

Annual Report on Activities 2007

Audit and Compliance
Committee of Vocento, S.A.

19 February 2008

Content:

1. Description, purpose and goals of the Annual Report of Activities
2. Background to the Audit and Compliance Committee
3. Composition of the Audit and Compliance Committee
4. Conclusions from work carried out
5. Corporate Compliance Unit
6. Meetings held

1. Description, purpose and goals of the Annual Report of Activities

This report is a summary of the activities of the Audit and Compliance Committee in its various working areas, and corresponds to the period of sessions held during 2007. Its preparation and disclosure reflects a voluntarily adopted initiative and a commitment to transparency and best practice in corporate governance, as seen in article 18.8 of the Rules for the Board of Directors. This Annual Report is addressed to the Board of Directors of Vocento, S.A.

2. Background to the Audit and Compliance Committee

Following an agreement by the Board of Directors of Vocento (then Grupo Correo-Prensa Española), on 18 July 2002, an Audit and Compliance Commission was established, with the main purpose of supporting the Board of Directors in its oversight functions. This Committee operated until the stock market listing of Vocento, when according to the terms of Article 19 of the Company Statutes and of 18.1 of the Rules for the Board of Directors, the Board established the Audit and Compliance Committee. It is composed of three Directors, and will meet at least on a quarterly basis to review the regular public information to be reported to the markets and to supervisory authorities.

3. Composition of the Audit and Compliance Committee

compliance with good governance norms and recommendations.

- Have informed the Board of Directors and company Management about potential areas for improvement in their respective areas of responsibility.

5. Corporate Compliance Unit

Article 32.3 of the Rules for the Board of Directors states that “a Corporate Compliance Unit will be established, with the responsibility of keeping updated the information that the Directors need to inform the company of.” In accordance with this mandate, on 5 September 2006 the Board of Directors approved the Internal Code of Conduct in Securities Markets for Vocento, establishing in article 8 the creation of the Corporate Compliance Unit, as a entity which reports to the Audit and Compliance Committee and which is directed by the Secretary of the Board of Directors.

The Corporate Compliance Unit has each quarter informed the Audit and Compliance Committee of the measures adopted to ensure compliance with the Internal Code of Conduct, the level of compliance, and of any incidents. The reports have specified the people and securities affected by any incident, and of any incidents involving personal operations.

In this regard, the Secretary of the Board of Directors has regularly provided the Audit and Compliance Committee with the Quarterly Report of the Corporate Compliance Unit, which provides information on the measures adopted to ensure compliance with the Internal Code of Conduct, and these include the establishment of obligatory documentary records, the notification in writing to each person affected by the code of the obligations that the code implies, and the evaluation of the level of compliance and any incidents detected in the period.

6. Meetings held

There have been six meetings in the year, on the following dates:

- 1) 28 February 2007
- 2) 8 May 2007
- 3) 24 July 2007
- 4) 8 October 2007
- 5) 13 November 2007
- 6) 19 December 2007

The business treated by the Audit and Compliance Committee, the agreements taken and recommendations made at these meeting are as follows:

1) Meeting of 28 February 2007

Order of the Day

First. Financial information to be sent to the CNMV for the year end 2006 and to present to analysts.

Second. Auditors Report on the annual accounts of Vocento for 2006. Appointment of external auditors for 2007 accounts.

Third. Proposed formulation of annual accounts of Vocento and consolidated group for 2006.

Fourth. Report on the Annual Corporate Governance Report for 2006.

Fifth. Annual Report on Activities of the Audit and Compliance Committee for 2006.

Sixth. Annual Report from Internal Audit for 2006.

Seventh. Tender for external auditing for the audiovisual area 2007-2010.

a. Managers attending

Chief Financial Officer

Internal Auditor

Business discussed and agreements adopted

First.- Financial information to be sent to the CNMV for the year end 2006 and to present to analysts.

The Chief Financial Officer explained the main elements of the year, and presented the income statement and balance sheet as of 31 December 2006, analysing the main financial data (revenues and EBITDA) at the group level and by business unit.

Second.- Auditors Report on the annual accounts of Vocento for 2006. Appointment of auditors for 2007 accounts.

The external auditor, Deloitte, made a detailed analysis of the annual accounts, beginning with the balance sheet, analysing the most significant items and major variations since 2005.

The most significant items in the income statement were also analysed, and those items with most variation from the previous year.

Cash flows were also analysed with this criterion, with the main focus on operating and investment cash flows.

In the area of changes to equity, the auditors commented on the variation in consolidated profit and in minorities. The analysis was made by segments, with more information included in the report due to the requirements of the CNMV and the company's listing on the stock market.

Finally a detailed analysis was made of the adjustments in Individual Companies and in the consolidated Group, and of the accounting criteria to be applied in certain companies.

Third- Proposed formulation of annual accounts of Vocento and consolidated group for 2006 and appointment of external auditors for 2007.

The Committee unanimously agreed to make a favourable report to the Board of Directors on the formulation of the individual annual accounts and consolidated accounts for 2006.

The Committee unanimously agreed to propose to the Board of Directors the extension of the external Auditors of the Company and of the Consolidated Group for 2007.

Fourth- Report on the Annual Corporate Governance Report for 2006.

The Secretary presented and commented on the various aspects of the Annual Corporate Governance Report for 2006, which is one of the competences of the Committee.

The Committee unanimously agreed to make a favourable report to the Board of Directors on the areas of its competence in the Annual Corporate Governance Report for 2006.

Fifth- Annual Report on Activities of the Audit and Compliance Committee for 2006.

The Internal Auditor presented and commented on the Annual Report on Activities of the Audit and Compliance Committee for 2006.

The Committee unanimously agreed to approve the report and send it to the Board of Directors.

Sixth- Annual Report from Internal Audit for 2006.

Annual Report of Activities of the Audit and Compliance Committee

The Internal Auditor presented and made a detail report of the Annual Report from Internal Audit for 2006.

The Committee unanimously agreed to approve the report.

Seventh.- Tender for external auditing for the audiovisual area 2007-2010.

The Chief Financial Officer then analysed the purpose of the tender, the companies included, the reports to be obtained, selection criteria, the requirement for the appointment of the auditor to be approved by the Boards of Directors and the Shareholder Meetings, the timetable, candidates and cost.

The Committee agreed to make a favourable report on the calling of a tender for the external auditing of the audiovisual area for the minimum legally established period of three years.

2) Meeting of 8 May 2007

Order of the Day

First: Review of quarterly public information to 31 March 2007 to provide to the CNMV.

Second: Presentation of the tender for external auditors for the audiovisual segment.

Third: Current situation of the Internal Audit Plan for 2007.

Managers attending

Chief Financial Officer
Internal Auditor

Business discussed and agreements adopted

First.- Review of quarterly public information to 31 March 2007 to provide to the CNMV.

The Chief Financial Officer detailed the main information of the quarter and commented on the development of

Annual Report of Activities of the Audit and Compliance Committee

EBITDA, revenues and in particular advertising revenues, EBIT, and the most significant events in the business area.

The CFO then made a detailed analysis of the main items in the Consolidated Income Statement of the First Quarter and the Consolidated Balance Sheet as of 31 March 2007, and commented on the main variations from 31 December 2006.

The main financial data (revenues and EBITDA) were analysed and the first quarter of 2007 was compared with the first quarter of 2006.

The same analysis was made of the various business areas.

The Chief Financial Officer explained the work carried out by external auditors in reviewing the financial information for the first quarter, and explained the procedures used to

review the information, the changes of accounting principles applied to certain associate companies, and the main variations in the consolidated financial statements. The CFO concluded that the external auditors had found no reason to make a significant change to the financial statements for 31 March 2007 that had not previously been reported to the Group.

The members of the Committee then examined the information to be provided to the CNMV and to the markets for the first quarter of 2007, and unanimously agreed to recommend its approval to the Board of Directors.

Second.- Presentation of the tender for external auditors for the audiovisual segment.

The Chief Financial Officer then explained that the tender concerned the selection of an Auditor for the companies in the audiovisual area, part of Corporación de Nuevos Medios Audiovisuales, S.L.U and of Corporación de Nuevos Medios Digitales, S.L.U. for the period of three years (2007,2008 and 2009), plus one consolidated company of Veralia, S.A. for a total of 24 companies and a consolidated company, and clarified the specific work to be undertaken.

The CFO informed the Committee of the criterion for selection that were used (both objective and subjective), and of the audit companies that had presented themselves in the tender.

Finally, the CFO detailed the conclusions and the evaluation of the offers, which led to the proposal to award the work to KPMG, which obtained the best score.

In light of this, the Committee unanimously agreed to propose to the Board of Directors that it recommends KPMG as auditors of the subsidiaries which form part of Corporación de Nuevos Medios Audiovisuales, S.L.U and of Corporación de Nuevos Medios Digitales, S.L.U. for a period of three years (2007,2008 and 2009).

Third.- Current situation of the Internal Audit Plan for 2007.

The Internal Auditor summarised the current situation of the Internal Audit Plan for 2007, which was progressing as planned, and detailed the conclusions on the first phase of the review of the Corporate Governance process and the work to be carried out in the second phase. The Committee was informed of an extension to the scope of the audit plan that had been requested by management and which was approved.

The Committee proposed and approved that external auditors should facilitate to Internal Audit the Annual Memorandum of Internal Control Recommendations.

The members of the Committee approved a proposal to the Board of Directors to hold a day of training and updating of the Directors.

In addition, the Committee proposed to study the appropriateness in terms of independence of replacing Deloitte by another firm for regular work and support of the Internal Audit department.

3) Meeting of 24 July 2007

Order of the Day

First.- Review of public information to 30 June 2007 to provide to the CNMV.

Second.- Introduction by Deloitte of the new responsible partner.

Third.- Report from external auditors on the limited review of accounts to 30 June 2007.

Fourth.- Current situation of the Internal Audit Plan for 2007.

Managers attending

Chief Financial Officer
Internal Auditor

Business discussed and agreements adopted

First.- Review of public information to 30 June 2007 to provide to the CNMV.

The Chief Financial Officer detailed the main information of the six months and commented on the development of EBITDA, revenues and in particular advertising revenues, and of EBIT. By business area the CFO commented on the most significant facts and ended the presentation by explaining the agreement to sell certain holdings and the impact on this on results.

The CFO then analysed in detail the various items of the Consolidated Income Statement for the First Half and the Consolidated Balance Sheet and Cash Flow Statement as of 30 June 2007, and informed the Committee of the main variations from 30 June 2006 and of the additions to property, plant and equipment and intangible fixed assets in the first half of 2007.

The main financial data were then analysed (revenues and EBITDA) and compared to the first half of 2006.

The same analysis was carried out by business area.

The following questions concerning the consolidated accounts were then analysed:

- Reasons for and impacts of the changes in accounting criteria referring to the proportional integration of companies which are jointly controlled, and the accounting of "assets maintained for sale" of certain holdings.
- New developments in tax deductions.
- The situation of goodwills.
- Criteria for booking income derived from the transfer of rights and the amortization of the costs of these rights.

The members of the Committee then examined the information to be provided to the CNMV and to the markets for the first half of 2007, and unanimously agreed to recommend its approval to the Board of Directors.

Second.- Introduction by Deloitte of the new responsible partner.

Deloitte, the External Auditor of the company, explained that in accordance with legislation in force, after a period of nine years as partner responsible for the auditing of Vocento, the Auditor had designated a new responsible partner, who was introduced to the Committee.

Third.- Report from external auditors on the limited review of accounts to 30 June 2007.

The External Auditors detailed the work carried out by them for the Limited Review of Vocento , S.A. and its

subsidiaries concerning the intermediate financial information for the first half of 2007.

The Auditors commented on the analysed Balance Sheet, Income Statement, Information by Segments, Cash Flows, and their conclusions on the changes of accounting principles for certain items, and a summary of adjustments that were not significant in the overall accounts or at the individual level.

Fifth.- Current situation of the Internal Audit Plan for 2007.

The Internal Auditor provided an executive summary with preliminary conclusions of the current situation of the Internal Audit Plan for 2007, approved by the Audit and Compliance Committee. Firstly he summarised the processes and companies audited in the first half of 2007, highlighting that the Plan is being implemented according to plan, in terms of its scope and of dates, and that in addition an unplanned work had been carried out which

was authorised by the Audit and Compliance Committee in its Meeting of 8 May 2007.

A copy was provided of all the reports issued (10) in the first half for each of the companies chosen as a sample for each process.

As a consequence of the reviews carried out, two general recommendations were made to Vocento management.

The work to be concluded in the second half was then described.

The Internal Auditor said that, on the request of the Management Committee, the review of a process at a specific company was approved by the Audit and Compliance Committee, as it was not included in the Internal Audit Plan for 2007.

The internal auditor explained the work carried out in monitoring the recommendations, consisting in the verification of their implementation by obtaining evidence which demonstrates this, and detailed the recommendations made in 2005 and 2006, those which have been implemented, are in the process of implementation, and those which were pending. He provided the reports on the verification of the effective implementation of the recommendations (16).

Finally, the Internal Auditor proposed an external evaluation of the internal audit function at Vocento, now that the phase of establishing and implementing the function had concluded, and the purpose of this would be to analyse the current situation and detect possible opportunities for improvement, in comparison with listed peers. The members of the Committee agreed with the

proposal, the date of which would be decided at a subsequent meeting.

4) Meeting of 8 October 2007

Order of the Day

First.- Report on the proposal to modify article 12 of the Rules for the Board of Directors.

Managers attending

Chairman

Chief Executive Officer

First.- Report on the proposal to modify article 12 of the Rules for the Board of Directors.

In light of the arguments heard, the Audit and Compliance Committee decided unanimously not to issue a report on this matter, as the modification was not appropriate.

Second.- Other Business

The Chairman of the Audit and Compliance Committee reported on the meeting with the Internal Auditor of the Company, and provided a summary of the areas discussed and a proposed plan for Committee meetings.

5) Meeting of 13 November 2007

Order of the Day

First.- Determination of the consolidation perimeter to be audited and proposed fees to external auditors corresponding to 2007.

Second.- Review of quarterly public information to 30 September 2007 to provide to the CNMV.

Third.- Conclusions of the Internal Audit Plan for 2007.

Managers attending

Chief Financial Officer

Internal Auditor

Business discussed and agreements adopted

First.- **Determination of the consolidation perimeter to be audited and proposed fees to external auditors corresponding to 2007.**

The Chief Financial Officer explained that the consolidation perimeter according to global consolidation had increased by a net five companies, now being composed of 166 companies, and highlighted the new incorporations.

The CFO recalled the existence this year of two external auditors, KPMG, incorporated this year and auditing the audiovisual area, making 17 audits, one subgroup and five limited reviews, and Deloitte, auditing 46 companies, subgroups, 15 limited reviews, and the consolidated statements.

The situation of the fees for Deloitte were then analysed, as those for KPMG were set in the tender held to award the auditing business.

A proposal was made to examine whether it was appropriate to award to the external auditor of the consolidated group, Deloitte, the additional work of reviewing the Auditing of KPMG, which would lead to

Annual Report of Activities of the Audit and Compliance Committee

additional fees, and which would enable the exclusion from the report on the consolidated statements of the paragraph limiting its responsibility concerning the companies audited by KPMG, which would be included if this review was not made. It was concluded that it was not necessary to award this additional work to Deloitte, as it could be carried out but only at no extra cost.

In addition, of the companies of the IBEX 35, 13 of them include in their audits of consolidated accounts the paragraph for not assuming responsibility for the audits of group companies which were not audited by the auditor of the consolidated group.

Mention was also made of other work apart from the auditing of accounts carried out for the group by the external auditors, with respective costs.

Finally, the external auditors, Deloitte, said that there was nothing to be highlighted in the quarterly information that were to be provided, although a review had not been

made of this information as it has for the information for the first half of the year.

The Committee unanimously agreed to make a favourable report on the proposed fees, and not to provide any additional work concerning the paragraph on the limitation of responsibility.

Second.- Review of quarterly public information to 30 September 2007 to provide to the CNMV.

The Director General summarised the highlights of the quartet and the performance of net profit, revenues, EBITDA and EBIT. By business area, he commented on the most significant facts in the areas of print media, audiovisual, and Internet.

Annual Report of Activities of the Audit and Compliance Committee

He then analysed in detail the various items for the Consolidated Income Statement to 30 September, the growth in non-recurring costs, and the Consolidated Balance Sheet.

The main financial data (revenues and EBITDA were analysed) and compared to the first nine months of 2006, for each business area.

The specific information to be provided to the CNMV and the markets was then analysed and the Audit and Compliance Committee unanimously agreed to make a favourable report to the Board of Directors concerning its approval.

Third.- Conclusions of the Internal Audit Plan for 2007.

The Internal Auditor, who then presented the summary of the Internal Audit Plan for 2007, explained the level of compliance with all the goals set in terms of scope, companies, processes reviewed and dates, and referred to the two processes reviewed at the request of the Management Committee of Vocento, which were not initially included in the Plan.

All the conclusions and recommendations made had been presented to the Management Committee, which has established an action plan to implement the most urgent actions in 2007. For the other recommendations made in 2007, there is a specific action plan agreed with each of the audited companies and areas

An analysis was presented of the monitoring of the recommendations made in 2005 and 2006, concluding that practically all of them had been implemented, with

Annual Report of Activities of the Audit and Compliance Committee

only an insignificant percentage still pending implementation due to the implementation in the short term of new software applications that include the controls proposed in the recommendations.

The Internal Auditor informed the Committee that Management had requested him to carry out an internal audit in one company, concerning the integrity of the revenues and of the management of client receivables, in order to be sure that the risks present in these processes are reasonably covered. The Committee gave its approval to the internal auditor carrying out this additional work that was not included in the 2007 internal audit plan.

6) Meeting of 19 December 2007

Order of the Day

First.- Preliminary conclusions of the auditing of the 2007 accounts for the audiovisual segment, carried out by KPMG

Second.- Review of the recommendations for internal control of the external auditors Deloitte, corresponding to the audit of 2006 and the preliminary conclusions of the audit of 2007 accounts, carried out by Deloitte.

Third.- Evaluation of Risks and Internal Audit Plan for 2008.

Managers attending

Internal Auditor

Business discussed and agreements adopted

First.- Preliminary conclusions of the auditing of the 2007 accounts for the audiovisual segment, carried out by KPMG

The representatives of the auditing firm KPMG informed the Committee about the companies that they will audit and of the limited review.

The critical aspects of each of the areas was explained, and the main auditing business detected in the preliminary review.

Second.- Review of the recommendations for internal control of the external auditors Deloitte, corresponding to the audit of 2006 and the preliminary conclusions of the audit of 2007 accounts, carried out by Deloitte.

The representatives of Deloitte explained the state of the recommendations for internal control that were made in

2006, as a consequence of the work carried out in relation to the external audit of each company.

The preliminary conclusions of the external audit of 2007 analyse the adjustments in individual companies and in the consolidated Group. .

Third.- Evaluation of Risks and Internal Audit Plan for 2008.

The Internal Auditor presented their conclusions on the annual Evaluation of Risks, carried out with the Management Committee and other senior managers of the group, using the methodology and support of internal audit; the factors that could affect risks were identified, and those which could lead to new risks or which could increase the importance, measured in terms of the impact on the income statement and the probability of their occurring, of those risks already identified in the previous year.

Annual Report of Activities of the Audit and Compliance Committee

In this regard the Risks Map of Vocento (based on the Universal Risk Model), summarises the most significant risks.

The Internal Auditor presented the proposed Internal Audit Plan for 2008, based on locating these risks in those processes where they can be mitigated.

In accordance with this, the Committee approved the Internal Audit Plan for 2008, including its planning, dates, companies and scope.

The objectives of the plan, in addition to reviewing the processes described, include dedicating a third of the auditor's time continuously to the process of preparing financial information, as an important objective of internal control, with the scope of the reviews based on the newly consolidated incorporations, changes in norms or in processes and systems, and on the internal control recommendations of the external auditor.

The Internal Auditor made the proposal of the holding of meetings and their content for the Audit and Compliance Committee in 2008, which was approved in accordance with the document that was presented.
