



**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**

**2009**

Madrid, March 18, 2010.

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**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").

This committee is governed by PRISA's Board of Directors Regulation approved on June 21, 2001 and amended on July 17, 2003; March 18, 2004; January 18, 2007, October 18, 2007, December 5, 2008 and June 18, 2009.

The Corporate Governance, Appointments and Remuneration Committee issues this report to examine compliance with the company's rules of corporate governance during the 2009 financial year, in accordance with the provisions of Article 25.b, Section 10 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

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. ACTIVITIES OF THE COMMITTEE IN 2009**

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 honorary 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) the general remuneration policies affecting directors and senior management, ii) the individual remuneration of executive directors and other conditions set forth in their contracts and iii) the individual remuneration of honorary directors.
- 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 Executive Commission and other committees of the Board of Directors.
- 7) To issue opinions on proposals for appointment of company representatives on the governing bodies of subsidiaries.
- 8) To propose the Annual Report on Corporate Governance to the Board of Directors.
- 9) To present a report to the Board of Directors, evaluating the performance and composition of the Board.
- 10) 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.

- 11) To exercise such other powers granted to the committee in this Regulation (among others, those in relation to the transactions between the Company and the Directors).

During 2009 the Committee met five times and, among others, addressed the following matters that fall within its powers:

#### **a) Amendments to the Company's Internal Regulations.**

##### Corporate Bylaws

After this Committee issued its opinion, pursuant to the provisions of Article 25. b) 10 of the Board of Directors Regulation and at the Board's proposal, the shareholders at the June 19, 2009 shareholders meeting resolved to amend Article 19 of the Bylaws.

Pursuant to the former Article 19 of the Bylaws, the compensation system for directors, which was compatible with the payment of per diem expenses for attendance at meetings, included a share in after-tax profits up to a maximum of 10% of those profits. This compensation for directors was proposed by the Board each year at the annual shareholders meeting, provided that the provisions of Article 130 of the Corporations Act had been fulfilled.

Practice showed that directors' compensation, which had always been much lower than the aforementioned limit, was not fixed taking into account corporate profits. For this reason, and given the financial restructuring of the company and the corresponding restrictions with respect to the dividend payment policy, the Bylaws were amended to replace the former compensation system with a fixed annual sum to be determined by the Board within limits set at the shareholders meeting, in addition to per diem compensation for attendance at meetings.

After the amendment, the consolidated text was filed with the CNMV, recorded on the Madrid Companies Register, and is available to the public on the company's website.

##### Board of Directors Regulation

Pursuant to the provisions of Article 25. b) 10 of the Board of Directors Regulation, the Committee issued a favorable opinion concerning the proposed amendment to the Regulation (which was approved by the Board on June 18, 2009). The amendment basically provided that 75 will be the maximum age for board members and created the position of honorary director.

After this amendment, the consolidated text of the Board of Directors Regulation was filed at the CNMV, recorded on the Companies Register, and made available to the public on the company webpage.

#### **b) Appointments:**

##### Reelection of Directors:

Pursuant to Article 25 b) 1) of the Board of Directors Regulation, the Committee issued favorable opinions with respect to the proposed reelection of board members Messrs. Juan Luis Cebrián Echarri, Emiliano Martínez Rodríguez and Adolfo Valero Cascante and, with respect to the independent directors, proposed the reelection of Messrs. Matías Cortés Domínguez and Gregorio Marañón y Bertrán de Lis.

The status of these directors was explained at the Annual Shareholders Meeting held on June 18, 2009, where their appointments were made, in accordance with the provisions of Article 8.3 of the Board of Directors Regulation.

#### Appointment of the Secretary to the Board of Directors:

Pursuant to the provisions of Article 25 b) 2) of the Board of Directors Regulation, and after Mr. Miguel Satrustegui Gil-Delgado had presented his resignation as Secretary General and Secretary to the Board of Directors, the Committee issued a favorable opinion concerning the proposed appointment of Mr. Iñigo Dago Elorza as non-board member secretary to the Board of Directors.

#### Appointment of Honary Director:

Pursuant to the provisions of Article 25 b) 1) of the Board of Directors Regulation, the Committee issued a favorable opinion with respect to the proposed appointment of Mr. Francisco Pérez González as Honorary Director, based on his merits and extraordinary dedication to the company. He was not nominated for reelection as board member due to the amendments to the Board of Directors Regulation mentioned in section a) above.

#### Composition of the Executive Committee:

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

- Having been reelected to the board, the Committee issued favorable opinions concerning the nominations for reelection of Messrs. Matías Cortés Domínguez, Gregorio Marañón y Bertrán de Lis and Adolfo Valero Cascante as members of the Executive Committee.

Pursuant to the provisions of Articles 11 and 14 of the Board of Directors Regulation, CEO Mr. Juan Luis Cebrián Echarri is likewise chairman of the Executive Committee.

- The Committee also issued a favorable opinion concerning the appointment of Mr. José Buenaventura Terceiro Lomba as member of the Executive Committee.

#### Composition of the Audit Committee

Mr. Matías Cortés Domínguez tendered his resignation as chairman and member of the Audit Committee at the board meeting held on June 18, 2009. In consequence, and pursuant to the provisions of Article 25 b) 6) of the Board of Directors Regulation, the Committee issued a favorable opinion with respect to the proposed appointment of Mr. José Buenaventura Terceiro Lomba as chairman of the Audit Committee.

#### 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 2008 Annual Report on Corporate Governance, after having been verified by the Corporate Governance, Appointments and Remuneration Committee. This will be done again in the 2009 Annual Report on Corporate Governance.

### **c) 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:

#### Remuneration Policy

##### 2009

The Committee proposed its Report on the Annual Remuneration Policy of the Board of Directors and Management Team for 2009 which was submitted for approval at the Annual Shareholders Meeting held on June 18, 2009, as an integral part of the Management Report concerning the annual consolidated accounts for 2008.

As indicated in that document, for the 2009 fiscal year the Committee approved a freeze on fixed compensation for Group managers receiving 80,000 euros or more.

Likewise, at the suggestion of this Committee, at the June 18, 2009 shareholders meeting a proposal was announced to decrease the remuneration of board members and managers with salaries in excess of 100.000 euros, without other compensation, as well as personnel employed under a collective bargaining agreement, who will be compensated by time off from work. This reduction of 8% of fixed remuneration is voluntary, was effective as per July 1, 2009, and will be extended to the 2010 fiscal year.

##### 2010

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 2010.

#### Variable Remuneration

The Committee approved the payment of the 2008 bonuses for 41 senior Group managers.

The Committee likewise proposed objectives to be reached with respect to variable compensation for management for 2009.

#### Directors Compensation

The Committee presented its proposed 2009 compensation for executive directors to the Board, pursuant to the provisions of Article 28 of the Company Bylaws and Articles 5 and 25 of the Board of Directors Regulation. In consonance with the policies applied

to all management personnel, the proposal envisioned freezing remuneration, based on the sums paid during the 2008 fiscal year.

#### Board of Directors Compensation

Pursuant to Article 19 of the Company Bylaws, the Committee proposed to the Board for the 2009 fiscal year: i) a maximum aggregate compensation for the Board as fixed remuneration and ii) a scheme for distributing that amount.

The Committee likewise proposed maintaining the current per diem allowances paid for attendance at board meetings and board committee meetings.

#### Stock Option Plan

Concerning the plan to grant Prisa stock options to the Group's executive directors and senior management approved at the annual shareholders meeting of March 13, 2008 and amended (to adjust the price) at the extraordinary shareholders meeting of December 5, 2008, the Committee established certain rules of procedure for implementing the plan, whose exercise period commenced on December 31, 2009 and ended on March 31, 2010.

#### Delivery of Shares

Making use of the delegated powers granted it by the Board of Directors, the Committee agreed to implement in 2009 a Stock Delivery Plan to provide company shares free-of-charge to certain Group employees and managers.

#### **d) Related-Party Transactions:**

The Committee issued a favorable opinion concerning certain related-party transactions with directors, as provided in the Board of Directors Regulation.

#### **e) Annual Report on Corporate Governance:**

In accordance with the provisions of Article 25.b.8 of the Board of Directors Regulation, the Committee offered its 2008 Report on Corporate Governance to the Board of Directors for its approval.

Likewise on that same date the Committee will offer its 2009 Report on Corporate Governance to the Board of Directors.

### **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 2009 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, Audit Committee and Corporate Governance, Appointments and Remunerations Committee.**

During 2009 the Board of Directors held 7 meetings, and has carried out the functions attributed it in the Company Bylaws and in its regulation.

The Executive Committee held 11 meetings and fulfilled the functions set forth in the Board of Directors Regulation, during 2009.

The Audit Committee held 4 meetings and has issued a report verifying the correct compliance with its functions during 2009.

Likewise, and as indicated in chapter VIII of this report, the Corporate Governance, Appointments and Remunerations Committee held 5 meetings during 2009.

### **b) 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](http://www.prisa.com)).

In compliance with legislation currently in force, during 2009 the company issued its periodic public earnings reports on the following dates:

- 19.02.09.: The company issued its earnings report for the 2008 financial year.
- 30.04.09.: The company issued its earnings report for the first quarter of 2009.
- 16.07.09.: The company issued its 2009 half-year earnings report.
- 22.10.09.: The company issued its earnings report for the third quarter of 2009 (with the results of the first nine months of the year).

During 2009 the company likewise forwarded to the National Securities Market Commission announcements of relevant information concerning the following matters:

- Sale of an interest in the Bolivian company Inversiones en Radiodifusión, S.L., owner of the ATB television network, and grant of a purchase option over the Bolivian company Inversiones Grupo Multimedia de Comunicaciones, S.L., owner of the LA RAZON and EL EXTRA newspapers.
- Resignation of the secretary to the Board of Directors and appointment of a new secretary.
- Implementation of a plan to deliver treasury shares to executive directors and managers of Grupo Prisa.
- Information concerning the renegotiation of the company's debt. Extension of the term of the bridge loan.
- 2008 Annual Report on Corporate Governance.
- Recalculation of the 2008 annual accounts.
- Amendments to the Board of Directors Regulation.



- Notice of meeting, shareholders meeting as held, and related documents. Additional Information pursuant to Article 116bis of the Securities Market Law.
- Changes in the composition of the Board of Directors, Executive Committee and the Committees.
- Agreement reached between Sogecable, S.A.U. and its subsidiaries Canal Satélite Digital, S.L. and DTS, Distribuidora de Televisión Digital, S.A. (DTS) with Mediaproducción, S.L. for the commercialization of certain audiovisual rights in the First and Second Divisions of the Spanish Football League and the King's Cup for the 2009/2010-2011/2012 seasons.
- Information concerning negotiations between PRISA and Imagina to merge their respective audiovisual businesses, and the subsequent failure of those negotiations.
- Information relating to the existence of contacts concerning Media Capital, SGPS and negotiations in that regard. Agreement between PRISA and the Portuguese company Ongoing Strategy Investments SGPS, S.A. for the sale of up to 35% of the share capital of Grupo Media Capital SGPS, S.A.
- Exclusive agreement between PRISA and the U.S. company In-store Broadcasting Network, LLC (IBN) to develop a communications media distribution business in shops, department stores and supermarkets ("Retail Media") in Spain and Latin America and, within the framework of that agreement, an undertaking on the part of Talos Partners LLC (Talos), financial subsidiary of IBN, to acquire a minimum of 4.5% of Prisa's share capital through the purchase of the latter's treasury shares.
- Agreement, in principle, between PRISA and DLJ South American Partners LC for the sale of a 25% interest in Grupo Santillana de Ediciones S.L.
- Acquisition of an interest in the Hispanic TV channel V-me Media Inc.
- Information concerning news published about Digital +.
- Agreement between PRISA and its subsidiary SOGECABLE S.A.U. with TELEFÓNICA, S.A. for the sale of 21% of their pay television business broadcast through the DIGITAL+ platform.
- Information concerning PRISA's negotiations to merge its audiovisual businesses.
- Agreement between PRISA and its subsidiary SOGECABLE S.A.U. with GESTEVISION TELECINCO, S.A. for the sale of 22% of their pay TV business broadcast through the Digital+ platform, as well as the merger of their free-to-air channels CUATRO and TELECINCO.
- 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) Appointment of spokespersons for the CNMV: In compliance with Order EHA/1421/2009, of June 1, which implements Article 82 of the Securities Market Act concerning relevant information, in December, 2009 PRISA appointed three authorized spokespersons for the CNMV: Messrs. Fernando Martinez Albacete (Secretary General), Iñigo Dago Elorza (Secretary to the Board and Director of Legal Counsel) and Ms. Matilde Casado Moreno (Director General of Administration and Finance).

**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 2009:

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 18, 2010.

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