



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

**ANNUAL REPORT ON COMPLIANCE WITH THE COMPANY'S
RULES OF CORPORATE GOVERNANCE
(Article 25.b, Section 9 of the Board of Directors Regulation)**

**CORPORATE GOVERNANCE, APPOINTMENTS
AND REMUNERATION COMMITTEE**

2008

Madrid, March 2009.

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2008

I.- INTRODUCTION

The Corporate Governance, Appointments and Remuneration Committee of PROMOTORA DE INFORMACIONES, S.A. (hereinafter, PRISA or GRUPO PRISA, where applicable) was created in July, 2001 (under the name of "Remuneration and Appointments Committee").

The Corporate Governance, Appointments and Remuneration Committee issues this report to examine compliance with the company's rules of corporate governance during the 2008 financial year, in accordance with the provisions of Article 25.b, Section 9 of the Board of Directors Regulation.

II.- COMPOSITION

The Corporate Governance, Appointments and Remuneration Committee includes the following members:

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

Members:

Mr. José Buenaventura Terceiro Lomba – External Independent Director
Mr. Adolfo Valero Cascante – External Director (representing significant shareholdings)
Mr. Diego Hidalgo Schnur – External Director (representing significant shareholdings)

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

At December 31, 2008, Miguel Satrústegui Gil- Delgado was the Secretary of the Corporate Governance, Appointments and Remuneration Committee, having tendered his resignation as General Secretary and Secretary of the Board at the board meeting held on February 19, 2009.

Article 25 of the Board of Directors Regulation provides that the Corporate Governance, Appointments and Remuneration Committee shall be composed exclusively of external directors and that its president shall be an independent director, which is, in fact, the case.

The committee's secretary is the secretary to the Board of Directors, in accordance with the provisions of Article 23 of the Board of Directors Regulation.

III. REORGANIZATION OF THE COMPANY'S CORPORATE GOVERNANCE STRUCTURE IN 2008

At its meeting held on December 5, 2008 the Board of Directors, with the previous favorable report of the Corporate Governance, Appointments and Remuneration Committee, resolved to amend the Company's Board of Directors Regulation in order to reinforce management.

In that regard, it was determined that the CEO is the chief executive of the company and he shall chair the Executive Committee.

The office of Chairman of the Board was redefined to separate it from the management team, so that the Chairman can concentrate on his duties to monitor and supervise management, this reorganization of board committees being likewise intended to provide them with increased operability.

The Board also asked the CEO to prepare in the coming years a plan providing for orderly succession in company management, and to promote generational turnover in management teams.

Finally, an International Advisory Board was created for Grupo Prisa to aid the company's president in his tasks, which will include well-known figures to assist in defining the global strategy of a Group that has operations in 24 countries.

The Chairman of the Board of Directors explained the details of this reorganization at the extraordinary shareholders meeting held on that same date.

IV. ACTIVITIES OF THE COMMITTEE IN 2008

In accordance with the provisions of Article 25 of the Board of Directors Regulation, the Corporate Governance, Appointments and Remuneration Committee has the following basic responsibilities:

- 1) To issue opinions concerning proposals for the appointment of directors and to propose the appointment of independent directors.
- 2) To issue opinions on the proposal for the appointment of the Secretary to the Board.

- 3) To make proposals to the Board concerning: i) general remuneration policies affecting directors and senior management and ii) the individual remuneration of executive directors and other conditions set forth in their contracts.
- 4) To ensure compliance with the company's remuneration policies
- 5) To approve standard senior management contracts.
- 6) To issue opinions on the proposals for the appointment of the members of the other committees of the Board of Directors.
- 7) To propose the Annual Report on Corporate Governance to the Board of Directors.
- 8) To present a report to the Board of Directors, evaluating the performance and composition of the Board.
- 9) To verify compliance with the Internal Code of Conduct concerning securities markets, this Regulation and, in general, the Company's rules of governance, and to make the proposals required to ensure such compliance. In that regard it shall be the duty of the Corporate Governance, Appointments and Remuneration Committee to receive information and, if warranted, to issue reports concerning disciplinary measures taken with respect to senior management.
- 10) To exercise such other powers granted to the committee in this Regulation.

During 2008 the Committee met six times and, among others, addressed the following matters that fall within its powers:

a) Appointments:

i) Composition of the Board of Directors: In accordance with the provisions of Article 25.b.1 of the Board of Directors Regulation, the Committee issued a favorable opinion with respect to the following proposals:

- To reelect as Directors Mr. Ignacio Polanco Moreno and Mr. D. Diego Hidalgo Schnur, both of which were approved by the shareholders at the meeting held on March 13, 2008. The status of these directors was explained at the Annual Shareholders Meeting where their appointments were made and ratified in accordance with the provisions of Article 8.3 of the Board of Directors Regulation.

- Appointment of Mr. Alfonso López Casas to the Board of Directors to fill the vacancy left by the death of Ms. Isabel Polanco Moreno. He was appointed by the Board by cooptation on April 17, 2008, and his appointment was ratified at the shareholders meeting on December 5, 2008. The position of this director was explained to the shareholders, who ratified his appointment pursuant to Article 8.3 of the Board of Directors Regulation.

ii) Composition of the Executive Committee: In accordance with the provisions of Article 25, b), 6) of the Board of Directors Regulation:

-In April, 2008 the Committee issued a favorable opinion regarding the proposals to reelect Mr. Ignacio Polanco Moreno chairman of the Executive Committee and Mr. Diego Hidalgo Schnur member of that committee.

- Subsequently, in December, 2008 the Committee issued a favorable opinion concerning the modification of the composition of the Executive Committee after the reorganization of corporate structure explained in section III of this report, in the terms set forth in the revised text of the Board of Directors Regulation. In that regard, Mr. Ignacio Polanco Moreno is no longer a member of the Executive Committee, CEO Mr. Juan Luis Cebrián having been appointed chairman of that committee. Mr. Manuel Polanco Moreno was likewise appointed a member of the Executive Committee.

iii) Qualitative Composition: Finally, it should be underscored that in compliance with the provisions of Article 8.3 of the Board of Directors Regulation, the status of each director was explained in the 2007 Annual Report on Corporate Governance, after having been verified by the Corporate Governance, Appointments and Remuneration Committee. This will be done again in the 2008 Annual Report on Corporate Governance.

b) Remuneration Policy:

In accordance with the Board of Directors Regulation, the Corporate Governance, Appointments and Remuneration Committee has taken the following measures with respect to the remuneration of directors and senior management:

i) Remuneration Policy

2008

- The Committee proposed its Report on the Annual Remuneration Policy of the Board of Directors and Management Team for 2008 which was submitted for approval at the Annual Shareholders Meeting held on March 13, 2008, as an integral part of the Management Report concerning the annual consolidated accounts for 2007.

2009

- The Committee resolved to freeze 2009 fixed compensation for group managers receiving 80,000 euros or more, as announced by the CEO at the Extraordinary Shareholders Meeting on December 5, 2008.
- The Committee will present to the Board of Directors its report on the policy to be applied to annual compensation of the board and management team for 2009.

ii) Variable Remuneration

- The Committee approved the payment of the 2007 bonuses for 45 senior Group managers.

iii) Long-Term Incentives (LTI)

- The Committee approved a Long-Term Incentive (LTI) that was paid once the 2007 accounts were prepared, and which was linked to achievement of the objectives of the Group's Strategic Plan for 2005-2007, having been granted to those managers who most contributed to attaining those objectives.
- The Committee proposed offering an additional Long-Term Incentive (LTI) for achieving the goals set forth in the Strategic Plan 2008-2010.

iv) Stock Option Plan

- The Committee approved payment of the Compensation Package that awards Prisa stock options to Grupo Prisa executive directors and managers, which was approved at the 2004 annual shareholders meeting and whose exercise period ended on January 31, 2008.
- The Committee proposed a new Compensation Package awarding options in Prisa stock to Grupo Prisa executive directors and managers, which was approved at the annual shareholders meeting of March 13, 2008 and amended at the extraordinary shareholders meeting held on December 5, 2008 (with respect to the exercise price), after having considered the Committee's opinion. The Committee likewise made a proposal as to how these options are to be distributed.

v) Delivery of Shares

- Exercising powers delegated to it in that regard by the Board of Directors, the Committee determined the number of shares to be delivered to participants in the stock option plan that was implemented in March, 2008.

c) Report on Labor Issues:

The Committee received a report concerning compliance with Law 13/1982 on the Integration of Disabled Persons, as well as Law 3/2007 on the Effective Equality between Men and Women, the status of group companies in that regard, and an analysis of pending measures.

The chairman of the Committee explained this matter to the Board of Directors.

d) Annual Report on Corporate Governance:

In accordance with the provisions of Article 25.b.7 of the Board of Directors Regulation, the Committee offered its 2007 Report on Corporate Governance to the Board of Directors for its approval.

Likewise on that same date the Committee will offer its 2008 Report on Corporate Governance to the Board of Directors.

e) Report on the Evaluation of the Operations and Composition of the Board

In accordance with Article 25.b.8 of the Board of Directors Regulation, the Committee has submitted to the Board the report to evaluate the operations and composition of the Board of Directors in 2008, which was approved by the Board of Directors in December 2008.

V.- COMPANY COMPLIANCE WITH RULES OF CORPORATE GOVERNANCE

The Corporate Governance, Appointments and Remuneration Committee has examined compliance with the company's rules and procedures of corporate governance during the 2008 financial year.

More specifically, the Committee underscores that the following measures were taken in that area:

a) Operations of the Board of Directors, Executive Committee and Audit Committee.

During 2008 the Board of Directors held 10 meetings, and has carried out the functions attributed it in the Company Bylaws and in its regulation.

On February 7, 2008 the Board of Directors approved a report evaluating its composition and operations, in accordance with the provisions of Article 5 of its Regulation.

The Executive Committee, which was created by the Board of Directors on October 18, 2007, commenced its activities during the 2008 fiscal year, having held eight meetings and fulfilled the functions set forth in the Board of Directors Regulation. In addition, this Committee has improved the efficiency of Board operations, the purpose for which it was created.

The Audit Committee held five meetings and has issued a report verifying the correct compliance with its functions during 2008.

b) Amendment of the Internal Rules of the Company

Company Bylaws

As a result of the merger of SOGECABLE, S.A. Unipersonal (merging company) into Prisa (surviving company) approved at the extraordinary shareholders meeting of December 5, 2008, the shareholders resolved to amend Article 2 (Company Purpose) and Article 6 (Share Capital) of Prisa's bylaws, in view of SOGECABLE, S.A. Unipersonal's status as a company that holds a public service license to provide private television, in order to: i) expressly comply in its corporate purpose with the provisions of Article 18 of Law 10/1988, of May 3, on Private Television with respect to the indirect management of the public service of private television and ii) to provide that shares in the surviving company shall thereafter be registered, likewise as a consequence of the provisions of Article 18 of the aforementioned Law 10/1988.

Board of Directors Regulation

As indicated in section III of this report, with the favorable opinion of the Corporate Governance, Appointments and Remuneration Committee, at its meeting of December 5, 2008 the Board of Directors resolved to reorganize the company's corporate governance structure in order to reinforce management.

As a consequence, the Board of Directors Regulation was amended to reflect this reorganization.

After these amendments, the consolidated text of the Board of Directors Regulation was made public to the National Securities Market Commission and was entered on the Companies Register in Madrid on December 30, 2008, and is likewise available on the company's webpage.

c) Disclosure of Company Information to the Markets

Among the measures adopted by the company to achieve a more efficient disclosure of company information, the following should be underscored:

i) Relevant Information: In compliance with applicable securities laws and the company's Internal Code of Conduct, the company duly notifies the National Securities Market Commission of all relevant information. These notices are available on the Commission's webpage and on our corporate website (www.prisa.com).

In compliance with legislation currently in force, during 2008 the company issued its periodic public earnings reports on the following dates:

- 19.02.08.: The company issued its earnings report for the 2007 financial year.
- 17.04.08.: The company issued its earnings report for the first quarter of 2008.
- 23.07.08.: The company issued its 2008 half-year earnings report.
- 16.10.08.: The company issued its earnings report for the third quarter of 2008 (with the results of the first nine months of the year).

During 2008 the company likewise forwarded to the National Securities Market Commission announcements of relevant information concerning the following matters:

- PRISA's launch of a takeover bid to acquire 100% of Sogecable S.A.'s stock and the results thereof.
- 2007 Annual Report on Corporate Governance.
- Notice of meeting, shareholders meeting as held, and related documents. Additional Information pursuant to Article 116bis of the Securities Market Law.
- Announcement of dividend payment
- Information concerning the completion of a stock option plan for Grupo PRISA executive directors and managers, and the redemption and conversion into ordinary shares of the redeemable shares issued to cover that plan.
- Acquisition of 70% of RLM, S.A. and Merchandising on Stage, S.L. , as well as 19% of Planet Events, S.A. (in addition to the 51% already owned). The total cost of the operation was 11,240,000 euros.
 - Implementation of a plan to deliver treasury shares to executive directors and managers of Grupo Prisa.
- Execution of an investment agreement whereby 3i Group plc acquired from Prisa and Grupo Godó 6.5% of the share capital in Sociedad de Servicios Radiofónicos Unión Radio, S.L. (Unión Radio) for 78,400,000 euros (62,700,000 euros to Prisa and 15,600,000 euros to Grupo Godó). 3i Group plc likewise subscribed a capital increase for Unión Radio in the amount of 21,600,000 euros. In consequence, through these acquisitions and the capital increase, 3i Group plc has acquired holdings amounting to 8.14% of Unión Radio's share capital. Thus, the distribution of capital holdings resulting from these operations are as follows: Prisa, 73.49%; Grupo Godó, 18.37% and 3i, 8.14%. It was announced that though subsequent capital increases 3i Group plc will further increase its holdings in Unión Radio to 16.63%, with additional outlays of 125,000,000, euros, for a total investment of 225,000,000 euros.
- Appointment of Mr. Alfonso López Casas as Director.
- Acquisition by Grupo Média Capital, SGPS, S.A. of 100% of the share capital of PRISA's subsidiary Plural Entertainment España, S.L. for 50,000,000 euros. With this acquisition all of Grupo Prisa's audiovisual production activities have been concentrated in Grupo Média Capital SGPS, S.A., as an initial step toward a future restructuring of Prisa's audiovisual activities in Sogecable, S.A.
- Extension of the bridge loan agreement to finance the Sogecable takeover bid.
- Sale of three buildings belonging to the real estate portfolio to Longshore, for 300,000,000 euros, with a 227,000,000 euro impact on capital gains, and 220,000,000 euros on EBITDA.
- Information concerning the possible acquisition of the Digital+ pay TV business.
- Information provided in relation to the conflict between Prisacom and Nielsen Online.
- Notice of meeting, extraordinary shareholders meeting as held, and related documents.
- Clarification of statements made by the CEO.
- Cessation of the activities of Localia TV.

- Amendments to the Board of Directors Regulation.
- Changes in the composition of the Executive Committee.
- Approval of a stock option plan for Grupo Prisa's executive directors and managers.
- Presentations about the company and information released concerning meetings with analysts and investors.

ii) Other means of regular information disclosure: In compliance with Article 36 of the Board of Directors Regulations, mechanisms have been set up to provide regular non-privileged information to the company's institutional investors, by remitting to the National Securities Market Commission reports and presentations on the company, and by publicizing information of interest to those investors on the corporate webpage.

iii) New corporate website: In September, 2008 the Company redesigned its corporate website (www.prisa.com) in order to provide information to all interested site visitors (shareholders, journalists, analysts, investors, employees and all other potential users) concerning the Company, its businesses, and its operations.

The new design seeks to provide a global overview, in line with the Group's corporate strategy, where all entities and markets in which the Company operates are present. The content was likewise restructured and increased to make it clearer and more dynamic. The new page structure provides easier and faster access to information, with user-friendly interconnected navigation and links to all Group websites.

d) Compliance with the Internal Code of Conduct Relating to the Securities Markets.

In compliance with the Internal Code of Conduct, the following actions were taken during the financial year 2008:

i) The General Secretary has continually updated the list of persons subject to this Internal Code of Conduct.

In that regard, all persons included in that list have been informed of the Internal Code of Conduct.

ii) The General Secretary has received notice from all persons subject to the Internal Code of Conduct who have participated in transactions involving the purchase or sale of Prisa shares.

iii) The General Secretary of Grupo Prisa has maintained a Central Register of Insider Information in which, with regard to legal or financial operations that may significantly influence the quotation of company securities, contains an up-to-date list of persons with access to such information.

This report was approved in Madrid at the meeting of the Corporate Governance, Appointments and Remuneration Committee held on March 30, 2009.
