMPOSITION

After splitting the CGCNR, the Board appointed the members of the Nomination and Compensation Committee which, as already indicated earlier in this report, has retained the same composition that had the CGCNR.

The current composition of the Committee is as follows:

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

Members:

Mr. Diego Hidalgo Schnur – External Director (representing significant shareholdings)

Mr. Borja Pérez Arauna- External Director (representing significant shareholdings)

(Free translation from the original in Spanish language)

Mr. Harry Sloan- External Independent Director

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

Article 21 quáter of the Bylaws set forth that the Nominations and Compensation Committee shall be composed exclusively of external directors and likewise provides that its president shall be an independent director, which are, in fact, the cases.

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

III. ACTIVITIES OF THE COMMITTEE IN 2011

In accordance with the provisions of Article 25 of the Board of Directors Regulation, the Nomination and Compensation Committee has 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 compensation 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 compensation policy set by the Company.

Likewise, the Committee must approve annually a report on its performance and exercise all other powers granted to the Committee in that Regulation.

Since its creation, on June 24, 2011, the Committee met once (on October 20, 2011). However and prior to that date, the former CGCNR had met in more five times during 2011 (on January 20, February 17, March 31, June 7 and June 24, 2011).

The following are the issues discussed during 2011 in subject areas pertaining to this Committee:

a) Regarding the composition of the Board of Directors and Board Committees of PRISA and management bodies of its subsidiaries:

Composition of the Board of Directors and Board Committees of PRISA

The Committee reported favorably on the appointment of Mr. Fernando Abril-Martorell Hernández as executive director of the Company (that was approved by the Shareholders meeting held on June 24, 2011) as well as on his subsequent appointment as Deputy CEO.

Likewise, the Committee reported favorably on the composition of the two committees resulting from the splitting of CGCNR.

Deputy Secretary

The Committee reported favorably on the appointment of Mr. Carlos Ulecia Palacios as Deputy Secretary of the Board of Directors.

Composition of the Board of Directors of Grupo PRISA's subsidiaries.

The Committee reported favorably on the proposed appointments of the representatives of PRISA in the Board of Directors of its subsidiary Diario El País, SL and the appointment of CEO of its Portuguese subsidiary Grupo Media Capital SGPS SA.

b) In connection with the senior management of the Group:

Definition of senior management

The Committee has considered the new structure of management of the Company.

Appointment and removal of senior management. Contracts for senior management

The Committee has reported on the appointment and dismissal of senior management, and contractual conditions for them.

c) In relation to the compensation policy

Report on the Compensation Policy

2011

The Committee proposed the Report on the Annual Compensation Policy of the Board of Directors and Management Team for 2011 which was submitted for approval at the Annual Shareholders Meeting held on June 24, 2011, as an integral part of the Management Report concerning the annual consolidated accounts for 2010.

2012

The Committee will present to the Board of Directors the report on the compensation policy of the board and management team for 2012.

Compensation of Directors

The Committee, advised by the firm of consulting services, Spencer Stuart, has proposed the compensation system for directors, based on their dedication to the board and committees of the same (ie, compensation for membership of the Board of Directors, the Executive Committee and the Committees, as well as allowances for attending meetings of such bodies)

Likewise, the Committee has reported on:

- i. fixed and variable compensation of the Chairman of the Board, which remains in the same terms since December 2007;
- ii. CEO's variable compensation;
- iii. the final settlement of the annual variable compensation of the Chairman and the CEO for year 2010;

- iv. the targets for determining the variable compensation, for year 2011, of the Chairman, the CEO and Deputy CEO, which coincides with the one adopted for the rest of the executives.

The Committee has also informed about the compensation and labor conditions of the director Mr Manuel Polanco Moreno as President of PRISA TV and has also approved the economic conditions of the Deputy CEO, Mr Fernando Abril-Martorell, as a result of his employment in the Company.

Expenses Policy for Board of Directors meetings

The Committee has adopted a policy for expenses of the Board of Directors of PRISA, which will apply to directors and persons who attend to the Board of Directors meetings.

Contractual conditions and compensation system for managers

The Committee has proposed the compensation plan for the management team and has also reviewed the contractual conditions of senior executives of PRISA and some of its subsidiaries.

Likewise, the Committee has reviewed the final settlement of the annual variable compensation (bonuses) for year 2010, of the main managers of the Group and has also approved the targets for the variable compensation for year 2011.

This report was approved in Madrid at the meeting of the Nominations and Compensation Committee held on February 21, 2012.