

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

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

Translation of a report originally issued in Spanish based on our work performed in accordance with generally accepted auditing standards in Spain and of financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see Notes 2 and 16). In the event of a discrepancy, the Spanish-language version prevails.

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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 FINANCIAL STATEMENTS

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

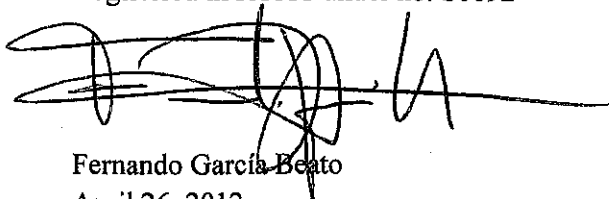
We have audited the financial statements of Promotora de Informaciones, S.A. (PRISA), which comprise the balance sheet at December 31, 2011 and the related income statement, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended. The directors are responsible for the preparation of the Company's financial statements in accordance with the regulatory financial reporting framework applicable to the Company (identified in Note 2.a to the accompanying financial statements) and, in particular, with the accounting principles and rules contained therein. Our responsibility is to express an opinion on the 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 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 financial statements for 2011 present fairly, in all material respects, the equity and financial position of Promotora de Informaciones, S.A. at December 31, 2011, and the results of its operations and its cash flows for the year then ended, in conformity with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein.

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

DELOITTE, S.L.

Registered in ROAC under no. S0692



Fernando García Beato
April 26, 2012

PROMOTORA DE INFORMACIONES, S.A. (PRISA)

Individual Financial Statements and Directors' Report for 2011

PROMOTORA DE INFORMACIONES, S.A. (PRISA)

Individual Financial Statements for 2011

PROMOTORA DE INFORMACIONES, S.A. (PRISA)
BALANCE SHEETS AT 31 DECEMBER 2011 AND 31 DECEMBER 2010
(in thousands of euros)

ASSETS	12/31/11	12/31/10	EQUITY AND LIABILITIES	12/31/11	12/31/10
A) NON-CURRENT ASSETS	5,617,679	5,910,223	A) EQUITY (Note 7.4)	685,542	1,277,239
I. INTANGIBLE ASSETS (Note 5)	7,772	8,200	A-1) Shareholders' equity	685,542	1,277,239
1. Computer software	7,325	7,523	I. SHARE CAPITAL	84,786	84,698
2. Advances and intangible assets in progress	447	677	II. SHARE PREMIUM	437,879	409,028
II. PROPERTY, PLANT AND EQUIPMENT (Note 6)	1,924	2,204	III. OTHER EQUITY INSTRUMENTS	(181)	(23)
1. Buildings	232	239	IV. RESERVES	782,466	779,058
2. Other fixtures and furniture	938	1,135	1. Legal and bylaw reserves	17,220	15,364
3. Other items of property, plant and equipment	754	830	2. Other reserves	765,246	763,694
III. NON-CURRENT INVESTMENTS IN GROUP COMPANIES AND ASSOCIATES (Note 7.1)	5,271,593	5,665,450	V. TREASURY SHARES	(2,505)	(4,804)
1. Equity instruments	5,053,885	5,464,044	VI. PROFIT (LOSS) FOR THE YEAR	(616,903)	9,282
2. Loans to companies	217,708	201,406	B) NON-CURRENT LIABILITIES	3,740,855	3,427,143
IV. NON-CURRENT FINANCIAL ASSETS (Note 7.1)	8,826	8,826	I. LONG-TERM PROVISIONS (Note 10)	452,088	258,358
1. Equity instruments	-	-	II. NON-CURRENT PAYABLES (Note 7.2)	3,241,150	3,135,122
2. Other financial assets	8,826	8,826	1. Bank borrowings	3,049,203	2,881,856
V. DEFERRED TAX ASSETS (Note 8)	327,564	225,543	2. Derivatives	76,583	93,571
B) CURRENT ASSETS	264,868	357,255	3. Other financial liabilities	115,364	159,695
I. TRADE AND OTHER RECEIVABLES	55,777	87,261	III. NON-CURRENT PAYABLES TO GROUP COMPANIES AND ASSOCIATES (Note 7.2)	46,833	33,004
1. Trade receivables for services	1,252	6,923	IV. DEFERRED TAX LIABILITIES (Note 8)	784	659
2. Receivable from Group companies and associates	38,963	68,775	C) CURRENT LIABILITIES	1,456,150	1,563,096
3. Employee receivables	25	209	I. CURRENT PAYABLES (Note 7.2)	169,435	274,655
4. Tax receivables (Note 8)	10,595	6,715	1. Bank borrowings	98,861	252,602
5. Other receivables	4,942	4,639	2. Derivatives	1,345	9,152
II. CURRENT INVESTMENTS IN GROUP COMPANIES AND ASSOCIATES (Note 7.1)	205,256	149,220	3. Other financial liabilities	69,229	12,901
1. Loans to companies	205,255	149,219	II. CURRENT PAYABLES TO GROUP COMPANIES AND ASSOCIATES (Note 7.2)	1,180,627	1,196,966
2. Other financial assets	1	1	III. TRADE AND OTHER PAYABLES	106,088	91,475
III. CURRENT PREPAYMENTS AND ACCRUED INCOME	1,710	244	1. Payable to suppliers	38	38
IV. CASH AND CASH EQUIVALENTS	2,125	120,530	2. Payable to suppliers - Group companies and associates	24,475	4,007
1. Cash	2,125	120,530	3. Sundry accounts payable	58,821	37,754
			4. Remuneration payable	9,277	3,961
			5. Tax payables (Note 8)	13,152	45,073
			6. Current accruals and deferred income	325	642
TOTAL ASSETS	5,882,547	6,267,478	TOTAL EQUITY AND LIABILITIES	5,882,547	6,267,478

The accompanying Notes 1 to 16 and Appendices I and II are an integral part of the balance sheets at 31 December 2011 and 2010.

Translation of financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see Notes 2 and 16). In the event of a discrepancy, the Spanish-language version prevails.

PROMOTORA DE INFORMACIONES, S.A. (PRISA)
INCOME STATEMENTS FOR 2011 AND 2010
(in thousands of euros)

	2011	2010
A) CONTINUING OPERATIONS		
1. Revenue		
a) Services (Note 15)	42,474	33,378
b) Income from equity investments (Note 15)	125,671	110,779
2. Other operating income	442	4,416
3. Staff costs		
a) Wages, salaries and similar expenses	(32,619)	(17,445)
b) Employee benefit costs (Note 9)	(1,793)	(1,798)
4. Other operating expenses		
a) Outside services	(52,028)	(39,897)
b) Taxes other than income tax	(1,648)	(1,312)
5. Depreciation and amortization charge (Notes 5 and 6)	(2,795)	(2,706)
PROFIT FROM OPERATIONS	77,704	85,415
6. Finance income		
a) From loans to Group companies and associates (Note 15)	6,615	4,074
b) Other finance income	725	1,279
c) Profit on disposal of equity instruments (Note 7.1)	-	253,884
7. Finance costs and similar expenses:		
a) On debts to Group companies (Note 15)	(6,916)	(5,613)
b) On debts to third parties and similar expenses	(176,476)	(152,521)
8. Change in fair value of financial instruments	6,002	8,570
9. Exchange differences	(7)	(14)
10. Impairment of financial instruments		
a) Impairment and other losses (Notes 7.1 and 10)	(428,485)	(146,127)
FINANCIAL LOSS	(598,542)	(36,468)
LOSS BEFORE TAX	(520,838)	48,947
11. Income tax (Note 8)	(96,065)	(39,665)
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	(616,903)	9,282
B) DISCONTINUED OPERATIONS	-	-
PROFIT/(LOSS) FOR THE YEAR	(616,903)	9,282

The accompanying Notes 1 to 16 and Appendices I and II are an integral part of the income statements for 2011 and 2010

Translation of financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see Notes 2 and 16). In the event of a discrepancy, the Spanish-language version prevails.

PROMOTORA DE INFORMACIONES, S.A.
STATEMENT OF RECOGNIZED INCOME AND EXPENSE FOR 2011 AND 2010
(in thousands of euros)

	12/31/11	12/31/10
A) Profit/(Loss) per income statement	(616.903)	9.282
Income and expense recognized directly in equity		
B) Total income and expense recognized directly in equity		
Transfers to profit or loss		
C) Total transfers to profit or loss		
TOTAL RECOGNIZED INCOME AND EXPENSE	(616.903)	9.282

PROMOTORA DE INFORMACIONES, S.A.
STATEMENT OF CHANGES IN EQUITY FOR 2011 AND 2010
(in thousands of euros)

<i>(in thousands of euros)</i>	Share capital	Share premium	Other Equity Instruments	Legal reserve	Statutory reserves	Revaluation reserves	Reserves for treasury shares	Reserves for retired capital	Voluntary reserves	Reserves for first-time application of the new Spanish national chart of accounts	Reserves	Treasury shares	Profit (Loss) for the year	Equity
Balance at December,31 2009	21,914	112,665		4,407	10,957	13,939	3,044	1,495	747,517	6,873	788,232	(3,044)	(7,683)	912,084
I. Total recognized income and expense													9,282	9,282
II. Transactions with shareholders or owners														
1. Capital Increases														
- Share Capital	62,784													62,784
- Share Premium		296,363												296,363
2. Distribution of 2009 profit														
- Reserves									(7,683)		(7,683)		7,683	-
3. Treasury share transactions														
- Delivery of treasury shares							(510)		510			510		510
- Purchase of treasury shares							5,723		(5,723)			(5,723)		(5,723)
- Sales of treasury shares							(3,291)		3,291			3,291		3,291
- Provision for treasury shares							(162)				(162)	162		-
III. Other changes in equity														
- Other			(23)						(1,329)		(1,329)			(1,352)
Balance at December,31 2010	84,698	409,028	(23)	4,407	10,957	13,939	4,804	1,495	736,583	6,873	779,058	(4,804)	9,282	1,277,239
I. Total recognized income and expense													(616,903)	(616,903)
II. Transactions with shareholders or owners														
1. Capital Increases														
- Share Capital	88													88
- Share Premium		1,022												1,022
2. Conversion of financial liabilities into equity		27,829												27,829
3. Distribution of 2010 profit														
- Dividends													(9,282)	-
- Reserves				928	928				1,436		3,292		(5,990)	(5,990)
4. Treasury share transactions														
- Delivery of treasury shares							(3,425)		3,425			3,425		3,425
- Purchase of treasury shares							2,082		(2,082)			(2,082)		(2,082)
- Sales of treasury shares							-					-		-
- Provision for treasury shares							(956)				(956)	956		-
III. Other changes in equity														
- Other			(158)						1,072		1,072			914
Balance at December,31 2011	84,786	437,879	(181)	5,335	11,885	13,939	2,505	1,495	740,434	6,873	782,466	(2,505)	(616,903)	685,542

The accompanying Notes 1 to 16 and Appendices I and II are an integral part of the statements of changes in equity for 2011 and 2010

PROMOTORA DE INFORMACIONES, S.A.
STATEMENTS OF CASH FLOWS FOR 2011 AND 2010
(in thousands of euros)

	2011	2010
A) CASH FLOWS FROM OPERATING ACTIVITIES		
1. Loss for the year before tax	(520,838)	48,947
2. Adjustments for	379,601	(111,270)
a) Depreciation and amortization charge (+)	2,795	2,706
b) Impairment of non-current financial assets (+/-)	428,485	146,127
Impairment losses recognised for financial assets	410,165	47,224
Period provisions for contingencies and charges	19,902	106,245
Impairment losses for financial assets reversed	-	(6,135)
Provisions for contingencies and charges used	(1,582)	(1,207)
c) Finance income (-)	(14,180)	(268,907)
d) Finance costs (+)	184,237	159,247
e) Gains/Losses on derecognition and disposal of financial instruments (+/-)	-	-
f) Dividends received	(125,671)	(110,779)
g) Income tax	(96,065)	(39,665)
3. Changes in working capital	(89,882)	42,700
a) Trade and other receivables (+/-)	31,484	20,432
b) Current prepayments and accrued income	(1,466)	(78)
c) Current financial assets	(56,036)	(3,220)
d) Trade and other payables (+/-)	38,032	17,587
e) Change in deferred taxes (+/-)	(101,896)	7,979
4. Other cash flows from operating activities	144,439	(13,003)
a) Interest paid (-)	(134,072)	(130,062)
b) Dividends received (+)	125,671	110,779
c) Interest received (+)	11,131	2,174
d) Income tax recovered (paid) (+/-)	12,748	36,733
e) Other amounts received (paid) relating to operating activities (+/-)	128,961	(32,627)
5. Cash flows from operating activities (+/-1+/-2+/-3+/-4)	(86,679)	(32,626)
B) CASH FLOWS FROM INVESTING ACTIVITIES		
6. Payments due to investment (-)	(2,094)	(404)
7. Proceeds from disposal (+)	-	280,069
8. Cash flows from investing activities (7-6)	(2,094)	279,665
C) CASH FLOWS FROM FINANCING ACTIVITIES		
9. Proceeds and payments relating to equity instruments	2,951	573,675
10. Proceeds and payments relating to bank borrowings	13,606	(666,709)
11. Proceeds and payments relating to borrowings from Group companies	(39,756)	(36,991)
12. Dividends and returns on other equity instruments paid	(6,433)	-
13. Cash flows from financing activities (+/-9+/-10-11-12)	(29,632)	(130,025)
E) NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (+/-A+/-B+/-C+/-D)	(118,405)	117,014
Cash and cash equivalents at beginning of year	120,530	3,516
Cash and cash equivalents at end of year	2,125	120,530

PROMOTORA DE INFORMACIONES, S.A. (PRISA)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR 2011

1.- COMPANY ACTIVITIES AND PERFORMANCE

a) Company 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 view of the business activity carried on by the Company, it does not have any environmental liabilities, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position or results. Therefore, no specific disclosures relating to environmental issues are included in these notes to the financial statements.

In addition to the business activities carried on directly by it, the Company 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.

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 financial statements are presented in thousands of euros as this is the currency of the main economic area in which the Group operates.

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

b) Performance of the Company and the Prisa Group

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 7.2).

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 14).

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 FINANCIAL STATEMENTS

a) Fair presentation

The accompanying financial statements for 2011, which were obtained from the Company's accounting records, are presented in accordance with Royal Decree 1514/2007, of November 16, approving the Spanish National Chart of Accounts and the modifications included in Spanish GAAP through Royal Decree 1159/2010 of September 17, 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, present fairly the Company's equity and financial position at December 31, 2011 and of the results of its operations, the changes in its equity and the cash flows generated by the Company in the year then ended.

These financial statements, which were formally prepared by the Company's directors, will be submitted for approval by the shareholders at the Annual General Meeting and it is considered that they will be approved without any changes. The 2010 financial statements were approved by the shareholders at the Annual General Meeting held on June 24, 2011.

b) Non-obligatory accounting principles

No non-obligatory accounting principles were applied. Also, all obligatory accounting principles were applied.

c) Key issues in the measurement and estimation of uncertainty

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

- The measurement of assets and goodwill implicit to determine the possible existence of impairment losses (*see Notes 5, 6 and 7*).
- The useful life of property, plant, and equipment, and intangible assets (*see Notes 5 and 6*).
- The hypotheses used to calculate the fair value of financial instruments (*see Note 7*).
- The assessment of the likelihood and amount of undetermined or contingent liabilities.
- The calculation of provisions (*see Note 10*).

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

3.- DISTRIBUTION OF RESULT

The proposal for the distribution of the Company's result for 2011 is the following (in thousands of euros):

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

4.- ACCOUNTING POLICIES

The principal accounting policies applied by the Company in the preparation of the accompanying 2011 financial statements were as follows:

a) Intangible assets

Intangible assets are recognized initially at acquisition or production cost and are subsequently measured at cost less any accumulated amortization and any accumulated impairment losses. Only assets whose cost can be estimated objectively and from which the Company considers it probable that future economic benefits will be generated are recognized. These assets are amortized over their years of useful life.

"*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 four to six years, depending on the type of program or development, from the date on which it is brought into service.

b) Property, plant and equipment

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

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 income statement for the year in which they are incurred.

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	50
Other fixtures and furniture	10
Other items of property, plant and equipment	4-10

c) Impairment losses

At each reporting date, or whenever it is considered necessary, the Company 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).

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 the most recent budgets approved by management.

If the recoverable amount is lower than the asset's carrying amount, the related impairment loss is recognized in the 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.

d) Financial instruments

As the head of the Group, the Company prepares consolidated financial statements. The 2011 consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRSs) as approved by European Commission Regulations. The main aggregates of the PRISA Group's consolidated financial statements for 2011 prepared in accordance with IFRSs, are as follows.

	Thousands of euros
Total assets	7,878,524
Equity	2,218,035
Loss for the year	(451,218)

Financial assets-

Equity investments in Group companies, jointly controlled entities and associates

Equity investments in Group companies, jointly controlled entities and associates are measured at cost net, where appropriate, of any accumulated impairment losses.

The amount of the adjustment for impairment is the difference between the carrying amount and recoverable amount, taken to be the higher of fair value less costs to sell and the present value of the estimated future cash flows from the investment. Unless the recoverable amount of the investment can be determined by its market value, it is based on the value of the equity of the investee, adjusted by the amount of the unrealized gains existing at the measurement date.

Of the impairment losses recognized at December 31, 2011, EUR 268,642 thousand was recognized under "*Provisions for third-party liability*" (see Notes 4-i and 10).

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 Company recognizes the related impairment allowance for the difference between the recoverable amount of the receivables and their carrying amount.

Held-to-maturity investments

Investments that the Company has the positive intention and ability to hold to the date of maturity. They are carried at amortized cost.

Financial liabilities-

Loans and payables

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.

The Company derecognizes financial liabilities when the obligations that generated them have been extinguished.

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.

Treasury shares-

Treasury shares are measured at acquisition cost with a debit balance under "Equity." Gains and losses on the acquisition, sale, issue, retirement or impairment of treasury shares are recognized directly in equity in the accompanying balance sheet.

e) Derivative financial instruments and hedge accounting-

The Company is exposed to interest rate risk since its bank borrowings and payables to Group companies bear interest at floating rates. In this regard, the Company arranges interest rate hedges, basically through contracts providing for interest rate caps, when the market outlook makes it advisable to do so.

These cash flow hedging derivatives are measured at fair value at the arrangement date. The subsequent changes in the fair value of the effective portion of the hedge are recognized in "*Valuation adjustments*" and are not transferred to the income statement until the losses or gains on the hedged transactions are recognized therein or until the maturity date of transactions. The ineffective portion of the hedge is recognized directly in profit or loss.

Changes in the value of these financial instruments are recognized as finance costs or finance income for the year, since by their nature they do not qualify for hedge accounting.

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.

f) Foreign currency transactions

Foreign currency transactions are translated to the Company's functional currency (euros) 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 income statement.

At the end of the reporting period, foreign currency on hand and the receivables and payables denominated in foreign currencies are translated to euros at the exchange rates then prevailing. Any gains or losses on such translation are recognized in the income statement.

g) Income tax

Income tax expense (tax income) represents the sum of the current tax expense (current tax income) and the deferred tax expense (deferred tax income).

The current income tax expense is the amount payable by the Company as a result of income tax settlements for a given year. Tax credits and other tax benefits, excluding tax withholdings and prepayments and tax loss carryforwards from prior years effectively offset in the current year, reduce the current income tax expense.

The deferred tax expense or income relates to the recognition and derecognition of deferred tax assets and liabilities.

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 assets are recognized to the extent that it is considered probable that the Company will have sufficient taxable profits in the future against which those assets can be utilized and the deferred tax assets do not arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit (loss) nor taxable profit (loss).

The deferred tax assets recognized are reassessed at the end of each reporting period and the appropriate adjustments are made to the extent that there are doubts as to their future recoverability. Also, unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that they will be recovered through future taxable profits.

Deferred tax liabilities are recognized for all taxable temporary differences, except for those arising from the initial recognition of goodwill or of other assets and liabilities in a transaction that is not a business combination and affects neither accounting profit (loss) nor taxable profit (tax loss) and except for those associated with investments in subsidiaries, associates and joint ventures in which the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Current and deferred tax assets and liabilities arising from transactions charged or credited directly to equity are also recognized in equity.

The Company files consolidated tax returns as Parent of tax group number 2/91 as permitted by the Consolidated Spanish Corporation Tax Law approved by Legislative Royal Decree 4/2004, of March 5.

As Parent of the group, the Company recognizes the adjustments relating to the consolidated tax group, by recognizing the temporary differences and the corresponding deferred tax asset arising as a result of the change in impairment losses on the Company's investments in companies in the consolidated tax group, provided that it considers that these impairment losses will be reversed.

h) 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.

Interest income from financial assets is recognized using the effective interest method and dividend income is recognized when the shareholder's right to receive payment has been established.

i) Provisions and contingencies

The present obligations at the balance sheet date arising from past events which could give rise to a loss for the Company, which is uncertain as to its amount and timing are recognized as provisions in the balance sheet at the present value of the most probable amount that it is considered that the Company will have to pay to settle the obligation (*see Note 10*).

The "*Provision for taxes*" relates 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.

The "*Provision for third-party liability*" relates to the estimated amount required to meet the Company's liability, as the majority shareholder, for the portion of the losses incurred at investees whose equity has become negative and which must be restored by their shareholders.

j) Current/non-current classification

Assets and liabilities maturing within twelve months from the balance sheet date are classified as current items and those maturing within more than twelve months are classified as non-current items.

k) Related party transactions

Related party transactions are a part of the Company's normal business activities (in terms of their purpose and terms and conditions). Sales to related parties are carried out on an arm's length basis.

The most significant transactions performed with related companies are of a financial nature.

5.- INTANGIBLE ASSETS

The transactions performed in 2011 in the various intangible asset accounts and the related accumulated amortization are summarized as follows (in thousands of euros):

	Balance at 12/31/2010	Additions	Transfers	Balance at 12/31/2011
Cost-				
Concessions, patents and other	60	-	-	60
Computer software	18,835	2,045	230	21,110
Advances and intangible assets in progress	677	-	(230)	447
Total cost	19,572	2,045	-	21,617
Accumulated amortization				
Concessions, patents and other	(60)	-	-	(60)
Computer software	(11,312)	(2,473)	-	(13,785)
Total accumulated amortization	(11,372)	(2,473)	-	(13,845)
Total intangible assets, net	8,200	(428)	-	7,772

The 2011 additions to “*Advances and intangible assets in progress*” and “*Computer software*” relate mainly to the various projects which the Company is implementing in the framework of the Group’s Technology Plan. As these projects in progress are completed they are transferred to “*Computer software*.”

At December 31, 2011, the Company’s fully amortized intangible assets in use amounted to EUR 4,992 thousand (December 31, 2010: EUR 4,830 thousand)

There are no restrictions on title to or future purchase obligations for intangible assets.

2010

The transactions performed in 2010 in the various intangible asset accounts and the related accumulated amortization are summarized as follows (in thousands of euros):

	Balance at 12/31/2009	Additions	Disposals	Transfers	Balance at 12/31/2010
Cost-					
Concessions, patents and other	60	-	-	-	60
Computer software	18,019	69	(121)	868	18,835
Advances and intangible assets in progress	1,624	73	(152)	(868)	677
Total cost	19,703	142	(273)	-	19,572
Accumulated amortization					
Concessions, patents and other	(60)	-	-	-	(60)
Computer software	(9,149)	(2,261)	98	-	(11,312)
Total accumulated amortization	(9,209)	(2,261)	98	-	(11,372)
Total intangible assets, net	10,494	(2,119)	(175)	-	8,200

6.- PROPERTY, PLANT AND EQUIPMENT

The transactions performed in 2011 in the various property, plant and equipment accounts and the related accumulated depreciation are summarized as follows (in thousands of euros):

	Balance at 12/31/2010	Additions	Balance at 12/31/2011
Cost-			
Buildings	310	-	310
Other fixtures and furniture	4,132	26	4,158
Other items of property, plant and equipment	4,274	16	4,290
Total cost	8,716	42	8,758
Accumulated depreciation			
Buildings	(71)	(7)	(78)
Other fixtures and furniture	(2,997)	(223)	(3,220)
Other items of property, plant and equipment	(3,444)	(92)	(3,536)
Total accumulated depreciation	(6,512)	(322)	(6,834)
Total property, plant and equipment, net	2,204	(280)	1,924

At December 31, 2011, the Company's fully depreciated property, plant and equipment in use amounted to EUR 5,276 thousand (December 31, 2010: EUR 4,994 thousand).

There are no restrictions on title to or future purchase obligations for property, plant and equipment.

The Company takes out insurance policies to adequately cover the replacement value of its assets.

2010

The transactions performed in 2010 in the various property, plant and equipment accounts and the related accumulated depreciation are summarized as follows (in thousands of euros):

	Balance at 12/31/2009	Additions	Disposals	Balance at 12/31/2010
Cost-				
Buildings	310	-	-	310
Other fixtures and furniture	4,057	81	(6)	4,132
Other items of property, plant and equipment	5,551	46	(1,323)	4,274
Total cost	9,918	127	(1,329)	8,716
Accumulated depreciation				
Buildings	(64)	(7)	-	(71)
Other fixtures and furniture	(2,766)	(231)	-	(2,997)
Other items of property, plant and equipment	(4,135)	(207)	898	(3,444)
Total accumulated depreciation	(6,965)	(445)	898	(6,512)
Total property, plant and equipment, net	2,953	(318)	(431)	2,204

7. FINANCIAL INSTRUMENTS

7.1.- FINANCIAL ASSETS

The detail of "Financial assets" in the balance sheets at December 31, 2011 and 2010, based on the nature of the transactions, is as follows:

Classes Categories	Thousands of euros							
	Non-current				Current		Total	
	Equity instruments		Loans, derivatives and other		Loans, derivatives and other			
	12/31/11	12/31/10	12/31/11	12/31/10	12/31/11	12/31/10	12/31/11	12/31/10
Group companies and associates	5,053,885	5,464,044	217,708	201,406	205,256	149,220	5,476,849	5,814,670
Held-to-maturity investments	-	-	8,826	8,826	-	-	8,826	8,826
Total	5,053,885	5,464,044	226,534	210,232	205,256	149,220	5,485,675	5,823,496

Equity investments in Group companies and associates

The transactions performed in 2011, in this category of financial assets, are summarized as follows (in thousands of euros):

	Balance at 12/31/2010	Additions	Balance at 12/31/2011
Cost			
Investments in Group companies	5,685,756	6	5,685,762
Investments in associates	4,637	-	4,637
Total cost	5,690,393	6	5,690,399
Impairment losses			
In Group companies	(225,959)	(405,958)	(631,917)
In associates	(390)	(4,207)	(4,597)
Total impairment losses	(226,349)	(410,165)	(636,514)
Group companies and associates	5,464,044	(410,159)	5,053,885

The main direct and indirect investments of Promotora de Informaciones, S.A. are listed in *Appendix I* and *Appendix II*, respectively.

The additions relate to the incorporation on June 8, 2011 of two companies: Prisa Gestión de Servicios, S.L. and Prisa Noticias, S.L., with the contribution of EUR 3,000 in capital, respectively. The corporate purpose of Prisa Gestión de Servicios, S.L. is to manage and perform all types of financial, human resource and legal activities. The corporate purpose of Prisa Noticias, S.L. is to manage and operate print media (newspapers, supplements and additional publications).

On July 1, 2011, a resolution was adopted to increase the capital of Prisa Noticias, S.L. in order to consolidate in this holding company all of the investments that Promotora de Informaciones, S.A. held in press-related companies. Consequently, Diario El País, S.L., Grupo Empresarial de Medios Impresos, S.L. and Redprensa, S.L.U. were contributed to this new company.

In 2011, impairment losses were recognized on the income statement in the amount of EUR 428,485 thousand, of which EUR 410,165 thousand relate to impairment losses recognised for financial assets and EUR 18,320 thousand to period provisions from contingencies and charges (see Note 10).

Among the impairment losses recognize under this heading, are collected mainly impairments of goodwill implicit of the investments in Media Capital (EUR 228,232 thousand) mainly due to a rise in the country risk and the negative trend in the advertising market; Prisa Brand Solutions (EUR 33,944 thousand) owing to 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 and V-ME (EUR 3,507 thousand), since according to the estimates and projections available to the Group's directors, future cash flows allocated to these companies are not expected to allow to recover the net value of the investments registered at December 31, 2011.

In addition, an impairment loss of EUR 128,000 thousand was recognized on the income statement for Prisa Televisión, S.L., since according to the estimates and projections available to the Group's directors, future cash flows allocated to the investments in Prisa Televisión's audiovisual business (56% Digital + and 17.3% Telecinco mainly) are not expected to allow to recover the net value of the investment registered at December 31, 2011.

2010

The transactions performed in 2010, in this category of financial assets, are summarized as follows (in thousands of euros):

	Balance at 12/31/2009	Additions	Transfers	Disposals	Balance at 12/31/2010
Cost					
Investments in Group companies	5,058,157	649,542	-	(21,943)	5,685,756
Investments in associates	-	-	4,637	-	4,637
Total cost	5,058,157	649,542	4,637	(21,943)	5,690,393
Impairment losses					
In Group companies	(185,154)	(46,834)	-	6,029	(225,959)
In associates	-	(390)	-	-	(390)
Total impairment losses	(185,154)	(47,224)		6,029	(226,349)
Group companies and associates	4,873,003	602,318	4,637	(15,913)	5,464,044
Other equity instruments	4,425	106	(4,637)	106	-
Total equity instruments	4,877,428	602,424	-	(15,808)	5,464,044

In 2010 an impairment loss of EUR 45 million was recognized on the accompanying 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.

EUR 650 million recognized under "*Additions*" arose as a result of the capital increase approved by Prisa's shareholders in an extraordinary general meeting on November 27, 2010, which were subscribed against non-monetary contributions consisting of the Company's ordinary shares and warrants from Liberty Acquisition Holdings Virginia, Inc. (see Notes 1.b, 7.2 and 7.4).

"*Disposals*" correspond to the sale of the 25% stake in Grupo Santillana de Ediciones, S.L. to DLJ South American Partners LP (DLJSAP) on April 29, 2010. Cash proceeds from the sale

amounted to EUR 279 million. The shares acquired by DLJSAP are preference shares which grant the right to receive a preferential minimum yearly dividend of USD 25.8 million. The net EUR 254 million gain on this sale was recognized under "*Finance income –Gains on disposal of equity instruments*" on the 2010 income statement.

Impairment tests

At the end of each reporting period, or whenever there are indications of impairment, the Company 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.

The recoverable amount of each stake is the higher of value in use and the net selling price that would be obtained from the asset.

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. 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. Therefore, in 2011 the rates used ranged from 7.4% to 10,6% depending on the business being analyzed.

Loans to Group companies and associates-

"*Loans to Group companies and associates*" includes mainly the loans granted to Group companies and associates, the detail being as follows:

Group Company	Type of Loan	Final Maturity	Balance at 12/31/2010	Additions	Transfer to short Term	Repayments	Balance at 12/31/2011
Promotora de Emisoras de Televisión, S.A.	Participating	2014	29,052	-	-	-	29,052
Promotora de Emisoras, S.L.	Participating	2013	41,456	-	-	-	41,456
Prisa División Inmobiliaria, S.L.U.	Participating	2013	916	-	-	-	916
Promotora de Actividades América 2010, S.L.	Participating	2012	877	-	(877)	-	-
Promotora de Actividades América 2010, S.L.	Financial	2013	940	14	-	-	954
Grupo Media Capital SGPS, S.A.	Financial	2012	8,640	140	(8,780)	-	-
Prisaprint, S.L.	Participating	2014	119,525	25,805	-	-	145,330
Group companies, total			201,406	25,959	(9,657)	-	217,708
Associates companies			-	-	-	-	-
Group companies and associates, total			201,406	25,959	(9,657)	-	217,708

The participating loans earn floating interest which is dependent upon the borrower achieving a certain volume of billings and/or earnings. The participating loans to Prisa División Inmobiliaria, S.L.U. (arising from its merger with Oficina del Autor, S.L.), Promotora de

Emisoras de Televisión, S.A. and Prisaprint, S.L. also earn interest tied to Euribor plus a market spread. The financial loans earn interest tied to Euribor plus a market spread.

Current investments in Group companies and associates-

The Company pools all the cash balances of the Prisa Group companies located in Spain through transfers from (to) the banks at which it has demand deposits. The balances in this connection earn and bear interest for the Company at rates tied to Euribor plus a spread. At December 31, 2011, this heading included EUR 191,284 thousand of balances and interest receivable from Group companies arising from the above-mentioned cash pooling.

This heading also includes, *inter alia*, the installments falling due within one year of the loans to Group companies and the accrued interest payable on these loans amounting to EUR 13,971 thousand.

7.2. FINANCIAL LIABILITIES

Loans and payables

Classes Categories	Thousands of euros													
	Non-current						Short-term						Total	
	Bank borrowings		Debt securities		Derivatives and other		Bank borrowings		Debt securities		Derivatives and other			
12/31/11	12/31/10	12/31/11	12/31/10	12/31/11	12/31/10	12/31/11	12/31/10	12/31/11	12/31/10	12/31/11	12/31/10	12/31/11	12/31/10	
Loans and payables	3,049,203	2,881,856	115,364	159,695	121,591	122,321	98,861	252,602	61,832	5,505	1,188,024	1,204,362	4,634,875	4,626,342
Liabilities at fair value through profit or loss	-	-	-	-	1,825	4,254	-	-	-	-	1,345	9,152	3,170	13,406
Total	3,049,203	2,881,856	115,364	159,695	123,416	126,575	98,861	252,602	61,832	5,505	1,189,369	1,213,514	4,638,045	4,639,748

Bank borrowings

At December 31, 2011, the Company's bank borrowings were as follows (in thousands of euros):

	Maturity Date	Limit	Draw down amount maturing at short term	Draw down amount maturing at long term
Syndicated loan and credit facility	2014	1,382,544	100,000	1,282,544
Bridge loan	2015	1,540,882	-	1,540,882
Subordinated loan	2015	134,000	-	134,000
Credit facilities	2015	145,000	(16)	141,962
Leasing, interest and other	-	175	175	-
Loan arrangement costs	2015	-	(1,298)	(50,185)
Total		3,202,601	98,861	3,049,203

Syndicated loan and credit facility

In June 2007, Prisa entered into a syndicated financing agreement 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 credit 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 remaining balance at the end of the year is EUR 1,382,544 thousand.

This syndicated loan is tied to Euribor plus a spread 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 Company 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 Company signed the renewal of the bridge loan amounting to EUR 1,948,935 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 19 May, 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.

In 2011, EUR 12,514 thousand of the bridge loan was paid off using the proceeds from the sale of 10% of Grupo Media Capital, S.A.

The remaining balance at the end of the year is EUR 1,540,882 thousand.

Subordinated credit facility-

On December 21, 2007, the Company arranged a subordinated credit facility of EUR 200,000 thousand bearing interest at a market rate.

The Company has arranged an interest rate hedge that establishes 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 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 EUR 141,962 thousand in credit facilities is recognized under "*Non-current payables - Bank borrowings*" on the accompanying balance sheet at December 31, 2011. The interest rate applicable to these credit facilities is Euribor plus a market spread.

At year-end 2011, the syndicated loan and the credit facility, the bridge loan and the 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 Vertex, SGPS, S.A.

In 2010, the Company 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 the Prisa Group 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 main current conditions for the different loans 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 fulfillment 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 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, initially, until January 16, 2015, and September 21, 2015, when the conditions for extending the other loans are in place.
- The financial ratios ("covenants") have been renewed so as to adapt them to the Group's new financial estimates.
- The cost of the borrowings remains tied to Euribor plus a spread in accordance with financial market rates.

On the basis of an analysis of the conditions for the financial liabilities it has been concluded current conditions have suffered no material change in comparison with the previous conditions.

Payable to Group companies and associates

The detail of “*Payable to Group companies and associates*” at December 31, 2011, was as follows (in thousands of euros):

	Non-current	Current
Investment tax credits	46,833	-
Other payables	-	649,540
Cash pooling	-	483,112
Income tax settlement	-	47,975
Total	46,833	1,180,627

Other payables-

Until the transaction with Liberty Acquisition Holdings Virginia, Inc. is finalized, “*Other payables*” temporarily includes the obligation arising from the transfer of EUR 650 million to Promotora de Informaciones, S.A. related to the subsequent integration agreements and capital increase and exchange of shares described in *notes 7.1 and 7.4*.

Investment tax credits-

“*Investment tax credits*” includes Promotora de Informaciones, S.A.’s obligation to its subsidiaries arising from investment tax credits earned by Group companies in prior years that were not used in the consolidated group’s income tax settlement.

Cash pooling-

At December 31, 2011, this heading included EUR 319,684 thousand of balances and interest payable to Group companies arising from the above-mentioned cash pooling.

This heading also includes, *inter alia*, the installments falling due within one year of the loans from Group companies and the accrued interest payable on these loans amounting to EUR 163,428 thousand.

Derivative financial instruments

The Company includes in this category the fair value of various interest rate hedging instruments that do not qualify as effective hedges.

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

The changes in the value of these financial instruments, which is provided periodically by the banks with which the hedges were arranged, are recognized as finance income or finance costs for the year. "Non-Current financial assets" and "Current financial assets" on the asset side of the accompanying balance sheet and "Non-current payables" and "Current payables" on the liability side of the accompanying balance sheet include the market value of the various financial instruments.

In 2011, the Company held interest rate derivatives and share options.

Interest rate derivatives-

The interest rate derivatives arranged by the Company at December 31, 2011 and outstanding at December 31, 2011 are as follows:

Company	Instrument	Expiry	Nominal Value	Fair Value	Nominal		
					Outstanding 2011	Outstanding 2012	Outstanding 2013
Prisa	IRS	2013	134,000	(1,317)	134,000	134,000	134,000
Total			134,000	(1,317)	134,000	134,000	134,000

Analysis of sensitivity to interest rates-

The fair value of the interest rate derivatives arranged by the Company depends on the changes in the Euribor and long-term swap interest rate curves. These derivatives had a negative fair value of EUR 1,317 thousand at December 31, 2011 and EUR 7,747 thousand at December 31, 2010.

Following is a detail, in thousands of euros, of the analysis of the sensitivity of the fair values of derivatives at December 31, 2011 to changes in the euro interest rate curve that the Company considers to be reasonable:

Sensitivity (before tax)	12/31/11	12/31/10
+0,5% (Increase in interest rate curve)	936	1,832
-0,5% (Increase 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. For floating-rate financial debt, a 0.5% increase in interest rates would increase borrowing costs by EUR 15,997 thousand.

Liquidity and interest rate risk tables-

The following table shows an analysis of the Company'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.

(Thousands of euros)	1 to 3 months	3 months - 1 year	1-5 years	+5 years
Interest rate derivatives	(137)	(779)	(401)	-

Financial liabilities arising from the settlement options as part of the obligatory conversion of the Class B non-voting shares-

At December 31, 2010, as a result of the capital increase transactions mentioned, 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 non-voting 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 stood at EUR 74,758 thousand and it is registered "Non-Current Liabilities - Derivatives" on the accompanying balance sheet at December 31, 2011.

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 1,853 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.

Other financial liabilities

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 non-voting shares; their holders have 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 totaling 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 year-end 2011—the year when 14,776,572 Class B shares were converted (*see note 7.4*)—the obligation was valued at EUR 177,197 thousand.

7.3- NATURE AND RISK OF THE FINANCIAL INSTRUMENTS

The Company has the mechanisms necessary to control, based on its financial structure and position and on the economic variables of the industry, exposure to changes in interest and exchange rate fluctuations and credit and liquidity risks, using specific hedging transactions, when necessary.

Interest rate hedges-

The Company is exposed to interest rate risk since all of its bank borrowings bear interest at floating rates. In this regard, the Company arranges interest rate hedges, basically through contracts providing for interest rate caps, in relation to the subordinated credit facility described in *Note 7.2*.

7.4- EQUITY

The detail of the transactions recognized under “*Equity*” at December 31, 2011 and in 2010 is summarized in the statement of changes in equity.

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 general 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, 0.1 nominal value 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		% of voting rights
	Direct	Indirect	
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, Société 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.

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 in 2010 and the subscribed warrants in 2011. 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 Note 7.2*). 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 7.2*), 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).

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.

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 canceled.

Bylaw-stipulated reserves-

Under Article 32 of the Company'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.

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 described in Note 11 to the Financial Statements.

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

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 Company restructured its borrowings.

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

8. TAX MATTERS

As indicated under “*Accounting Policies*,” the Company 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. The companies included in the consolidated tax group are detailed in *Appendixes I and II*.

As the parent of the aforementioned consolidated tax group, Promotora de Informaciones, S.A. recognizes the Group’s overall position vis-à-vis the tax authorities resulting from application of the consolidated tax regime, the detail being as follows.

	Thousands of euros	
	2011	2010
Sum of individual tax bases	33,131	1,037,874
Consolidation adjustments	(173,874)	(140,214)
Offset of tax losses arising prior to inclusion in the Group		(574,825)
Offset of Group tax losses		(48,118)
Consolidated taxable profit (tax loss)	(140,743)	274,717
Consolidated gross tax payable	(42,223)	82,415
Double taxation tax credits	(17,804)	(14,021)
Double taxation tax credits used in 2009		(2,953)
Investment tax credits	(8,846)	(29,959)
Net tax payable		35,482
Spanish Withholdings from tax group	(4,743)	(127)
Income tax refundable	(4,743)	35,355

The consolidated tax group’s tax loss amounted to EUR 140,743 thousand, after making the appropriate consolidation adjustments for a negative amount of EUR 173,874 thousand. Income tax credit, which corresponds to the Spanish withholdings on account of the Corporate income tax group, stands at EUR 4,743 thousand at December 31, 2011, and is recognized in “*Tax Payables*” of the balance sheet.

Reconciliation of the accounting profit (loss) to the taxable profit (tax loss)

The reconciliation of the income and expenses for the year to the taxable profit (tax loss) used to calculate the income tax expense for 2011 and 2010 is as follows (in thousands of euros):

	2011			2010		
	Income statement	Equity	Total	Income statement	Equity	Total
Balance of income and expenses for the year	(616,903)	(936)	(617,839)	9,282	(35,558)	(26,276)
Income tax	(64,828)		(64,828)	26,527		26,527
Foreign Withholdings	16		16	44		44
Adjustment of prior years' income tax	160,877		160,877	13,094		13,094
Individual permanent differences	402,662		402,662	142,980		142,980
Individual temporary differences	(4,795)		(4,795)	89,474		89,474
Permanent differences on consolidation				(5,033)		(5,033)
Temporary differences on consolidation				(1,375)		(1,375)
Taxable profit (tax loss)	(122,971)	(936)	(123,907)	274,993	(35,558)	239,435

The permanent differences are due mainly to: the exemption of foreign-source dividends established in Article 21 of the Corporation Income Tax Law, certain non-deductible costs, provisions for expenses recognized for accounting purposes and which will become deductible for tax purposes in subsequent periods and the contributions made to not-for-profit entities.

The temporary differences are due mainly to differences in the accounting and tax treatment of the provision expense.

Reconciliation of the accounting profit (loss) to the income tax expense

The reconciliation of the accounting profit (loss) to the income tax expense is as follows (in thousands of euros):

	2011			2010		
	Income statement	Equity	Total	Income statement	Equity	Total
Accounting profit (loss) before tax	(520,838)	(936)	(521,774)	48,947	(35,558)	13,389
Tax charge at 30%	(156,251)	(281)	(156,532)	14,684	(10,667)	4,017
Individual permanent differences and permanent differences on consolidation	120,799		120,799	41,384		41,384
Impact of temporary differences	(1,439)		(1,439)	26,430		26,430
Double taxation tax credits	(29,005)		(29,005)	(28,476)		(28,476)
Investment tax credit	(370)		(370)	(1,065)		(1,065)
Current income tax	(66,266)	(281)	(66,547)	52,957	(10,667)	42,290
Deferred income tax	1,439		1,439	(26,430)		(26,430)
Foreign withholdings	16		16	44		44
Adjustment of prior years' income tax	160,876		160,876	(13,094)		(13,094)
Total income tax	96,065	(281)	95,784	39,665	(10,667)	28,998

In calculating its income tax expense, the Company availed itself of the tax credit envisaged in Article 20 of Law 49/2002, of December 23, on the Tax Regime of Not-for-Profit Entities and Tax Incentives for Patronage, amounting to EUR 211 thousand and the tax credit for research and development activities and technological innovation set forth in Article 35 of Legislative Royal Decree 4/2004, of March 5, in the amount of EUR 158 thousand.

The Company also took EUR 29,005 thousand of domestic and international dividend double taxation tax credits.

In 2008 the Company availed itself of the tax credit for the reinvestment of extraordinary income and applied the reinvestment tax credit to income amounting to EUR 54,776 thousand and EUR 15,866 thousand, having fulfilled, in the year in which the income was obtained, the obligation to reinvest the sale price in the acquisition of financial assets, in the terms established by the tax legislation.

In its 2010 income tax statement, the Company availed itself of the tax credit for the reinvestment of extraordinary income and applied the reinvestment tax credit to income

amounting to EUR 263,491 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.

Tax receivables and tax payables

The detail of tax receivables and tax payables at December 31, 2011 is as follows (in thousands of euros):

	Receivable		Payable	
	Current	Non-current	Current	Non-current
Income tax refundable	4,865	-	-	-
Deferred tax assets arising from unused tax credits	-	269,508	-	-
Deferred tax assets arising from tax losses upon tax consolidation	-	42,223	-	-
Deferred tax assets arising from temporary differences	-	15,833	-	-
Deferred tax liabilities	-	-	-	(784)
VAT, personal income tax withholdings, social security taxes and other	5,730	-	(13,152)	-
Total	10,595	327,564	(13,152)	(784)

The detail of tax receivables and tax payables at December 31, 2010 is as follows (in thousands of euros):

	Receivable		Payable	
	Current	Non-current	Current	Non-current
Income tax refundable	-	-	(35,380)	-
Deferred tax assets arising from unused tax credits	-	197,539	-	-
Deferred tax assets arising from tax losses upon tax consolidation	-	-	-	-
Deferred tax assets arising from temporary differences	-	28,004	-	-
Deferred tax liabilities	-	-	-	(659)
VAT, personal income tax withholdings, social security taxes and other	6,715	-	(9,693)	-
Total	6,715	225,543	(45,073)	(659)

Deferred tax assets and liabilities

Deferred tax assets-

Deferred tax assets amounting to EUR 327,564 thousand at December 31, 2011, recognized under "*Deferred tax assets,*" relate mainly to double taxation and investment tax credits earned and not deducted when calculating income tax, tax loss carryforwards from the consolidated tax group, the difference in the timing of the recognition for accounting and tax purposes of the expense incurred in relation to the impairment losses recognized for companies included in the consolidated tax group, and to the consolidated tax group's tax loss for 2011.

Deferred tax liabilities-

The amount recognized as non-current corresponds to the application of tax credits under article 12.5 of Spanish Corporation Tax Law regarding securities which are acquired representing a stake in the equity of entities that are not residents in Spain.

Years open for review by the tax authorities

In 1999 the tax authorities audited the years open for review up to and including 1996 of the Company and its consolidated tax group and issued tax assessments against the Company relating to personal income tax withholdings and prepayments, VAT, the single revaluation tax and, as the head of the tax group, income tax. At the beginning of the year, sentences were pending solely regarding the cassation appeals related to the income tax settlements for 1995 and 1996. During the year, sentences of dismissal were received regarding each cassation appeal; consequently, the Company has proceeded to settle the corresponding amounts.

In 2006, the tax authorities completed their audit 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 June 2000 to May 2004. 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.

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. An economic-administrative claim, filed with the Central Economic-Administrative Tribunal, is 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 did not give rise to any regularizations of significance. Also, the audit of non-resident income tax, from June 2004 to December 2005, was completed with EUR 13 thousand refundable to the Company, and the tax audit of VAT from June 2004 to December 2006 was completed and the corresponding contested assessment was issued amounting to EUR 5,357 thousand, against which appeals have been filed at the Central Economic-Administrative Tribunal.

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 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 through 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 10*) 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.

The Company has from 2009 onwards open for review for all state taxes. Additionally, the Company has open for review the last four years for all non-state taxes.

Transactions under the special regime

The disclosures required by Article 93 of the Spanish Corporation Tax Law, approved by Legislative Royal Decree 4/2004, of March 5, relating to corporate restructuring transactions under the special regime for mergers and spin-offs of Chapter VIII Title VII of the aforementioned legislation, are included in the notes to the financial statements of the years in which these transactions took place.

During the year, a capital increase was carried out at PRISA NOTICIAS, S.L. It was fully paid for in cash against a non-cash contribution consisting in all of the shares that Promotora de Informaciones, S.A. held in DIARIO EL PAIS, S.L., GRUPO EMPRESARIAL DE MEDIOS IMPRESOS, S.L. and REDPRENSA, S.L. The disclosures required by Article 93.2 of the Spanish Corporation Tax Law, approved by Legislative Royal Decree 4/2004, of March 5, relating to corporate restructuring transactions under the special regime for mergers and spin-offs of Chapter VIII Title VII are set forth in the following table.

	Thousands of euros
Carrying amount of the securities delivered	
- Diario El País, S.L.	18,030
- Grupo Empresarial de Medios Impresos, S.L.	77,943
- Redprensa, S.L.	150
Amount at which the securities received have been recognized	
- Prisa Noticias, S.L.	96,123

9.- INCOME AND EXPENSE

Employees

The detail of “*Employee benefits costs*” in the income statements for 2011 and 2010 is as follows (thousands of euros):

	2011	2010
Employer social security costs	1,403	1,376
Other employee benefit costs	390	422
Total	1,793	1,798

The average number of employees in both 2011 and 2010 was 128, all of whom had a permanent employment contract. The detail, by gender and professional category, is as follows:

	2011		2010	
	Men	Women	Men	Women
Executives	27	9	29	10
Middle management	15	7	10	7
Qualified line personnel	12	34	14	32
Other	2	22	2	24
Total	56	72	55	73

The number of employees at December 31, 2011 and at December 31, 2010, was 128, all of whom had a permanent employment contract. The detail, by gender and professional category, is as follows:

	2011		2010	
	Men	Women	Men	Women
Executives	25	9	30	11
Middle management	18	8	9	7
Qualified line personnel	11	33	12	32
Other	2	22	2	25
Total	56	72	53	75

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

Fees for other professional services provided to the Company by the principal auditor and by other entities related to the auditor are as follows:

	Amount (thousands of euros)	
	2011	2010
Other verification services	250	24
Tax advisory services	90	-
Other services	41	366
Other professional services	381	390

10.- PROVISIONS AND CONTINGENCIES

The changes in "Provisions and contingencies" in 2011 are as follows (in thousands of euros):

	Balance at 12/31/2010	Additions	Disposals	Balance at 12/31/2011
Provision for taxes-	8,036	183,000	(7,590)	183,446
Provisions for third-party liability-	250,322	19,902	(1,582)	268,642
Total cost	258,358	202,902	(9,172)	452,088

In 2011, the Company has recognized a provision of EUR 183,000 thousand (see Note 8) to cover a probable unfavorable ruling on the taxes in question, principally the export tax credit. Also, in 2011, the Company has proceeded to pay the settlements reported during the year relates to the tax debts arising from review of the years 1992-1996.

The additions to "Provision for third-party liability" relate mainly to increases in provisions established to cover the negative equity of PrisaPrint, S.L. and Prisa Digital, S.L at year-end 2011. These provisions were recognized under "Impairment of financial instruments" on the 2011 income statement.

11. -SHARE-BASED PAYMENTS

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, approved a system of compensation (the "2010-2013 Share/Stock Options Delivery Plan") consisting of the delivery of shares and/or share options of the Company to the directors and managers in the Prisa Group, during the years 2010, 2011, 2012 y 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. Prisa has recognized an expense for this item on the income statement for 2011 in the amount of EUR 480 thousand. The number of shares delivered is 188,081 (*see Note 7.4*).

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 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 7.4*).

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 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 577 thousand.

12.- 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 previously by Iberbanda in the amount of EUR 3,384 thousand.

At December 31, 2011, Prisa had furnished bank guarantees amounting to EUR 53,382 thousand mainly in relation to the tax assessments issued by the tax authorities that were signed on a contested basis (*see Note 8*).

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 majority 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 bank 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.

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-à-vis the holders of the bonds redeemable into shares that were issued.

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.

13.- FUTURE COMMITMENTS

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. A breakdown of the estimated future new commitments for the remainder of the contract is given below:

Year	Thousands of euros
2012	29,884
2013	30,982
2014	32,101
2015	33,243
2016	34,408
2017 and subsequent years	21,695
	182,313

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.

In 2011, trade payables over 85 days past due for the Spanish Group companies amounted to EUR 32,799 thousand (December 31, 2010: EUR 9,617 thousand).

The detail of payments made in 2011 is as follows:

	Thousands of euros	%
Past-due more than 85 days	21,563	45
Others	26,563	55
Total payments	48,126	100
Weighted Average Number of Days Past-Due (DSO)	132	

14. 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, in accordance with 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 7.2*).

15. RELATED PARTY TRANSACTIONS

Transactions with Group companies, associates and related parties

The transactions performed with Group companies, associates and related parties in 2011 and 2010 are as follows:

	Thousands of euros	
	2011	2010
Income		
Services rendered and other	42,360	32,969
Finance income	6,615	4,074
Dividends	125,671	110,779
Total	174,646	147,822
Expenses		
Outside services	2,320	-
Finance costs	6,943	5,613
Total	9,263	5,613

Income from services rendered corresponds basically to central corporate services.

All the transactions with related parties were carried out on an arm's length basis.

The detail, by company, of the dividend income paid by Group companies in 2011 and 2010 is as follows (thousands of euros):

	2011	2010
Grupo Santillana de Ediciones, S.L.	59,435	39,298
Prisa Televisión, S.A.U.	-	20,000
Vertex, S.G.P.S.	29,039	16,006
Diario El País, S.L.	9,255	-
Prisa Radio, S.L.	27,942	35,475
Prisa División Inmobiliaria, S.L.	-	-
Total	125,671	110,779

Remuneration and other benefits of directors

In 2011 and 2010 the remuneration earned by the members of the Board was as follows:

Type of remuneration	Thousands of euros	
	2011	2010
Fixed remuneration	2,838	2,019
Variable remuneration	7,011	1,600
Attendance fees	540	1,579
Bylaw-stipulated directors' emoluments	1,950	990
Share options and/or other financial instruments	-	68
Other	7,732	2,034
Total	20,071	8,290

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	Société Editrice du Monde	-	Director
Juan Luis Cebrián Echarri	Mediaset España Comunicación, S.A.		Director

Owner	Company	Percentage of ownership (%)	Functions
Manuel Polanco Moreno	Mediaset España Comunicación, S.A.	-	Deputy chairman
Nicolás Berggruen	Société 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 Domínguez, 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.

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.

16.- EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These financial statements are presented on the basis of accounting principles generally accepted in Spain. Certain accounting practices applied by the Company that conform with generally accepted accounting principles in Spain may not conform with generally accepted accounting principles in other countries.

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	12/31/11 (In thousands of euros)			
			PERCENTAGE OF OWNERSHIP	TAX GROUP (*)	SHARE CAPITAL	SHAREHOLDERS' EQUITY
AUDIOVISUAL						
PRISA TELEVISION						
<i>Full consolidation</i>						
Audiovisual Sport, S.L.	Calle Diagonal, 477. Barcelona	Management and distribution of audiovisual rights	80.00%	2/91	6,220	61,343
Centro de Asistencia Telefónica, S.A.	Campezo,1. Madrid	Provision of services	56.00%	136/11	3,077	(5,616)
Compañía Independiente de Televisión, S.L.	Avenida de los Artesanos, 6. Tres Cantos. Madrid	Management and exploitation of audiovisual rights	56.00%	136/11	601	53,847
Cinemanía, S.L.	Avenida de los Artesanos, 6. Tres Cantos. Madrid	Operation of thematic television channels	56.00%	136/11	601	9,149
DTS, Distribuidora de Televisión Digital, S.A.	Avenida de los Artesanos, 6. Tres Cantos. Madrid	Television services	56.00%			
Vía Atención Comunicación, S.L.	Avenida de los Artesanos, 6. Tres Cantos. Madrid	Provision of digital TV services	56.00%	136/11	12	17
<i>Equity method</i>						
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	17.34%			
Atlas Media, S.A.U.	Sant Just Desvern. Calle Bullidor, s/n.		17.34%			
Bigbang Media, S.L.	Calle Almagro. 3. 28010. Madrid	Production, distribution and exploitation of audiovisual rights; exploitation of industrial and intellectual property rights.	5.20%		200,000	2,904,437
		Management and financial intermediation of audiovisual companies				
Canal Club de Distribución de Ocio y Cultura, S.A.	Calle Herosilla, 112. Madrid	Catalogue sales	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	17.34%			
Conecta 5 Telecino, S.A.U.	Carretera de Fuencarral a Alcobendas. 4. 28049. Madrid	Exploitation of audiovisual content on the internet	17.34%		61,500	(3,374,241)
Edam Acquisition Holding I Cooperative, E.A.	Flevolaan 41 a 1411 KC Naarden Amsterdam	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	4.29%			
Mediaset España Comunicación, S.A.	Carretera de Fuencarral a Alcobendas. 4. 28049. Madrid	Indirect management of public service television	17.34%		203,430,713	1,524,370,137
Grupo Editorial Tele 5, S.A.U.	Carretera de Fuencarral a Alcobendas. 4. 28049. Madrid	Exploitation of rights: production and distribution of publications	17.34%		120,202	3,010,306
La Fábrica de la Tele, S.L.	Calle Angel Gavinet. 18. 28007. Madrid	Creation, development, production and commercial exploitation of audiovisual content	5.20%		12,860	11,222,661
Mediacinco Cartera, S.L.	Carretera de Fuencarral a Alcobendas. 4. 28049. Madrid	Intermediation and financial management	13.00%		50,010	56,495,317
Mi Cartera Media, S.A.U.	Carretera de Fuencarral a Alcobendas. 4. 28049. Madrid	Multimedia exploitation of economic and financial formats and content	17.34%			
Pegaso Televisión Inc. (EE.UU.)	Brickell Avenue. 1401. Suite 3311. Miami, Florida. EE.UU.	Television stations and production of television content	7.63%			
Premiere Megaplex, S.A.	Calle Enrique Jardiel Poncela. 4. 28016. Madrid	Operation of cinemas (film and video distribution)	8.67%		130,742	45,968
Producciones Mandarina, S.L.	Calle María Tobau. 3. 28050. Madrid	Creation, development, production and commercial exploitation of audiovisual content	5.20%		4,631	6,254,876
Promotora Audiovisual de Colombia PACSA, S.A.	Calle 70. N° 4-60. 11001. Bogotá. Colombia	Audiovisual and communication activities	55.00%			
Publiespaña, S.A.U.	Carretera de Fuencarral a Alcobendas. 4. 28049. Madrid	Exclusive advertising concessionaire of Telecino	17.34%		601,012	47,351,074
Publimedia Gestión, S.A.U.	Carretera de Fuencarral a Alcobendas. 4. 28049. Madrid	Implementation and execution of advertising projects	17.34%		61,020	3,170,469
Sogecable Editorial, S.L.U.	Avenida de los Artesanos, 6. Tres Cantos. Madrid	Management of intellectual property rights	17.34%		3,006	1,157,721
Sogecable Media, S.L.U.	Avenida de los Artesanos, 6. Tres Cantos. Madrid	Sale of advertising space	17.34%		3,008	(1,463,858)
Telecino Cinema, S.A.U.	Carretera de Fuencarral a Alcobendas. 4. 28049. Madrid	Television broadcasting services and intermediation in the markets for audiovisual rights	17.34%		160,100	(27,527,026)

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

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

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	12/31/11 (In thousands of euros)			
			PERCENTAGE OF OWNERSHIP	TAX GROUP (*)	SHARE CAPITAL	SHAREHOLDERS' EQUITY
LOCAL TELEVISION						
<i>Full consolidation</i>						
Axarquía Visión, S.A.U.	Paseo de Reding, 7. Málaga	Provision of local television services	96.81%	2/91	60	(2,967)
Canal 4 Navarra, S.L.U.	Avenida Sancho el Fuerte, 18. Pamplona	Production and broadcasting of videos and TV programmes	100.00%	2/91	2,809	(4,351)
Canal 4 Navarra Digital, S.A.U.	Poligono Industrial Cordovilla. Navarra	Provision of local television services	100.00%	2/91	2,000	2,037
Collserola Audiovisual, S.L. (En liquidación)	Plaza Narcis Oller. Nº 6 1º. 1ª. 08006. Barcelona	Provision of local television services	92.50%	2/91	85	(12,852)
Legal Affairs Consilium, S.L.U.	Plaza Narcis Oller. Nº 6 1º. 1ª. 08006. Barcelona	Provision of local television services	100.00%	2/91	130	(10,542)
Localia TV Madrid, S.A.U.	Gran Vía, 32. Madrid	Provision of local television services	100.00%	2/91	6,000	3,635
Málaga Altavisión, S.A.	Paseo de Reding, 7. Málaga	Production and broadcasting of videos and TV programmes	87.24%	2/91	3,465	(2,788)
Marbella Digital Televisión, S.A.U.	Paseo de Reding, 7. Málaga	Provision of local television services	87.24%	2/91	174	(764)
Productora Asturiana de Televisión, S.A.	Asturias, 19. Oviedo	Provision of local television services	59.99%		1,112	(1,373)
Productora Audiovisual de Badajoz, S.A.	Ramón Albarrán, 2. Badajoz	Provision of local television services	61.45%		498	(1,548)
Productora de Televisión de Córdoba, S.A.U.	Amatista s/n. Polígono El Granadall. Córdoba	Provision of local television services	100.00%	2/91	90	(1,434)
Productora Extremeña de Televisión, S.A.	J. M. R. "Azorin". Edificio Zeus. Polígono La Corchera. Mérida. Badajoz	Provision of local television services	66.00%		1,202	697
Promoción de Actividades Audiovisuales en Canarias, S.A.U.	Avenida Anaga, 35. Santa Cruz de Tenerife	TV communication activities in the Canary Islands	100.00%	2/91	60	71
Promotora Audiovisual de Zaragoza, S.L.U.	Emilia Pardo Bazán, 18. Zaragoza	Provision of local television services	99.99%	2/91	120	(588)
Telecomunicaciones Antequera, S.A.U.	Aguardenteros, 15. Antequera. Málaga	Provision of local television services	87.24%	2/91	822	(1,124)
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	100.00%	2/91	150	42
Televisión Digital de Baleares, S.A.U.	Avenida Setze de Juliol, 53. Palma de Mallorca	Provision of local television services	100.00%		1,200	1,163
TV Local Eivissa, S.L.U.	Avenida San Jordi s/n. Edificio Residencial. Ibiza	Provision of television services	100.00%	2/91	90	229
<i>Equity method</i>						
Riotedisa, S.A.	Avenida de Portugal, 12. Logroño	Audiovisual productions for TV	49.00%			

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

COMPANIES INCLUDED IN THE SCOPE OF CONSOLIDATION: DECEMBER 2011

APPENDIX II

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	12/31/11 (In thousands of euros)			
			PERCENTAGE OF OWNERSHIP	TAX GROUP (*)	SHARE CAPITAL	SHAREHOLDERS' EQUITY
MEDIA CAPITAL						
<i>Full consolidation</i>						
Argumentos para Audiovisual, Lda. (CASA DA CRIAÇÃO)	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	84.69%		20	96
Chip Audiovisual, S.A.	Coso, 100 . Planta 3ª puerta 4-50001. Zaragoza	Audiovisual productions for TV	21.60%		600	1,701
Desenvolvimento de Sistemas de Comunicação, S.A. (MEDIA CAPITAL TECHNOLOGIES)	Rua Mário Castelhana. 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)	84.69%		50	163
Editora Multimédia, S.A. (MULTIMÉDIA)	Rua Mário Castelhana. 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	84.69%		50	(1,122)
Emissões de Radiodifusão, S.A. (RADIO REGIONAL DE LISBOA)	Rua Sampaio e Pina. 24/26. 1099-044. Lisboa. Portugal	Radio broadcasting	84.69%		110	(1,738)
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.)	84.69%		50	1,032
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	84.69%		50	79
Factoría Plural, S.L.	Calle Biarritz, 2. 50017 Zaragoza	Production and distribution of audiovisual content	43.19%		175	970
Grupo Media Capital, SGPS, S. A.	Rua Mário Castlhano nº 40. Queluz de Baixo. Portugal	Holdings	84.69%		89,584	72,661
Lúdicodrome Editora Unipessoal, Lda.	Rua Mário Castelhana. 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	84.69%		5	214
Media Capital Música e Entretenimento, S.A (MCME)	Rua Mário Castelhana. 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	84.69%		3,050	1,713
Media Capital Produções, S.A. (MCP)	Rua Mário Castelhana. Nº 40. 2734-502. Barcarena. Portugal	Design, development, production, promotion, sale, acquisition, exploitation rights, recording, distribution and dissemination of audiovisual media	84.69%		45,050	44,314
Media Capital Produções - Investimentos, SGPS, S.A.	Rua Mário Castelhana. Nº 40. 2734-502. Barcarena. Portugal	Holdings	84.69%		45,050	49,450
Media Capital Rádios, S.A (MCR II)	Rua Mário Castelhana. 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	84.69%		192	(14,129)
Media Global, SGPS, S.A. (MEGLO)	Rua Mário Castelhana. Nº 40. 2734-502. Barcarena. Portugal	Holdings	84.69%		37,098	44,515
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	84.69%		100	(10,186)
Plural Entertainment Canarias, S.L.	Dársena Pesquera. Edificio Plató del Atlántico. San Andrés 38180. Santa Cruz de Tenerife	Production and distribution of audiovisual content	84.69%	2/91	75	79
Plural Entertainment España, S.L.	Gran Vía, 32. Madrid	Production and distribution of audiovisual content	84.69%	2/91	6,000	35,956
Plural Entertainment Inc.	1680 Michigan Avenue. Suite 730. Miami Beach. US.	Production and distribution of audiovisual content	84.69%		109	(1,617)
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	84.69%		36,650	43,075
Produção de Eventos, Lda. (MEDIA CAPITAL ENTERTAINMENT)	Rua Mário Castelhana. 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	84.69%		5	56

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

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	12/31/11 (In thousands of euros)			
			PERCENTAGE OF OWNERSHIP	TAX GROUP (*)	SHARE CAPITAL	SHAREHOLDERS' EQUITY
Producciones Audiovisuales, S.A. (NBP IBÉRICA)	Almagro 13. 1º Izquierda. 28010. Madrid	Inactive	84.69%		60	21
Produções Audiovisuais, S.A. (RADIO CIDADE)	Rua Sampaio e Pina. 24/26. 1099-044. Lisboa. Portugal	Radio broadcasting, production of audio or video advertising spots	84.69%		100	(817)
Projectos de Media e Publicidade Unipessoal, Lda. (PUPLIPARTNER)	Rua Mário Castelhana. Nº 40. 2734-502. Barcarena. Portugal	Advertising, production and recording of discs. Development and production of radio programmes	84.69%		5	(66)
Radio Comercial, S.A. (COMERCIAL)	Rua Sampaio e Pina. 24/26. 1099-044. Lisboa. Portugal	Design, preparation and performance of advertising projects (advisory services, promotion, supply, marketing and the distribution of media goods and services)	84.69%		2,255	(594)
Rádio Litoral Centro, Empresa de Radiodifusão, Lda.	Rua Sampaio e Pina. 24/26. 1099-044. Lisboa. Portugal	Radio broadcasting in the areas of programme production and transmission	84.69%		5	80
Rádio Nacional - Emissões de Radiodifusão, Lda.	Avenida Fernao de Magalhaes. Nº 153, 6. Andar Sala 15. Coimbra. Portugal	Radio broadcasting in the areas of programme production and transmission	84.69%		50	(55)
Radiodifusão, Lda. (FLOR DO ÉTER)	Rua Capitaio Tenente Oliveira e Carmo. 10-3. Quita Da Lomba. Barreiro. Portugal	Radio broadcasting in the areas of programme production and transmission	84.69%		5	34
Comunicações Sonoras, S.A. (DRUMS)	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	84.69%		60	(22)
Rádio Voz de Alcanena, Lda. (RVA)	Rua Tenente Valadim, nº 181, Porto Portugal	Radio broadcasting in the areas of programme production and transmission	84.69%		75	(24)
RADIO XXI, Lda. (XXI)	Praceta Pedro Escuro, 10, 4º dt. Santarém Portugal	Radio broadcasting in the areas of programme production and transmission	84.69%		5	(76)
Rede Teledifusora Independente, S.A. (RETI)	Rua Sampaio e Pina. 24/26. 1099-044. Lisboa. Portugal	Radio broadcasting in the areas of programme production and transmission	84.69%		50	60
Serviços de Consultoria e Gestao, S.A. (MEDIA CAPITAL SERVIÇOS)	Rua Mário Castelhana. 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.	84.69%		50	422
Serviços de Internet, S.A. (IOL NEGÓCIOS)	Rua Mário Castelhana. Nº 40. 2734-502. Barcarena. Portugal	Advisory services, guidance services and operational assistance to public relations companies and organisations	84.69%		100	636
Sociedade de Produção e Edição Audiovisual, Lda. (FAROL MÚSICA)	Rua Tenente Valadim. Nº 181. 4100-479. Porto. Portugal	Services, publication and sale of electronic goods and services	84.69%		5	(778)
Televisao Independente, S.A. (TVI)	Rua Mário Castelhana. Nº 40. 2734-502. Barcarena. Portugal	Production of multimedia, audiovisual and phonogram storage media	84.69%		65,810	137,318
Tesela Producciones Cinematográficas, S.L.	Rua Mário Castelhana. 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	84.69%	2/91	1,034	6,214
<i>Equity method</i>	Gran Vía, 32. Madrid	Production and distribution of audiovisual content	84.69%		700	348
Plural - Jempsa, S.L.	Gran Vía, 32. Madrid	Production and distribution of audiovisual content	42.35%		90	(27)
Plural Entertainment Brasil Produção de Vídeo, Ltda.	Rua Padre Adelino. Nº 758, 3º andar, Quarta Parada. CEP 03303-904.	Inactive	41.50%		601	1,322
Productora Canaria de Programas, S.A.	Enrique Wolfson, 17. Santa Cruz de Tenerife	Development of a promotional TV channel for the Canary Islands	33.88%		1,510	1,898
Sociedad Canaria de Televisión Regional, S.A.	Avenida de Madrid s/n. Santa Cruz de Tenerife	Audiovisual productions for TV	33.88%		n/a	0
União de Leiria, SAD. (UNIAO DE LEIRIA)	Estádio Dr. Magalhaes Pessoa. 2400-000. Leiria. Portugal	Football team management	17.07%			

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

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	12/31/11 (In thousands of euros)			
			PERCENTAGE OF OWNERSHIP	TAX GROUP (*)	SHARE CAPITAL	SHAREHOLDERS' EQUITY
EDUCATION						
<i>Full consolidation</i>						
Aguilar A.T.A., S.A. de Ediciones	Leandro N. Alem. 720. Buenos Aires. 1001. Argentina	Publishing	75.00%		1,692	4,321
Aguilar Chilena de Ediciones, S.A.	Dr. Anibal Ariztía 1444. Providencia. Santiago de Chile. Chile	Publishing	75.00%		857	3,712
Avalia Qualidade Educacional Ltda.	Rua Padre Adelino, 758. Belezinho. Sao Paulo. Brazil	Publishing	71.95%		596	753
Canal de Editoriales, S.A.	Juan Bravo, 38. Madrid	Retail sales	74.36%	2/91	154	(1,247)
Distribuidora y Editora Aguilar A.T.A., S.A.	Edificio Punto 99, Carrera 11* N°98-50 Oficina 501. Bogotá. Colombia	Publishing	20.00%		359	935
Distribuidora y Editora Richmond, S.A.	Edificio Punto 99, Carrera 11* N°98-50 Oficina 501. Bogotá. Colombia	Publishing	75.00%		67	(844)
Distribuidora Digital de Libros, S.A.	Calle Via Augusta, 48-50. Planta 2, Puerta 5. 08006. Barcelona	Services for marketing of digital content			1,500	235
DLD Editora e Distribuidora de Livros Digitais, S.A. (Brasil)	Rua Voluntários da Pátria. 45. Sala 1001. Botafogo. Rio de Janeiro. 22270-000. Brazil	Distribution of books and literary content in digital format for electronic devices connected to internet	16.68%		632	227
Ediciones Aguilar Venezolana, S.A.	Rómulo Gallegos. Edificio Zulia 1°. Caracas. Venezuela	Publishing	75.00%		29	
Ediciones Grazalema, S.L.	Rafael Beca Mateos, 3. Seville	Publishing	75.00%	2/91	60	125
Ediciones Santillana Inc.	1506 Roosevelt Avenue. Guaynabo. Puerto Rico	Publishing	75.00%		1,065	5,704
Ediciones Santillana, S.A. (Argentina)	Leandro N. Alem. 720. Buenos Aires. 1001. Argentina	Publishing	75.00%		5,316	5,131
Ediciones Santillana, S.A. (Uruguay)	Juan Manuel Blanes 1132 Montevideo Uruguay	Publishing	75.00%		147	1,409
Ediciones Obradoiro, S.L.	Ruela de Entrecercos. 2º B. 15705. Santiago de Compostela	Publishing	75.00%	2/91	60	71
Edicions Voramar, S.A.	Valencia, 44. 46210. Píncaya. Valencia	Publishing	75.00%	2/91	60	90
Editora Alta, Ltda. (Formerly, Uno Educação, Ltda.)	Rua Urbano Santos. 755. Sala 4. Bairro Cumbica. Cidade de Guarulhos. Sao Paulo. Brazil	Publishing	75.00%		41	246
Editora Fontanar, Ltda.	Rua Cosme Velho, 103. Bairro Cosme Velho. Município do Rio de Janeiro. Brazil	Publishing	56.98%		4	29
Editora Moderna Ltda.	Rua Padre Adelino, 758. Belezinho. Sao Paulo. Brazil	Publishing	75.00%		21,915	25,043
Editora Objetiva Ltda.	Rua Cosme Velho, 103. Bairro Cosme Velho. Município do Rio de Janeiro. Brazil	Publishing	57.00%		1,550	7,100
Editorial Nuevo México, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. Mexico City. Mexico	Publishing	75.00%		97	(51)
Editorial Santillana, S.A. (Colombia)	Edificio Punto 99, Carrera 11* N°98-50 Oficina 501. Bogotá. Colombia	Publishing	75.00%		1,676	9,797
Editorial Santillana, S.A. (Guatemala)	26 Avenida 2-20 zona 14. Guatemala - Guatemala	Publishing	75.00%		72	2,793
Editorial Santillana, S.A. (Honduras)	Colonia Lomas de Tepeyac. Casa No. 1626, contiguo al Autobanco Cuscatlan. Boulevard Juan Pablo II. Tegucigalpa. Honduras	Publishing	75.00%		20	1,819
Editorial Santillana, S.A. (Rep. Dominicana)	Juan Sánchez Ramírez, 9. Gazcue. Santo Domingo. Dominican Republic.	Publishing	75.00%		118	6,666
Editorial Santillana, S.A. (Venezuela)	Avenida Rómulo Gallegos. Edificio Zulia 1°. Caracas. Venezuela	Publishing	75.00%		4,267	14,862
Editorial Santillana, S.A. de C.V. (El Salvador)	Siemens, 48 Zona Industrial Santa Elena. La Libertad. El Salvador	Publishing	75.00%		18	4,152
Editorial Santillana, S.A. de C.V. (México)	Avenida Rio Mixcoac 274 Col Acacias. Mexico City. Mexico	Publishing	75.00%		24,019	18,173
Grup Promotor D'Ensenyament i Difusió en Catalá, S.L.	Frederic Mompou, 11. V. Olímpica. Barcelona	Publishing	75.00%	2/91	60	75
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	37.50%		1,728	519
Instituto Universitario de Posgrado, S.A.	Torrelaguna, 60. Madrid	Complementary educational services	39.00%		63	(1,113)
Inevery DPS, S.L.	Torrelaguna, 60. Madrid	Editorial, cultural, educational, leisure and entertainment services; and development and commercialization of educational content.	75.00%	2/91	2,500	2,450
Ítaca, S.L.	Torrelaguna, 60. Madrid	Book distribution	75.00%	2/91	408	655
Lanza, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. Mexico City. Mexico	Creation, development and management of companies	75.00%		13,038	17,599
Richmond Educação, Ltda.	Rua Padre Adelino, 758. Sala 3- Sao Paulo. Brazil	Publishing	75.00%		41	2,254
Richmond Publishing, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. Mexico City. Mexico	Publishing	75.00%		4	3,078
Salamandra Editorial, Ltda.	Rua Urbano Santos 755, Sala 2- Sao Paulo. Brazil	Publishing	75.00%		41	428
Santillana, S.A. (Costa Rica)	La Uruca. 200 m Oeste de Aviación Civil. San José. Costa Rica	Publishing	75.00%		465	2,631
Santillana, S.A. (Ecuador)	Avenida Eloy Alfaro. N33-347 y 6 de Diciembre. Quito. Ecuador	Publishing	75.00%		1,043	2,182
Santillana, S.A. (Paraguay)	Avenida Venezuela. 276. Asunción. Paraguay	Publishing	75.00%		162	1,451
Santillana, S.A. (Perú)	Avenida Primavera 2160. Santiago de Surco. Lima. Peru	Publishing	75.00%		3,275	5,527
Santillana Canarias, S.L.	Urbanización El Mayorazgo. Parcela 14, 2-7B. Santa Cruz de Tenerife	Publishing	75.00%	2/91	60	58
Santillana de Ediciones, S.A.	Calle 13, N° 8078. Zona de Calacoto. La Paz. Bolivia	Publishing	75.00%		279	1,165
Santillana del Pacifico, S.A. de Ediciones.	Dr. Anibal Ariztía 1444. Providencia. Santiago de Chile. Chile	Publishing	75.00%		447	5,203
Santillana Ediciones Generales, S.L.	Torrelaguna, 60. Madrid	Publishing	75.00%	2/91	2,276	16,295
Santillana Ediciones Generales, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. Mexico City. Mexico	Publishing	75.00%		948	11,407
Santillana Editores, S.A. (Formerly, Constancia Editores, S.A.)	Estrada da Outurela 118, 2795. Carnaxide Linda a Velha. Portugal	Publishing	75.00%		1,250	2,405
Santillana Educación, S.L.	Torrelaguna, 60. Madrid	Publishing	75.00%	2/91	7,747	133,194
Santillana Formación, S.L.	Torrelaguna, 60. Madrid	Complementary educational services	75.00%	2/91	1,000	757
Santillana Sistemas Educativos, Ltda. (Colombia) (Formerly, Sistemas Educativos, Ltda.)	Edificio Punto 99, Carrera 11* N°98-50 Oficina 501. Bogotá	Consultancy services for the obtaining of quality certification by schools	75.00%		768	(1,120)
Santillana Sistemas Educativos, S.L. (Formerly, N. Editorial, S.L.)	Torrelaguna, 60. Madrid	Publishing	75.00%	2/91	160	1,552
Santillana USA Publishing Co. Inc.	2023 NW 84th Avenue. Doral. Florida. US.	Publishing	75.00%		56,934	3,736
Sistemas de Ensino Uno, Ltda.	Rua Padre Adelino n.º 758, Térreo - Fundos, Sala 1- Quarta Parada, CEP 03303-904. Sao Paulo. Brazil	Publishing	75.00%		7,999	6,437
Sistemas Educativos de Enseñanza, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. Mexico City. Mexico	Publishing	75.00%		2,992	(1,577)
Zubia Editoriala, S.L.	Polígono Lezama Leguizamón. Calle 31. Etxebarri. Vizcaya	Publishing	75.00%	2/91	60	90

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

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	12/31/11 (In thousands of euros)			
			PERCENTAGE OF OWNERSHIP	TAX GROUP (*)	SHARE CAPITAL	SHAREHOLDERS' EQUITY
PRISA RADIO						
RADIO IN SPAIN						
<i>Full consolidation</i>						
Antena 3 de Radio, S.A.	Gran Vía, 32. Madrid	Operation of radio broadcasting stations	73.06%	194/09	5,052	16,570
Antena 3 de Radio de León, S.A.	Gran Vía, 32. Madrid	Operation of radio broadcasting stations	72.74%	194/09	135	592
Antena 3 de Radio de Melilla, S.A.	Gran Vía, 32. Madrid	Operation of radio broadcasting stations	73.06%	194/09	61	893
Avante Radio, S.A.	Gran Vía, 32. Madrid	Operation of radio broadcasting stations	72.95%	194/09	60	974
Cantabria de Medios, S. A.	Pasaje de Peña. Nº 2. Interior. 39008. Santander	Operation of radio broadcasting stations	66.19%	194/09	60	(34)
Compañía Aragonesa de Radiodifusión, S.A.	Paseo de la Constitución, 21. Zaragoza	Operation of radio broadcasting stations	71.30%	194/09	66	3,237
Comunicaciones Pla, S.L.	Avenida Negrals, 41. Mollerusa. Lleida.	Operation of radio broadcasting stations	32.58%			
Corporación Canaria de Información y Radio, S.A.	General Balmes s/n. Las Palmas de Gran Canaria	Operation of radio broadcasting stations	73.49%	194/09	60	681
Ediciones LM, S.L.	Plaza de Cervantes, 6. Ciudad Real	Operation of radio broadcasting stations	36.75%		215	3,475
Frecuencia del Principado, S.A.	Jovellanos 1, Gijón	Operation of radio broadcasting stations	73.49%	194/09	60	216
Gestión de Marcas Audiovisuales, S.A.	Gran Vía, 32. Madrid	Production and recording of sound media	73.49%	194/09	70	1,671
Gran Vía Musical de Ediciones, S.L.	Gran Vía, 32. Madrid	Provision of music services	73.49%	194/09	3,000	11,712
Iniciativas Radiofónicas, S.A.	Gran Vía, 32. Madrid	Operation of radio broadcasting stations	68.65%	194/09	61	147
Iniciativas Radiofónicas de Castilla La Mancha, S.A.	Carreteros, 1. Toledo	Operation of radio broadcasting stations	51.45%		61	147
La Palma Difusión, S.A.	Almirante Diaz Pimentia, 10. Los Llanos de Aridane. Santa Cruz de Tenerife	Operation of radio broadcasting stations	73.06%	194/09	360	448
Onda Musical, S.A.	Gran Vía, 32. Madrid	Operation of radio broadcasting stations	73.27%	194/09	343	1,657
Ondas Galicia, S.A.	San Pedro de Mezonzo, 3. Santiago de Compostela	Operation of radio broadcasting stations	33.99%		70	305
Propulsora Montañesa, S. A.	Pasaje de Peña. Nº 2. Interior. 39008. Santander	Operation of radio broadcasting stations	70.23%	194/09	390	1,294
Radio 30, S.A.	Radio Murcia, 4. Murcia	Operation of radio broadcasting stations	61.24%	194/09	60	258
Radio Club Canarias, S.A.	Avenida Anaga, 35. Santa Cruz de Tenerife	Operation of radio broadcasting stations	69.81%	194/09	480	3,501
Radio España de Barcelona, S.A.	Caspe, 6. Barcelona	Operation of radio broadcasting stations	72.99%	194/09	364	1,814
Radio Lleida, S.L.	Calle Vila Antonia. Nº 5. Lleida	Operation of radio broadcasting stations	32.58%		15	(24)
Radio Murcia, S.A.	Radio Murcia, 4. Murcia	Operation of radio broadcasting stations	61.24%	194/09	120	1,404
Radio Zaragoza, S.A.	Paseo de la Constitución, 21. Zaragoza	Operation of radio broadcasting stations	64.69%	194/09	183	2,939
Radiodifusora de Navarra, S.A.	Poligono Plazaola. Manzana F - 2ª. Pamplona	Operation of radio broadcasting stations	73.06%	194/09	66	3,427
Sociedad Española de Radiodifusión, S.L.	Gran Vía, 32. Madrid	Operation of radio broadcasting stations	73.49%	194/09	6,959	159,272
Sociedad Independiente Comunicación Castilla La Mancha, S.A.	Avenida de la Estación, 5 Bajo. Albacete	Operation of radio broadcasting stations	54.50%		379	1,071
Societat de Comunicació i Publicitat, S.L.	Parc. de la Mola, 10 Torre Caldea, 6º Escaldea. Engordany. Andorra	Operation of radio broadcasting stations	73.49%		30	(983)
Sonido e Imagen de Canarias, S.A.	Caldera de Bandama, 5. Arrecife. Lanzarote	Operation of radio broadcasting stations	36.53%		230	647
Talavera Visión, S.L.	Plaza Cervantes 6 4º. Ciudad Real	Operation of radio broadcasting stations	36.75%		192	220
Teleser, S.A.	Gran Vía, 32. Madrid	Operation of radio broadcasting stations	58.17%	194/09	75	66
Teleradio Pres, S.L.	Avenida de la Estación, 5 Bajo. Albacete	Media management	54.87%		150	395
Unión Radio Digital, S.A.	Gran Vía, 32. Madrid	Operation of digital radio broadcasting concession	73.32%	194/09	6,010	5,492
Unión Radio Online, S.A.	Gran Vía, 32. Madrid	Production and organisation of shows and events	73.47%	194/09	712	(729)
Unión Radio Servicios Corporativos, S.A.	Gran Vía, 32. Madrid	Holdings in radio broadcasting companies	73.49%	194/09	11,281	12,231
Valdepeñas Comunicación, S.L.	Plaza de Cervantes, 6. Ciudad Real	Operation of radio broadcasting stations	36.75%		60	(105)
<i>Equity method</i>						
Radio Jaén, S.L.	Obispo Aguilar, 1. Jaén	Operation of radio broadcasting stations	26.45%		563	1,281
Unión Radio del Pirineu, S.A.	Carrer Prat del Creu, 32. Andorra	Operation of radio broadcasting stations	24.25%		249	389
INTERNATIONAL RADIO						
<i>Full consolidation</i>						
Abril, S.A.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Commercial radio broadcasting services and operation of radio stations	73.49%		937	1,757
Aurora, S.A.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Commercial radio broadcasting services and operation of radio stations	73.49%		452	1,997
Blaya y Vega, S.A.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Commercial radio broadcasting services and operation of radio stations	73.49%		2,154	18,233
Caracol, S.A.	Calle 67 Nº 7-37 Piso 7 Bogotá. Colombia	Commercial radio broadcasting services	56.62%		11	54,139
Caracol Broadcasting Inc.	2100 Coral Way - Miami 33145 - Florida, US.	Operation of radio broadcasting stations	73.48%		215	3,193
Caracol Estéreo, S.A.	Calle 67 Nº 7-37 Piso 7 Bogotá. Colombia	Commercial radio broadcasting services	56.61%		3	69
CHR, Cadena Hispanoamericana de Radio, S.A.	Calle 67 Nº 7-37 Piso 7 Bogotá. Colombia	Commercial radio broadcasting services	56.61%		353	1,771
Comercializadora Iberoamericana Radio Chile, S.A.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Production and sale of CD's, advertising, promotions and events	73.49%		23,285	18,220
Compañía de Comunicaciones C.C.C. Ltda.	Calle 67 Nº 7-37 Piso 7 Bogotá. Colombia	Commercial radio broadcasting services	56.59%		25	1,951
Compañía de Radios, S.A.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Commercial radio broadcasting services	73.49%		326	2,717

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

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	12/31/11 (In thousands of euros)			
			PERCENTAGE OF OWNERSHIP	TAX GROUP (*)	SHARE CAPITAL	SHAREHOLDERS' EQUITY
Comunicaciones del Pacifico, S.A.	Eliodoro Yañez, N° 1783, Comuna Providencia Santiago, Chile	Operation and management of TV channels and radio stations	73.49%		501	177
Comunicaciones Santiago, S.A.	Eliodoro Yañez, N° 1783, Comuna Providencia Santiago, Chile	Operation and management of TV channels and radio stations	73.49%		498	246
Consortio Radial de Panamá, S.A	Urbanización Obarrío, Calle 54 Edificio Caracol, Panama	Advisory services and commercialisation of services and products	73.48%			
Corporación Argentina de Radiodifusión, S.A.	Boazley 3860, Buenos Aires, Argentina	Operation of radio broadcasting stations	73.51%		9,986	4,002
Ecos de la Montaña Cadena Radial Andina, S.A.	Calle 67, N° 7-37, Piso 7, Bogotá, Colombia	Commercial radio broadcasting services	56.44%		0	460
Emisora Mil Veinte, S.A.	Calle 67, N° 7-37, Piso 7, Bogotá, Colombia	Commercial radio broadcasting services	55.65%		0	260
Fast Net Comunicaciones, S.A.	Eliodoro Yañez, N° 1783, Comuna Providencia Santiago, Chile	Commercial radio broadcasting services and operation of radio stations	73.49%		3	(2,077)
GLR Broadcasting, LLC	Baypoint Office Tower, 4770 Biscayne Blvd, Suite 700 Miami, FL 33137, US.	Operation of radio broadcasting stations	73.48%		1	9,816
GLR Chile, Ltda.	Eliodoro Yañez, N° 1783, Comuna Providencia Santiago, Chile	Operation of radio broadcasting stations	73.49%		78,190	84,735
GLR Colombia, Ltda.	Calle 67, N° 7-37, Piso 7, Bogotá, Colombia	Provision of services to radio broadcasting companies	73.75%		263	279
GLR Midi France, S.A.R.L.	Immeuble Le Periscope, 83-87 Av. d'Italie, Paris, France	Radio broadcasting	49.39%		40	35
GLR Networks, LLC	Baypoint Office Tower, 4770 Biscayne Blvd, Suite 700 Miami, FL 33137, US.	Provision of services to radio broadcasting companies	73.48%		3,676	(35)
GLR Services Inc.	Baypoint Office Tower, 4770 Biscayne Blvd, Suite 700 Miami, FL 33137, US.	Provision of services to radio broadcasting companies	73.48%		4	25,622
GLR Southern California, LLC	3500 Olive Avenue Suite 250 Burbank, CA 91505, US.	Provision of services to radio broadcasting companies	73.48%		0	10,642
Iberoamericana Radio Chile, S.A.	Eliodoro Yañez, N° 1783, Comuna Providencia Santiago, Chile	Commercial radio broadcasting services and operation of radio stations	73.49%		29,880	43,196
Iberoamerican Radio Holding Chile, S.A.	Eliodoro Yañez, N° 1783, Comuna Providencia Santiago, Chile	Commercial radio broadcasting services and operation of radio stations	73.49%		3,973	(5,149)
La Voz de Colombia	Calle 67, N° 7-37, Piso 7, Bogotá, Colombia	Commercial radio broadcasting services	55.59%		1	448
LSI Radio Continental, S.A	Rivadavia 835, Ciudad Autónoma de Buenos Aires, Argentina	Radio broadcasting and advertising services	73.50%		7,682	2,439
Promotora de Publicidad Radial, S.A.	Calle 67, N° 7-37, Piso 7, Bogotá, Colombia	Commercial radio broadcasting services	56.61%		1	202
Publicitaria y Difusora del Norte Ltda.	Eliodoro Yañez, N° 1783, Comuna Providencia Santiago, Chile	Radio broadcasting	73.49%		1,006	272
Radiodifusión Iberoamerican Chile S.A.	Eliodoro Yañez, N° 1783, Comuna Providencia Santiago, Chile	Holding	73.49%		13,124	26,740
Radio Estéreo, S.A	Rivadavia 835, Ciudad Autónoma de Buenos Aires, Argentina	Radio broadcasting and advertising services	73.50%		165	(33)
Radio Mercedes, Ltda.	Calle 67, N° 7-37, Piso 7, Bogotá, Colombia	Commercial radio broadcasting services	53.06%		298	515
Sociedad Radiodifusora del Norte, Ltda.	Eliodoro Yañez, N° 1783, Comuna Providencia Santiago, Chile	Operation of radio broadcasting stations	73.49%		288	(897)
Sociedad de Radiodifusión El Litoral, S.A.	Eliodoro Yañez, N° 1783, Comuna Providencia Santiago, Chile	Rental of equipment and advertising sales	73.49%		7	3,497
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	74.48%		2,348	2,322
<i>Proportionate consolidation</i>						
Cadena Radiodifusora Mexicana, S.A. de C.V.	Calzada de Tlalpan 3000 col Espartaco México D.F. 04870, Mexico	Operation of radio broadcasting stations	36.74%		1,376	5,367
GLR Costa Rica, S.A.	Llorente de Tibás, Edificio La Nación, San José, Costa Rica	Operation of radio broadcasting stations	36.74%		1,020	1,026
Radio Comerciales, S.A. de C.V.	Rubén Darío n° 158, Guadalajara, Mexico	Operation of radio broadcasting stations	36.74%		770	981
Radio Melodía, S.A. de C.V.	Rubén Darío n° 158, Guadalajara, Mexico	Operation of radio broadcasting stations	36.74%		27	246
Radio Tapatía, S.A. de C.V.	Rubén Darío n° 158, Guadalajara, Mexico	Operation of radio broadcasting stations	36.74%		94	380
Radiotelevisora de Mexicali, S.A. de C.V.	Avenida Reforma 1270, Mexicali Baja California, Mexico	Operation of radio broadcasting stations	36.74%		3,558	2,045
Servicios Radiópolis, S.A. de C.V.	Calzada de Tlalpan 3000 col Espartaco Mexico City, 04870, Mexico	Operation of radio broadcasting stations	36.74%		3	(531)
Servicios Xezz, S.A. de C.V.	Calzada de Tlalpan 3000 col Espartaco Mexico City, 04870, Mexico	Operation of radio broadcasting stations	36.74%		3	(8)
Sistema Radiópolis, S.A. de C.V.	Avenida Vasco de Quiroga 2000, Mexico City, Mexico	Operation of radio broadcasting stations	36.75%		18,216	22,539
Xezz, S.A. de C.V.	Rubén Darío n° 158, Guadalajara, México	Operation of radio broadcasting stations	36.74%		47	75
<i>Equity method</i>						
El Dorado Broadcasting Corporation	2100 Coral Way, Miami, Florida, US.	Development of the Latin radio market in the US	18.37%		196	(1,325)
Green Emerald Business Inc.	Calle 54, Obarrío N° 4, Ciudad de Panama, Panama	Development of the Latin radio market in Panama	25.68%		3,986	(2,242)
WSUA Broadcasting Corporation	2100 Coral Way, Miami, Florida, US.	Radio broadcasting	18.37%		587	(4,288)
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	35.99%		6	(790)
MUSIC						
<i>Full consolidation</i>						
Compañía Discográfica Muxxic Records, S.A.	Gran Via, 32, Madrid	Production and recording of sound media	73.49%	194/09	750	(1,651)
Gran Via Musical, S.A.S.	Calle 67, N° 7 - 37, Piso 7°, Bogotá, Colombia.	Provision of music services	73.49%		34	39
Lyrics and Music, S.L.	Gran Via, 32, Madrid	Music publishing	73.49%	194/09	12	1,137
Merchandising On Stage, S.L.	Ulises, 49, 28043, Madrid	Production and/or import of textile articles, jewellery, graphic materials, photographic and/or audiovisual media and the related silkscreen printing, embossing or printing by any means or process	51.44%		3	(205)
Nova Ediciones Musicales, S.A.	Gran Via, 32, Madrid	Music publishing	73.49%	194/09	60	(34)
Planet Events, S.A.	Gran Via, 32, Madrid	Production and organisation of shows and events	51.44%		120	548
R.I.M, S.A.	Puerto de Santa María, 65 28043, Madrid	Production and organisation of shows and events	51.44%		60	365
R.I.M Colombia, S.A.S.	Calle 67, N° 7 - 37, Piso 7°, Bogotá, Colombia.	Production and organisation of shows and events	51.44%		34	5
Sogecable Música, S.L.	Gran Via, 32, Madrid	Creation, broadcasting, distribution and operation of thematic television channels	73.49%	194/09	1,202	1,149
<i>Proportionate consolidation</i>						
My Major Company Spain, S.L.	Gran Via, 32, Madrid	Music publishing	36.75%			

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

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	12/31/11 (In thousands of euros)			
			PERCENTAGE OF OWNERSHIP	TAX GROUP (*)	SHARE CAPITAL	SHAREHOLDERS' EQUITY
PRESS						
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	50.00%		353	50
EL PAÍS						
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	100.00%	2/91	1,726	1,906
Diario El País, S.L.	Miguel Yuste, 40. Madrid	Publication and operation of El País newspaper	100.00%	2/91	18,000	39,251
Diario El País Argentina, S.A.	Leandro N. Alem. 720. Buenos Aires. 1001. Argentina	Operation of El País newspaper in Argentina	100.00%		2,153	570
Diario El País Do Brasil Distribuidora de	Rua Padre Adelino. 758 Belezinho. CEP 03303-904. Sao Paulo. Brazil	Operation of El País newspaper in Brazil	100.00%		778	(174)
Ediciones Conelpa, S.L.	Paseo de la Castellana. 9-11. Madrid	Publication and operation of magazines in physical and digital	50.00%		3	(1,221)
Ediciones El País (Chile) Limitada.	Eliodoro Yáñez 1783, Providencia. Santiago. Chile	Publication, operation and sale of El País newspaper in Chile	100.00%		1	(747)
Ediciones El País, S.L.	Miguel Yuste, 40. Madrid	Publication, operation and sale of El País newspaper	100.00%	2/91	15,743	33,175
Pressprint, S.L.U.	Miguel Yuste, 40. Madrid	Production, printing, publication and distribution of products format	100.00%	2/91	63,313	62,546
TRADE PRESS						
Diario As, S.L.	Albasanz, 14. Madrid	Publication and operation of As newspaper	75.00%	2/91	1,400	39,319
Espacio Editorial Andaluza Holding, S.L.	Gran Vía, 32. Madrid	Inactive	100.00%	2/91	8,501	16,900
Estructura, Grupo de Estudios Económicos, S.A.	Gran Vía, 32. Madrid	Publication and operation of Cinco Días newspaper	100.00%	2/91	60	(11)
Grupo Empresarial de Medios Impresos, S.L.	Gran Vía, 32. Madrid	Ownership of shares of publishing companies	100.00%	2/91	990	63,952
Gestión de Medios de Prensa, S.A.	Gran Vía, 32. Madrid	Provision of shared services for regional and local newspapers	52.63%		87	105
Promotora General de Revistas, S.A.	Julián Camarillo, 29B. Madrid	Publication production and operation of magazines	99.96%	2/91	1,500	(806)
			0.04%			

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

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	12/31/11 (In thousands of euros)			
			PERCENTAGE OF OWNERSHIP	TAX GROUP (*)	SHARE CAPITAL	SHAREHOLDERS' EQUITY
DISTRIBUTION						
Aldipren, S.L.	Polígono Campollano. Calle de Distribución. Número 34-38. 02006 Albacete	Storage and distribution of publishing products	32.50%		60	702
Cronodis 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	47.50%	445/11	500	545
Districuen, S.L.	Polígono La Cerrajera. Parcela 36. Cuenca	Storage and distribution of publishing products	32.50%		6	104
Distritoledo, S.L.	Polígono Industrial de Toledo II Fase. Calle Arrollo Gadea, 9. 45007. Toledo	Distribution and sale of publishing products	39.75%	445/11	12	1,025
Grupo Cronos Distribución Integral, S.L.	Almanaque Nº 5. Polígono Fin de Semana. 28022. Madrid.	Distribution and sale of publishing products	50.00%		310	5,563
Redprensa, S.L.U.	Gran Vía, 32. Madrid	Holdings	100.00%	2/91	150	8,410
Beralán, S.L.	Igarategi Industrialdea. Nº 58. 20130-Urnieta. Guipúzcoa	Distribution of publishing products	22.25%		218	5,165
Cirpress, S.L.	Polígono Tazaba II. Parcela 31. Logrezana - Carreño. 33438. Asturias	Distribution of publishing products	24.70%		14	2,303
Comercial de Prensa Siglo XXI, S.A.	Calle Confianza, 1. Polígono Industrial Los Olivos. 28065-Getafe. Madrid	Distribution and sale of publishing products	33.66%	198/11	60	(4,797)
Dima Distribución Integral, S.L.	Calle Confianza, 1. Polígono Industrial Los Olivos. 28065. Getafe. Madrid	Distribution of publishing products	33.66%		600	4,599
Distribución de Prensa por Rutas, S.L.	Avenida de la Industria, 22. Nave A. Coslada. Madrid	Distribution of publications	33.66%	198/11	6	(234)
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	26.35%		37	2,357
Distribuciones Ricardo Rodríguez, S.L.	Polígono Asegra. Calle Córdoba. 18-20. 18210. Peligros. Granada	Distribution of publishing products	20.30%		6	454
Distribuidora Almeriense de Publicaciones, S.L.	Sierra Cabrera, 7. Polígono Industrial La Juaida. 04240. Viator. Almería	Distribution of publishing products	20.30%		264	481
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				
			29.00%		31	183
Distribuidora de Publicaciones Boreal, S.L.	Rua Alcalde Ramón Añón. Parcela 16,18,19. 15189-Culleredo. A Coruña	Distribution of publishing products	29.00%		113	8,335
Distribuidora Extremeña de Publicaciones, S.L.	Polígono Industrial El Nevero, C/Nevero quince, nº 30-32. 06006. Badajoz	Distribution of publishing products	20.30%		10	2,525
Distrigalicia, S.L.	Carretera de Catabais Km. 3,300 de Ferrol. A Coruña	Storage and distribution of publishing products	29.00%		37	3,231
Distrimedios, S.L.	Calle de la Agricultura, Parque Empresarial Parcela D10. 11407-Jerez de la Frontera. Cádiz	Distribution of publishing products	29.00%		100	3,964
Gelesa Gestión Logística, S.L.	Almanaque Nº 5. Polígono Fin de Semana. 28022. Madrid.	Distribution of publications	33.66%	198/11	1,310	(1,933)
Grupo Distribución Editorial Revistas, S.L.	Calle de la Agricultura, Parque Empresarial Parcela D10. 11407-Jerez de la Frontera. Cádiz	Distribution of publications	25.29%		516	830
Logística Ciudad Real, S.L.	Polígono Industrial La Estrella, Calle Herreros Nº 10 de Miguelturnra. 13170. Ciudad Real	Storage and distribution of publishing products	20.30%		6	930
Marina BCN Distribuciones, S.L.	Calle E. Nº 1 con Esquina Calle 6 (Sector E), Zona Franca. 08040. Barcelona	Distribution of publishing products	30.00%		300	6,981
Nuevo Distrigades, S.L.	Calle Francia, s/n. Polígono Industrial El Trocadero. Puerto Real. Cádiz	Distribution of publications	20.30%		75	318
Prensa Serviodiel, S.L.	Polígono Tartessos 309, Calle A. 21610. San Juan del Puerto. Huelva	Distribution of publishing products	29.00%		8	535
Souto, S.L.	Polígono Industrial Oceao, Calle Da Industria, 107. 27003. Lugo	Distribution of publications	29.00%		34	1,150
Suscripciones de Medios Editoriales, S.L.	Calle de la Agricultura, Parque Empresarial Parcela D10. 11407-Jerez de la Frontera. Cádiz	Distribution of publishing products	29.00%		110	219
Trecedis, S.L.	Calle Avenida de Bruselas, 5. Arrollo de la Vega. 28108. Alcobendas. Madrid	Distribution of publications	19.56%		2,811	2,780
Val Disme, S.L.	Calle Dels Argenters 4. P.I. Vara de Quart. 46014. Valencia	Distribution of publishing products	23.75%		714	8,131

(*) 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

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	12/31/11 (In thousands of euros)			
			PERCENTAGE OF OWNERSHIP	TAX GROUP (*)	SHARE CAPITAL	SHAREHOLDERS' EQUITY
<u>DIGITAL</u> <i>Full consolidation</i> Infotecnia 11824, S.L. Meristation Magazine, S.L. Prisa Digital Inc.	Ronda de Poniente 7. Tres Cantos. Madrid Almogavers 12. Llagostera. Girona 2100 Coral Way. Suite 200. Miami. Florida. 33145. US.	Provision of telecommunication services Provision of documentation services Provision of internet services	60.00% 100.00% 100.00%	 2/91 	40 6 0	253 251 (4,442)
<u>PRINTING</u> <i>Equity method</i> Bidasoa Press, S.L. Dédalo Grupo Gráfico, S.L. Dédalo Heliocolor, S.A. Dédalo Offset, S.L. Distribuciones Aliadas, S.A. Gráficas Integradas, S.A. Macrolibros, S.L. Norpprensa, S.A.	Calle Malilla Nº 134. 46026. Valencia Carretera de Pinto a Fuenlabrada, Km. 20,8. Madrid Ctra. Nacional II. Km. 48, 500 Polígono Industrial Nº I. 19171. Cabanillas del Campo. Guadalajara Carretera de Pinto a Fuenlabrada, Km. 20,8. Madrid Polígono Industrial La Isla. Parcela 53. 41700 Dos Hermanas. Sevilla Calle Camino de los Afligidos S/N. Alcalá de Henares. Madrid Calle Vázquez de Menchaca. Nº9. Polígono Argales. 47008. Valladolid Parque Empresarial IN-F. Calle Costureiras. s/n 27003. Lugo	Printing of publishing products Printing of publishing products Printing of publishing products Printing of publishing products Printing of publishing products Printing of publishing products Printing of publishing products Printing of publishing products	40.00% 40.00% 40.00% 40.00% 40.00% 40.00% 40.00% 40.00%	225/04 225/04 225/04 225/04 225/04 225/04 225/04	2,047 28,458 8,456 1,000 2,100 601 500 1,800	1,565 (163,830) (50,965) (51,298) 8,931 497 (2,018) 6,209
<u>MEDIA ADVERTISING SALES</u> <i>Full consolidation</i> Prisa Innova, S.L. Solomedios, S.A.	Gran Vía, 32. Madrid Gran Vía, 32. Madrid	Management of promotional products and services Advertising management	100.00% 100.00%	2/91 2/91	20 180	237 176
<u>OTHER</u> <i>Full consolidation</i> GLP Colombia, Ltda Prisa Inc. Promotora de Actividades América 2010 - México, S.A. de C.V.	Carrera 9, 9907 Oficina 1200. Bogotá. Colombia 5300 First Union Finacial Centre. Miami. Florida. US. Avenida Paseo de la Reforma 300. Piso 9. Col. Juárez. 06600. MEXico. City. Mexico	Operation and sale of all manner of advertising Management of companies in the US and North America Development, co-ordination and management of all manner of international and national projects marking the bicentenary of American Independence	100.00% 100.00% 100.00%	 	271 1,287 3	1,693 (325) (277)

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

(*) Consolidated tax group Dédalo Grupo Gráfico, S.L.: 225/04

PROMOTORA DE INFORMACIONES, S.A. (PRISA)

Individual Directors' Report for 2011

PROMOTORA DE INFORMACIONES, S.A.
DIRECTOR'S REPORT FOR 2011

1. BUSINESS PERFORMANCE

Promotora de Informaciones, S.A. (Prisa) is the head of the Prisa Group. Its function within the Group is to provide central corporate services, to act as the Group's financing centre and to engage in other activities related to the Group's strategy, development and performance. The Group is organized at global level into the following main lines of business:

- Audiovisual
- Press
- Radio
- Education-Publishing

This structure is supported by the Digital area, which operates across all the areas.

In 2011, 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.

Most significant events-

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

- 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.

Results and profitability-

Prisa's results are directly related to the performance of the Group's various business units. Its revenue arises mainly from the dividends it receives from its subsidiaries and its expenses relate to staff costs and services received. The variations in the equity of its subsidiaries also give rise to increases and decreases in the value of its investment portfolio.

During 2011 the Group had stable recurring revenues and EBITDA, which reach EUR 2,714.16 and 493,16 million respectively. These figures imply falls of 1.3% and 1.7% with an EBITDA margin of 18.2% in line with that of 2010.

2. PRINCIPAL RISKS ASSOCIATED WITH THE BUSINESS

As head of the Group, the risks to which Prisa is exposed are directly related to those of its subsidiaries.

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 provides more details on each risk category and on the bodies and specific actions in place to detect, measure, monitor and manage these risks.

3. USE OF FINANCIAL INSTRUMENTS

Promotora de Informaciones, S.A. arranges interest rate and exchange rate hedges when the market outlook so advises. According to the above, the Company has arranged interest rate hedges which establish interest rate caps.

4. TREASURY SHARES

At December 31, 2011, Prisa, S.A. held a total of 2,879,503 treasury shares, representing 0.34% of its share capital. The total cost of these shares was EUR 2,505 thousand, with a cost per share of EUR 1.261.

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

5. 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 December 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.