



Promotora de Informaciones, S.A. (“**PRISA**” or the “**Company**”) announces the following relevant information, under the provisions of article 228 of the Royal Legislative Decree 4/2015, of 23 October, approving the consolidated text of the Securities Market Act (“**Ley del Mercado de Valores**”).

RELEVANT INFORMATION

The Board of Directors of PRISA has resolved to hold the Annual Shareholders Meeting in Madrid, **expected to be held at the second call**, on June 30, 2017, at 12:30 pm, at Teatro Real de Madrid, Plaza de Oriente s/n, Madrid 28013.

The agenda is as follows:

1^o.- Review and, if applicable, approval of the annual accounts (balance sheet, profit and loss account, statement of recognized income and expense, statement of changes in equity, of cash flow statement and notes to the financial statements) and management reports for both the company and the consolidated group for the 2016 financial year, and the proposed distribution of profits.

2^o.- Approval of the Board of Directors’ management of the company in the 2016 financial year.

3^o.- Adoption of the resolution for appointing the auditor of the company and its consolidated group for the 2017 financial year, pursuant to the provisions of Article 42 of the Commercial Code and Article 264 of the Capital Companies Act.

4^o.- Ratification of the appointment of Directors.

4.1. Ratification of the appointment by cooptation of Director Mr. Dominique Marie Philippe D’Hinnin.

4.2. Ratification of the appointment by cooptation of Director Mr. Waleed Ahmad Ibrahim AISa’di.

5^o.- Amendment of article 25 (Audit Committee) of the Bylaws to adapt the composition of the Committee to the new wording of article 529 quaterdecies of the Capital Companies Act given by Law 22/2015 of 20 July on Audit of Accounts.

6^o.- Non- binding voting on the Annual Report on Remuneration of the Directors.

7^o.- Directors Remuneration Policy for the years 2017, 2018 and 2019.

8^o.- Delegation of Powers

The Board of Directors has likewise decided that a notary public shall be present to take the minutes at the Shareholders Meeting pursuant to the provisions of article 203 of the Capital Corporations Act.

By virtue of article 516 of the Companies Act, we are attaching the announcement made public today, as well as the following documents which upon publication of the announcement and pursuant to the provisions of articles 272, 287, 517, 518, 529 decies, 529 novodecies, 539 and 541 of the Capital Companies Act, and article 6 of the General Meeting Regulations, the shareholders may examine at the registered office of the Company (Gran Vía 32, Madrid 28013), or at the address of the Shareholder Relations Office (Avda. de los Artesanos 6, Tres Cantos, 28760 Madrid), consult on the Company's website (www.prisa.com) and request delivery or sending thereof without charge (through the Oficina de Atención al Accionista, from 8:00 a.m. to 16:30 p.m., on business days, telephone numbers 91-330.11.68 and 91-330.10.22, e-mail address ia@prisa.com):

- Shares and voting rights at the date of the call.
- Full text of the Annual Accounts (balance sheet, profit and loss account, statement of recognised revenue and expenses, statement of changes in equity, cash flow statement and notes thereon) and the Management Report for the 2016 financial year of the Company and its Consolidated Group, as well as the respective reports of the auditor (Item 1 on the Agenda). These documents have already been filed with the National Securities Market Commission.
- Full text of the proposal of resolutions regarding all the Agenda items that the Board of Directors presents to the General Shareholders' Meeting, which is attached hereto.
- Report issued by the Board of Directors for the purposes required under article 529 decies of the Capital Companies Act, concerning the proposal of ratification of the appointments by co-optation of directors, which contains information on the professional profile and category of such directors (Item 4 of the Agenda) which is attached hereto.
- Report issued by the Board of Directors for the purposes required under article 286 of the Capital Companies Act, concerning the proposal to amend article 25 of the Bylaws (Item 5 of the Agenda), which is attached hereto.
- Annual Report on Remuneration of the Directors, for the purposes contemplated in article 541 of the Capital Companies Act (which is submitted to non-binding vote under Item 6^o of the Agenda), which has already been filed with the National Securities Market Commission.
- Reasoned proposal of the Directors' Remuneration Policy for the years 2017, 2018 and 2019, and specific report of the Nominating and Compensation Committee, for the purposes required under article 529 novodecies of the Capital Companies Act (Item 7 of the Agenda), which is attached hereto.

- Forms and terms for exercise of information, proxy and remote voting rights, which are attached hereto.
- Annual Corporate Governance Report for the 2016 financial year, which has already been filed with the National Securities Market Commission.
- Annual Reports for the 2016 financial year, prepared by the following Committees: Audit Committee, Corporate Governance Committee, Nominating and Compensation Committee and Committee for Strategic Digital Change, which are attached hereto.
- Report issued by the Audit Committee on the independence of the auditor, for the purposes specified in Article 529 quaterdecies, paragraph 4 f) of the Capital Companies Act, which is attached hereto.
- Report issued by the Audit Committee on related-party transactions for 2016 financial year, which is attached hereto.

Madrid, May 28, 2017

PROMOTORA DE INFORMACIONES, S.A

Call of Ordinary Meeting

By resolution of the Board of Directors of "Promotora de Informaciones, Sociedad Anónima" (the "Company"), in fulfilment of the provisions of the Company's Bylaws and General Meeting Regulations, and in accordance with the current Capital Companies Act, the shareholders are called to the Ordinary General Shareholders Meeting to be held at 12:30 pm on June 29, 2017, at Teatro Real de Madrid, Plaza de Oriente s/n, Madrid, on first call, and if the necessary quorum is not achieved, at the same place and at the same time on June 30, 2017, on second call.

It is expected that the General Shareholders Meeting will be held on second call, that is, June 30, 2017, at the place and time indicated above.

For purposes of articles 173 and 516 of the Capital Companies Act, all shareholders are advised that this notice of call also will be published, inter alia, on the Company's website, the address of which is www.prisa.com.

The Meeting will be held in accordance with the following,

AGENDA

- 1º.- Review and, if applicable, approval of the annual accounts (balance sheet, profit and loss account, statement of recognized income and expense, statement of changes in equity, of cash flow statement and notes to the financial statements) and management reports for both the company and the consolidated group for the 2016 financial year, and the proposed distribution of profits.
- 2º.- Approval of the Board of Directors' management of the company in the 2016 financial year.
- 3º.- Adoption of the resolution for appointing the auditor of the company and its consolidated group for the 2017 financial year, pursuant to the provisions of Article 42 of the Commercial Code and Article 264 of the Capital Companies Act.
- 4º.- Ratification of the appointment of Directors.
 - 4.1. Ratification of the appointment by cooptation of Director Mr. Dominique Marie Philippe D'Hinnin.
 - 4.2. Ratification of the appointment by cooptation of Director Mr. Waleed Ahmad Ibrahim ALSa'di.
- 5º.- Amendment of article 25 (Audit Committee) of the Bylaws to adapt the composition of the Committee to the new wording of article 529 quaterdecies

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of the Capital Companies Act given by Law 22/2015 of 20 July on Audit of Accounts.

6°.- Non- binding voting on the Annual Report on Remuneration of the Directors.

7°.- Directors Remuneration Policy for the years 2017, 2018 and 2019.

8°.- Delegation of Powers

SUPPLEMENT TO CALL

In accordance with article 519 of the Capital Companies Act, shareholders representing at least three percent of capital may: (i) request publication of a supplement to this call including one or more points on the Agenda, provided that the new points are accompanied by an explanation or, if applicable, an explained proposed resolution; and (ii) present supported proposed resolutions regarding matters already included or that should be included on the Agenda of the Meeting that is called. These rights must be exercised by certifiable notice that must be received at the registered office (Gran Vía 32, Madrid 28013) within the five days following publication of this call. The identity of the shareholders exercising the right and the number of shares owned by them – representing at least three percent of the share capital – will be stated in the mentioned notice, and attaching such other documentation as may be appropriate. The foregoing is understood to be without prejudice to the right of any shareholder during the conduct of the General Shareholders Meeting to make alternative proposals or proposals on points that are not included on the Agenda, on the terms contemplated in the Capital Companies Act.

RIGHT OF ATTENDANCE

The General Shareholders Meeting may be attended by all shareholders that, individually or collectively, own at least 60 shares, registered in the corresponding book-entry records five days in advance of the date of holding the Meeting, and present the corresponding attendance card issued by any of the custodians that are members of Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (Iberclear), in accordance with the provisions of article 16 of the Bylaws, article 7 of the General Meeting Regulations and article 179 of the Capital Companies Act.

RIGHT OF REPRESENTATION

Any shareholder may grant a proxy to another person, even if not a shareholder, to attend the General Shareholders Meeting, by satisfying the requirements and formalities set forth in the Bylaws, the General Meeting Regulations and by law.

The proxy must contain or attach the Agenda.

A proxy may be evidenced in any of the following documents, in all cases with a handwritten signature: (i) the attendance card issued by the custodians participating in Iberclear, (ii) a letter or (iii) the standard form made available by

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the Company for these purposes to the shareholders, as indicated in the section “Information Right” of the present call. The document evidencing the proxy may be sent by mail to the Company through the Shareholder Relations Office, at the registered office (Gran Vía 32, Madrid 28013) or at the address of the Office (Avda. de los Artesanos 6, Tres Cantos, 28760 Madrid) or delivered at the entrance to the General Shareholders Meeting site, to the Company's organisers, on the day it is held, before it commences.

If a proxy is extended in favour of the Board of Directors, or if the proxy does not state the name of the person to which the proxy is granted, it will be understood to have been granted to the Chairman of the Board of Directors or, if applicable, to the person chairing the General Shareholders Meeting, as set forth in article 16.5 of the Bylaws.

If the proxy is exercised by the directors of the Company, in the event of a public request for representation and the proxy grantor has not expressly indicated voting instructions, it shall be understood that (i) the proxy refers to all the points on the Agenda of the General Shareholders Meeting, (ii) the vote is in favour of all the proposed resolutions made by the Boards of Directors and (iii) the proxy extends to any off-agenda items that may arise in the course of the General Shareholders Meeting, being understood that the proxy holder shall vote in the sense it deems to be most appropriate to the interests of the shareholder.

A proxy also may be granted by remote electronic communication by way of the Company's website (www.prisa.com), by completing the standard electronic form available for these purposes on the Company's website. That electronic document must include an electronic signature recognised or provided by any of the certification service providers referred to in the following section on remote voting. A proxy granted by remote electronic means of communication must be in the possession of the Company, at its headquarters, at least 24 hours in advance of the time contemplated for holding the General Shareholders Meeting on first call.

For purposes of articles 523 and 526 of the Capital Companies Act, it is noted that the Chairman as well as the other directors of the Company have a conflict of interests regarding points 6º (Non-binding voting on the Annual Report on Remuneration of the Directors) and 7º (Directors Remuneration Policy for the years 2017, 2018 and 2019) of the agenda.

Likewise, the directors Mr Dominique Marie Philippe D’Hinnin and Mr Waleed Ahmad Ibrahim AlSa'di have a conflict of interest regarding points 4.1. and 4.2. of the Agenda, each of them with respect to the point of the Agenda in which the ratification of their appointment through co-optation is proposed.

The directors may also have a conflict of interest regarding the proposed resolutions, if any, presented regarding matters not-included in the Agenda (when relating to the removal of a director or to the imposition of liability).

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REMOTE VOTING

A shareholder may cast its vote remotely, by complying with the requirements and formalities set forth in article 16 of the Bylaws, in articles 10 and following of the General Meeting Regulations and by law.

To cast a vote by mail, a shareholder must complete and send to the Company, through the Shareholder Relations Office, at its registered office (Gran Vía 32, Madrid 28013) or at the address of the Office (Avda. de los Artesanos 6, Tres Cantos, 28760 Madrid) the standard form provided by the Company for these purposes (made available to shareholders as indicated in the following section on the "Information Right" in this call), which will include the information necessary to show status as a shareholder, with the signature of the shareholder being required to be attested by a notary or acknowledged by a custodian participating in Iberclear. In the case of legal persons, the form must be accompanied by the corresponding document sufficiently showing the representative capacity in which the signatory acts.

The vote also may be cast by remote electronic means of communication, by way of the Company's website (www.prisa.com), completing the standard electronic form provided for these purposes on the Company's website. The electronic document sent by the shareholder must include an electronic signature recognised or provided by any of the following certification service providers: CERES (Fábrica Nacional de Moneda y Timbre - Real Casa de la Moneda); CAMERFIRMA; or ANCERT (Agencia Notarial de Certificación). The electronic National Identity Document (Documento Nacional de Identidad electrónico, or "DNIe") issued by the General Police Directorate of the Spanish Ministry of the Interior may also be used.

A remote vote, whether sent by mail or by remote electronic means of communication, must be in the possession of the Company, at its headquarters, at least 24 hours in advance of the time contemplated for holding the General Shareholders Meeting on first call. Otherwise, the vote will be deemed not to have been cast.

INFORMATION RIGHT

Documents available to shareholders:

From publication of this call, in compliance with the provisions of articles 272, 287, 517, 518, 529 decies, 529 novodecies, 539 and 541 of the Capital Companies Act, and article 6 of the General Meeting Regulations, the shareholders may examine the following documents at the registered office of the Company (Gran Vía 32, Madrid 28013), or at the address of the Shareholder Relations Office (Avda. de los Artesanos 6, Tres Cantos, 28760 Madrid), consult them on the Company's website (www.prisa.com) and request delivery or sending thereof without charge (through the Oficina de Atención al Accionista, from 8:00 a.m. to 16:30 p.m., on business days, telephone numbers 91-330.11.68 and 91-330.10.22, e-mail address ia@prisa.com):

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- This announcement of the call of the meeting.
- The total number of shares and voting rights on the date of publication of this announcement.
- Full text of the Annual Accounts (balance sheet, profit and loss account, statement of recognised revenue and expenses, statement of changes in equity, cash flow statement and notes thereon) and the Management Report for the 2016 financial year of the Company and its Consolidated Group, as well as the respective reports of the auditor (Item 1 of the Agenda).
- Full text of the proposal of resolutions regarding all the Agenda items that the Board of Directors presents to the General Shareholders Meeting.
- Report issued by the Board of Directors for the purposes required under article 529 decies of the Capital Companies Act, concerning the proposal of ratification of the appointments by co-optation of directors, which contains information on the professional profile and category of such directors (Item 4° of the Agenda).
- Report issued by the Board of Directors for the purposes required under article 286 of the Capital Companies Act, concerning the proposal to amend article 25 of the Bylaws (Item 5° of the Agenda).
- Annual Report on Remuneration of the Directors, for the purposes contemplated in article 541 of the Capital Companies Act (which is submitted to non-binding vote under Item 6° of the Agenda).
- Reasoned proposal of the Directors' Remuneration Policy for the years 2017, 2018 and 2019, and specific report of the Nominating and Compensation Committee, for the purposes required under article 529 novodecies of the Capital Companies Act (Item 7° of the Agenda).
- Forms and terms for exercise of information, proxy and remote voting rights.
- Annual Corporate Governance Report for the 2016 financial year.
- Annual Reports for the 2016 financial year, prepared by the following Committees: Audit Committee, Corporate Governance Committee, Nominating and Compensation Committee and Committee for Strategic Digital Change.
- Report issued by the Audit Committee on the independence of the auditor, for the purposes specified in Article 529 quaterdecies, paragraph 4 f) of the Capital Companies Act.
- Report issued by the Audit Committee on related-party transactions for 2016 financial year.

Right to information prior to the General Shareholders Meeting:

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In accordance with the provisions of articles 197 and 520 of the Capital Companies Act and article 6 of the General Meeting Regulations, until the fifth day prior to the date contemplated for holding the Meeting on first call, the shareholders, in writing, may request information or clarifications from the directors regarding the matters on the Agenda or pose questions in writing regarding the information accessible to the public that has been provided by the Company to the National Securities Market Commission since the holding of the most recent General Shareholders Meeting (1 April 2016) and regarding the audit report.

Valid requests for information, clarifications or inquiries made in writing by shareholders and the answers provided in writing by the directors will be included on the website of the Company, provided that shareholders have processed such requests in accordance with the formal procedures described below for the right of information.

Information requests will comply with the rules established in article 6 of the General Meeting Regulations. To request information, shareholders may use the standard form made available to the shareholders by the Company for these purposes, as indicated in this section on the "Information Right". The person making the request must prove his/her identity in the case of a written request by means of a photocopy of his/her National Identity Document or Passport and, in the case of legal persons, a document that sufficiently proves his/her representative capacity. In addition the person making the request must prove his/her status as a shareholder or provide sufficient details (number of shares, custodian, etc.) to allow verification by the Company.

The information right also may be exercised by remote electronic communication by way of the Company's website (www.prisa.com), by completing the standard electronic form available for these purposes on the Company's website. That electronic document must include an electronic signature recognised or provided by any of the certification service providers referred to in the preceding section on remote voting.

In addition to as indicated above, from the date of publication of the notice of call all of the documentation and information related to the General Shareholders Meeting will be available for consultation on the Company's website (www.prisa.com). In accordance with the provisions of article 518 of the Capital Companies Act, such documentation and information will include this notice of call and the total number of shares and voting rights on the date of the call, broken down by classes of shares.

Right to information during the holding of the General Shareholders Meeting:

Also, during the holding of the meeting the shareholders verbally may request of the administrators such information and clarifications as they deem to be appropriate regarding the matters on the Agenda, and regarding the information accessible to the public the Company has provided to the National Securities

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Market Commission since the holding of the most recent General Shareholders Meeting (1 April 2016) and regarding the auditor's report.

OTHER PROVISIONS ON THE ELECTRONIC MEANS TO EXERCISE THE INFORMATION, VOTING AND REPRESENTATION RIGHTS

The Company reserves the right to amend, to suspend, to cancel or to restrict the electronic means that are at the disposal of the shareholders to exercise the information, voting and representation rights in the General Shareholders Meeting when imposed or required by technical or security reasons. Should any of these events occur, it will be announced on the Company's website.

The Company will not be liable for any prejudice that the shareholder may suffer from any breakdown, overload, line failures, connection failures or any other eventuality similar or equal, that are outside the will of the Company, and that prevent the use of the electronic means to exercise the information, voting and representation rights. Therefore, these events will not constitute a deprivation of shareholders' rights.

SHAREHOLDERS' ELECTRONIC FORUM

In order to comply with article 539(2) of the Capital Companies Act, from publication of this call a Shareholders Electronic Forum will be available on the Company's website (www.prisa.com). Both individual shareholders and such voluntary associations as may be established will be entitled to access it, in order to facilitate their communication prior to the holding of the General Shareholders Meeting. The operating rules of the Forum, and the form to be completed to participate therein, are available on the Company's website.

The Forum is not a channel for communications between the Company and its shareholders, and is provided solely for the purpose of facilitating communication among the Company's shareholders on the occasion of the holding of the Ordinary General Shareholders Meeting.

DATA PROTECTION

The personal information the shareholders provide to the Company in order to exercise their rights to attend, grant proxies or vote at the General Shareholders Meeting, and for use of the Shareholders Electronic Forum, or that is provided by banking institutions and Securities Companies and Agencies with which the shareholders have arranged for deposit or custody of their shares, or through the entity responsible for maintaining the book-entry records (Iberclear), will be included in a computer database owned by and the responsibility of the Company, the purpose of which is managing General Shareholders Meetings of the Company and undertaking statistical studies of the Company's shareholdings, as well as managing and supervising the functioning of the Shareholders Electronic Forum. The shareholders may exercise their rights of access, correction, suppression and opposition on the terms established in applicable legislation, in writing addressed to the Company's Shareholder Relations Office,

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at the registered office (Gran Vía 32, Madrid 28013) or at at the address of the Office (Avda. de los Artesanos 6, Tres Cantos, 28760 Madrid).

Such information as is necessary for purposes of the notarial minutes of the General Shareholders Meeting will be provided to the notary.

PRESENCE OF A NOTARY

The Board of Directors has resolved to require the presence of a notary at the Meeting, in accordance with the provisions of article 203 of the Capital Companies Act and article 15 of the General Meeting Regulations, to prepare the minutes of that Meeting.

Madrid, May 28, 2017.

Mr. Antonio García-Mon Marañés

General Secretary and Secretary of the Board of Directors.



SHARES AND VOTING RIGHTS OF PROMOTORA DE INFORMACIONES, S.A.

By virtue of article 518 b) of the Spanish Companies Act, it is stated that on May 28, 2017, date of the convening of the General Shareholders Meeting of Promotora de Informaciones, S.A., to be held, at first call, on June 29, 2017, or at the second call, on June 30, 2017, the total number of shares, classes of shares, and voting rights of the Company (as registered in the Mercantile Register of Madrid) are as follow:

Share Capital structure

The company's capital is € 235,007,874 and is represented by 78,335,958 common shares, having a par value of € 3.00 each.

Voting Rights

- Common shares are shares with voting rights.
- Each common share entitles the holder to one vote.



PROMOTORA DE INFORMACIONES, S.A.

ANNUAL GENERAL SHAREHOLDERS MEETING

JUNE 30, 2017

PROPOSED RESOLUTIONS

The Board of Directors of PROMOTORA DE INFORMACIONES, S.A. has resolved to submit the following PROPOSED RESOLUTIONS at the ORDINARY GENERAL SHAREHOLDERS' MEETING to be held on second call, on June 30, 2017.

(Free translation from the original in Spanish language)

ONE

Review and, if applicable, approval of the annual accounts (balance sheet, profit and loss account, statement of recognized income and expense, statement of changes in equity, of cash flow statement and notes to the financial statements) and management reports for both the company and the consolidated group for the 2016 financial year, and the proposed distribution of profits.

a) To approve the Annual Accounts (Balance sheet, income statement, statement of recognized income and expense, statement of changes in equity, statement of cash flows and Notes to the Financial Statements) and Management Reports for both the Company and the Consolidated Group for the financial year ending December 31, 2016, as audited by the company's account auditors.

b) To approve the following distribution of profits (Euros 000) of the individual annual accounts:

Distribution basis-	
Losses for the year	1,298
Distribution-	
To losses from previous years	1,298

(Free translation from the original in Spanish language)

TWO

Approval of the Board of Directors' management of the company in the 2016 financial year.

To approve, without reservations, the Board of Directors' management of the company during the past year.

(Free translation from the original in Spanish language)

THREE

Adoption of the resolution for appointing the auditor of the company and its consolidated group for the 2017 financial year, pursuant to the provisions of Article 42 of the Commercial Code and Article 264 of the Capital Companies Act.

As provided in Article 264 of the Capital Companies Act and Article 153 ff. of the Companies Register Regulation, to appoint DELOITTE, S.L., a Spanish company with registered offices in Madrid at Torre Picasso, Plaza Pablo Ruiz Picasso no. 1, 28020 Madrid, Tax ID No. B-79104469, recorded on the Madrid Companies Register on Page M-54414, Folio 188, Volume 13,650, Section 8, as the auditors of the Company and its consolidated group for the term of one (1) year, to audit the financial statements for the year ending December 31, 2017.

(Free translation from the original in Spanish language)

FOUR

Ratification of the appointment of Directors.

4.1. Ratification of the appointment by co-optation of Director Mr. Dominique Marie Philippe D'Hinnin.

At the proposal of the Appointments and Remuneration Committee, following a report from the Corporate Governance Committee, the Board of Directors proposes the ratification of the appointment by co-optation of Mr Dominique Marie Philippe D'Hinnin as independent director, issued by the Board of Directors' meeting of 6 May 2016, to fill the vacancy generated on the Board following the resignation of the director Ms. Arianna Huffington, who had been appointed by the General Shareholders' Meeting held on 22 June 2013 for a period of five (5) years.

It is resolved to ratify the appointment by co-optation of Mr. Dominique Marie Philippe D'Hinnin as independent director, made by the Board of Directors meeting of 6 May 2016.

4.2. Ratification of the appointment by co-optation of Director Mr Waleed Ahmad Ibrahim AlSa'di.

Following the report from the Appointments and Remuneration Committee, the Board of Directors proposes the ratification of the appointment by co-optation of Mr Waleed Ahmad Ibrahim AlSa'di as a proprietary director, issued by the Board of Directors meeting of 6 May 2016, to fill the vacancy generated on the Board following the resignation of the director Mr Claudio Boada Pallerés, who had been appointed by the General Shareholders' Meeting of 28 April 2014 for a period of five (5) years.

It is resolved to ratify the appointment by co-optation of Mr. Waleed Ahmad Ibrahim AlSa'di as a proprietary director made by the Board of Directors meeting of 6 May 2016.

(Free translation from the original in Spanish language)

FIVE

Amendment of article 25 (Audit Committee) of the Bylaws to adapt the composition of the Committee to the new wording of article 529 quaterdecies of the Capital Companies Act given by Law 22/2015 of 20 July on Audit of Accounts.

Amendment of article 25 (1) (Audit Committee) of the Bylaws regarding the composition of the Audit Committee so that the wording of this article is as follows:

“Article 25.- Audit Committee.

- 1. The Board of Directors will establish an Audit Committee. The Audit Committee will have the functions corresponding to it pursuant to applicable law, the Articles and the Company's internal Regulations, without prejudice to any other function that may be given to it by the Board of Directors.*
- 2. The Audit Committee will be comprised of the number of Directors from time to time determined by the Board of Directors, with a minimum of three (3) and a maximum of five (5) members. All members of the Audit Committee will be non-executive Directors. They further must comply with the other requirements established by law. The majority of the members of the Audit Committee shall be independent directors and at least one of them will be appointed considering his accounting and/or audit knowledge and experience.*

As a whole, members of the Committee will have the relevant technical knowledge in relation to the sector of activity of the Company.

The members of the Committee will be appointed by the Board of Directors on proposal of the Chairman, and will leave office when they do so in respect of their status as Directors, or when so resolved by the Board of Directors.

- 3. The Chairman will be elected by the Board of Directors, from among the members of the Committee having the status of independent Directors, and further must satisfy the other legal requirements. The Chairman of the Committee must be replaced every four (4) years, and may be re-elected after one year elapses since he left office.*
- 4. The Secretary of the Board of Directors and, in his absence, the Deputy Secretary, will act as Secretary of this Committee. The Secretary will issue minutes of the meetings of the Committee on the terms set by the Board of Directors.*
- 5. The Committee will meet periodically based on need, and at least four (4) times per year, after call by its Chairman.*
- 6. The operating rules established by the Articles of Association in respect of the Board of Directors will apply to the Audit Committee, provided that they are compatible with the nature and functions of this Committee.”*

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SIX

Non-binding voting on the Annual Report on Remuneration of the Directors.

In accordance with Article 541 of the Capital Companies Act approve in an advisory capacity, the Annual Report on Remuneration of Directors approved by the Board of Directors, on a proposal from the Nominations and Compensations Committee, with information on how the remuneration policy applied during the year 2016 and how will apply during the year 2017, the text of which has been made available to the shareholders along with the rest of the documentation of this general meeting.

SEVEN

Directors Remuneration Policy for the years 2017, 2018 and 2019

To approve, pursuant to the provisions of Article 529 novodecies of the Capital Companies Act, the directors remuneration policy for financial years 2017, 2018 and 2019, the text of which has been made available to the shareholders along with the rest of the documentation of this general meeting.

(Free translation from the original in Spanish language)

EIGHT

Delegation of Powers

Without prejudice to powers granted in other resolutions, it is hereby resolved to grant to the Board of Directors the broadest powers required by law to define, implement and interpret the preceding resolutions including, if necessary, powers to interpret, remedy and complete the resolutions. Likewise it is resolved to grant to the Chairman of the Board of Directors Mr Juan Luis Cebrián Echarri, the Chief Executive Officer Mr José Luis Sainz Díaz, the Secretary Mr Antonio García-Mon Marañés and the Deputy Secretary Mr. Xavier Pujol Tobeña joint and several powers for any of them to appear before a Notary Public to formalize and to reflect in a notarial document the resolutions adopted at the present Shareholders' Meeting, rectifying, if warranted, any material errors not requiring new resolutions that might preclude their being recorded in notarial instruments, and to issue the notarial or private documents necessary to record the adopted resolutions on the Companies Register, with powers to remedy or rectify them in view of the Registrar's written or oral comments and, in summary, to take any measures required to ensure that these resolutions are fully effective.

(Free translation from the original in Spanish language)



REPORT ISSUED BY THE BOARD OF DIRECTORS OF PROMOTORA DE INFORMACIONES, S.A. ON PROPOSED RESOLUTIONS OF RATIFICATION, OF DIRECTORS INCLUDED IN POINTS 4.1. AND 4.2. OF THE AGENDA OF THE ORDINARY GENERAL SHAREHOLDERS MEETING CALLED TO BE HELD ON JUNE 29, 2017 AND JUNE 30, 2017, AT FIRST AND SECOND CALL, RESPECTIVELY.

I. Purpose of Report:

The Board of Directors of PROMOTORA DE INFORMACIONES, S.A. ("**PRISA**" or the "**Company**") prepares this report to explain, in compliance with the provisions of article 529 of the Capital Companies Act, the following proposed resolutions included as points 4.1. and 4.2. of the Agenda for the next Ordinary General Shareholders Meeting called for June 29, 2017 on first call or, if the necessary quorum is not achieved on that call, on June 30, 2017, in the same place, on second call:

4.1. Ratification of the appointment by cooptation of Director Mr. Dominique Marie Philippe D'Hinnin.

4.2. Ratification of the appointment by cooptation of Director Mr Waleed Ahmad Ibrahim AlSa'di.

1. Internal procedure for preparing proposed resolutions:

In accordance with articles 244 and 529 decies of the Capital Companies Act, appointments by co-option are of a provisional nature and must be ratified, if appropriate, at the next General Meeting held by the Company after the appointment.

Regarding preparation of proposals for ratification of the appointment by cooptation of directors to be submitted to approval of the General Meeting, the following procedures must be followed. They are contemplated in the Company's Board of Directors Regulations (article 20 and related provisions) and in article 529 decies of the Capital Companies Act:

- i. Proposals for appointment or ratification that the Board of Directors submits for consideration of the General Meeting must be preceded by the corresponding proposal, in the case of independent directors, or report, in the case of other directors, of the Appointments and Remuneration Committee.
- ii. Proposals for appointment or ratification of independent directors in any event must be preceded by a report of the Corporate Governance Committee.

Based on all of the foregoing, the following procedure has been used:

(Free translation from the original in Spanish language)

- i. The Board of Directors of PRISA, at the proposal of the Appointments and Remuneration Committee and based on a report from the Corporate Governance Committee, proposes to ratify the appointment by co-option of Mr Dominique Marie Philippe D'Hinnin as an independent director, issued by the Board of Directors Meeting of 6 May 2016 to cover the vacancy on the Board generated by the resignation of the director Ms. Arianna Huffington, who was appointed by the General Shareholders' Meeting held on 22 June 2013 for a period of five (5) years.
- ii. The Board of Directors of PRISA, with the favourable report of the Appointments and Remuneration Committee, proposes to ratify the appointment by co-option of Mr Waleed Ahmad Ibrahim AlSa'di as a proprietary director, representing the shareholder International Media Group, S.à.r.l., issued by the Board of Directors Meeting of 6 May 2016 to cover the vacancy on the Board generated by the resignation of the director Mr Claudio Boada Pallerés, who was appointed by the General Shareholders' Meeting held on 28 April 2014 for a period of five (5) years.
- iii. The referred classification of the candidates in the categories of independent and proprietary has been proposed by the Appointments and Remuneration Committee, in compliance with article 28.3.a) vi) of the Board of Directors Regulations, taking account of the definitions set forth for that purpose in article 529 duodecies of the Capital Companies Act.

The Board of Directors fully accepts all the proposals and reports issued by the Company's Appointments and Remuneration Committee and Corporate Governance Committee for the purposes of justifying the proposals to ratify the appointments stated in this report.

2. Term of office: Since this is ratification of an appointment, the terms of the directors being ratified are the remaining terms of the corresponding vacancy being covered by co-option by the Board of Directors (article 244 of the Capital Companies Act).

3. Explanatory report: By virtue of the provisions of subsection 5 of article 529 decies of the Capital Companies Act and article 21 of the Company's Board of Directors Regulations, proposals for ratification of appointment of directors in all cases must be accompanied by an explanatory report from the Board of Directors evaluating the competence, experience and merits of the proposed candidates.

This report evaluates the overall suitability of the proposals to ratify the appointments of Mr D'Hinnin and Mr AlSa'di taking into account the current composition of the Board, accompanied by individual reports that highlight the experience and professional merits of each proposed director.

II. Explanation of the proposals as a whole

At the Ordinary General Meeting held on 1 April 2016, shareholders voted to restructure the Board of Directors according to the Company's needs and circumstances. As well as agreeing that the Board would have 17 members, certain directors were re-elected and a

(Free translation from the original in Spanish language)

number of new appointments made. All the directors are highly qualified, have personal and professional integrity, and have competencies and skills in various fields and sectors of interest to the Company.

Nevertheless, following the aforementioned General Shareholders' Meeting, the Board of Directors comprised 15 directors with two vacancies, due to the resignation of two directors (Ms. Arianna Huffington and Mr Claudio Boada Pallerés) after the General Meeting had been called.

The meeting of the Board of Directors on 6 May 2016 therefore co-opted Mr Dominique Marie Philippe D'Hinnin and Mr Waleed Ahmad Ibrahim AlSa'di as directors, to cover the two vacancies on the Board.

The Board, having analysed its needs and taking into account the Company's shareholder structure, appointed the aforementioned directors as an independent director (Mr Dominique Marie Philippe D'Hinnin) and a proprietary director (Mr Waleed Ahmad Ibrahim AlSa'di) respectively, increasing the number of independent directors on the Board in line with corporate governance best practices and recommendations, and ensuring that the decisions of the Board are also aligned with shareholders' interests.

During the process leading up to these appointments, the Board took into account the principles and objectives established in the Directors Selection Policy, approved by the Company on 18 December 2015: Mr D'Hinnin and Mr AlSa'di are professionals with proven experience and professional and personal integrity who will bring diversity to the knowledge, experience and background of the Board of Directors, while also fulfilling the necessary competence and compatibility requirements. The professional and international profiles of these directors are well-suited to the characteristics of the Company's business and the sectors in which it operates.

Consequently, the addition of Mr Dominique Marie Philippe D'Hinnin (a French financial adviser) and Mr Waleed Ahmad Ibrahim AlSa'di (a respected Jordanian professional from Qatar with extensive experience of corporate restructuring) to the Board of Directors of PRISA, whose professional careers and merits are detailed in the attached reports, concludes the process to restructure the Board required by the General Shareholders' Meeting of 1 April 2016.

In Madrid, May 26, 2017

(Free translation from the original in Spanish language)

INDIVIDUAL REPORT PREPARED BY THE BOARD OF DIRECTORS OF PROMOTORA DE INFORMACIONES, S.A. ON THE PROPOSED RESOLUTION FOR RATIFICATION OF THE APPOINTMENT OF MR. DOMINIQUE MARIE PHILIPPE D'HINNIN, INCLUDED IN POINT 4.1. OF THE AGENDA OF THE ORDINARY GENERAL SHAREHOLDERS MEETING CALLED TO BE HELD ON JUNE 29, 2017 AND JUNE 30, 2017, ON FIRST AND SECOND CALL, RESPECTIVELY

I. Introduction

This explanatory report is prepared by the Board of Directors of Promotora de Informaciones, S.A. (the "Company") in accordance with the provisions of article 529 decies of the Capital Companies Act in relation to the proposed ratification of the appointment by co-option of the director Mr Dominique Marie Philippe D'Hinnin. The professional profile of the candidate is individually evaluated herein

II. Background. Appointment by co-option

Under the provisions of articles 244 and 529 decies of the Capital Companies Act, Mr. Dominique Marie Philippe D'Hinnin was appointed as an independent director, by co-option, at the Board of Directors meeting of 6 May 2016.

The ratification of appointment that the Board of Directors submits to the General Shareholders Meeting is made at the proposal of the Appointments and Remuneration Committee, after a favourable report from the Corporate Governance Committee.

II. Experience and professional ability of Mr Dominique Marie Philippe D'Hinnin

Dominique D'Hinnin is an outstanding media sector professional and was a co-managing partner and CFO of the French group Lagardere, a world leader in the publishing sector. D'Hinnin began his career at the Inspection générale des finances (Ministry of Finance of France). In 1990, he joined Lagardere as Chief Internal Auditor, where he played an active role in the financial and legal restructuring of the Group to create Lagardere SCA and where he oversaw the merger of Matra with Hachette and three years later he was appointed CFO of the publisher Hachette Livre. In 1994, he was appointed Executive Vice President of Grolier Inc (Connecticut, USA) where he undertook the overhaul and development of the company in the US, UK and Asia, and the launch of Grolier Interactive Europe.

D'Hinnin was a member of the boards of Marie Claire Album and Holding Evelyne Prouvost until April 2016. He has also sat on the boards of Editions Amaury SA (2011-2013), and on the Strategic Council at PricewaterhouseCoopers France (2009-2013); he was a member of the Remuneration Committee and Audit Committee at EADS-Airbus (2007-2013), and Deputy Chairman of the Supervisory Board and member of the Audit Committee of Canal + France (2007-2013).

(Free translation from the original in Spanish language)

He was also vice chairman and head of the Audit Committee at Atari - Infogrames Entertainment SA (2005 to 2011) and member of the Board and Chairman of the Audit Committee of Le Monde SA between 2005 and 2010.

He currently is a board member of EUTELSAT, a Satellite Service Company.

Dominique D'Hinnin received his undergraduate degree from École Normale Supérieure (in classical culture) and a graduate degree from Ecole Nationale d'Administration, between 1979 and 1986.

III. Category of director to which he is to be assigned

Mr Dominique Marie Philippe D'Hinnin would be an independent director pursuant to the criteria established in article 529 duodecies of the Capital Companies Act on the classification of directors, at the proposal of the Company's Appointments and Remuneration Committee.

IV. Proposed resolution submitted to approval of general shareholders meeting

“At the proposal of the Appointments and Remuneration Committee, following a report from the Corporate Governance Committee, the Board of Directors proposes the ratification of the appointment by co-option of Mr Dominique Marie Philippe D'Hinnin as independent director, issued by the Board of Directors' meeting of 6 May 2016, to fill the vacancy generated on the Board following the resignation of the director Ms. Arianna Huffington, who had been appointed by the General Shareholders' Meeting held on 22 June 2013 for a period of five (5) years.

It is resolved to ratify the appointment by co-option of Mr. Dominique Marie Philippe D'Hinnin as independent director, made by the Board of Directors meeting of 6 May 2016.”

In Madrid, May 26, 2017

INDIVIDUAL REPORT PREPARED BY THE BOARD OF DIRECTORS OF PROMOTORA DE INFORMACIONES, S.A. ON THE PROPOSED RESOLUTION FOR RATIFICATION OF THE APPOINTMENT OF MR. WALEED AHMAD IBRAHIM ALSA'DI, INCLUDED IN POINT 4.2. OF THE AGENDA OF THE ORDINARY GENERAL SHAREHOLDERS MEETING CALLED TO BE HELD ON JUNE 29, 2017 AND JUNE 30, 2017, ON FIRST AND SECOND CALL, RESPECTIVELY

I. Introduction

This explanatory report is prepared by the Board of Directors of Promotora de Informaciones, S.A. (the "Company") in accordance with the provisions of article 529 decies of the Capital Companies Act in relation to the proposed ratification of the appointment by co-option of the director Mr Waleed Ahmad Ibrahim AlSa'di. The professional profile of the candidate is individually evaluated herein.

II. Background. Appointment by co-option

Under the provisions of articles 244 and 529 decies of the Capital Companies Act, Mr. Waleed Ahmad Ibrahim AlSa'di was appointed as a proprietary director in representation of the shareholder International Media Group, S.à.r.l., by co-option, at the Board of Directors meeting of 6 May 2016.

The ratification of appointment that the Board of Directors submits to the General Shareholders Meeting is preceded by a favourable report from the Appointments and Remuneration Committee.

III. Experience and professional ability of Mr. Waleed Ahmad Ibrahim AlSa'di

Mr. Waleed AlSa'di is a leading professional from Qatar, with wide experience in the establishment and restructuring of companies, forming partnerships with key stakeholders and creating business strategies.

Mr. AlSa'di belongs to the Board of Directors of various listed companies in Qatar and since 2007 has been Managing Partner of the company PKF Accountants and Business Advisers belonging to PKF international Ltd, a global group with 400 offices operating in 150 countries. PKF specializes in providing high quality audit, accounting, tax, business advisory solutions, advice on corporate governance, corporate finance, insolvency and consulting in computer systems.

Between 2005 and 2007, Waleed was the CEO of United Development Company (UDC), one of Qatar's most important listed companies, and between 2003 and 2005 he served as CEO at Al Faisal Holding, a group comprising more than 20 companies. Waleed began his career as Managing Partner of Arthur Andersen (later Ernst & Young) (1984-2003)

(Free translation from the original in Spanish language)

IV. Category of director to which he is to be assigned

Mr. Waleed Ahmad Ibrahim AlSa'di would be a proprietary director, pursuant to the criteria established in article 529 duodecies of the Capital Companies Act on the classification of directors, at the proposal of the Company's Appointments and Remuneration Committee,

V. Proposed resolution submitted to approval of general shareholders meeting

“Following the report from the Appointments and Remuneration Committee, the Board of Directors proposes the ratification of the appointment by co-option of Mr Waleed Ahmad Ibrahim AlSa'di as a proprietary director, issued by the Board of Directors meeting of 6 May 2016, to fill the vacancy generated on the Board following the resignation of the director Mr Claudio Boada Pallerés, who had been appointed by the General Shareholders' Meeting of 28 April 2014 for a period of five (5) years.

It is resolved to ratify the appointment by co-option of Mr. Waleed Ahmad Ibrahim AlSa'di as a proprietary director made by the Board of Directors meeting of 6 May 2016.”

In Madrid, May 26, 2017



REPORT ISSUED BY THE BOARD OF DIRECTORS OF PROMOTORA DE INFORMACIONES, S.A. ON THE PROPOSED AGREEMENT TO AMEND THE BYLAWS INCLUDED IN POINT 5 OF THE AGENDA OF THE ORDINARY GENERAL SHAREHOLDERS MEETING CALLED TO BE HELD ON JUNE 29, 2017 AND JUNE 30, 2017, AT FIRST AND SECOND CALL, RESPECTIVELY.

I. Purpose of Report:

The Board of Directors of PROMOTORA DE INFORMACIONES, S.A. ("**PRISA**" or the "**Company**") following a report from the Corporate Governance Committee and in compliance with the provisions of article 286 of the Capital Companies Act, prepares this report to explain the proposed amendment to Article 25 of the Bylaws, included as point 5 of the Agenda for the next Ordinary General Shareholders Meeting called for June 29, 2017 on first call or, if the necessary quorum is not achieved on that call, on June 30, 2017, in the same place, on second call.

II. Objective and justification for the proposal

The purpose of the amendment of article 25 of the Bylaws, the approval of which is proposed to the Ordinary Shareholders Meeting, is to adapt the composition of the Audit Committee to the wording of article 529 quaterdecies of the Capital Companies Act, as provided by Law 22/2015, of July 20, on Audit of Accounts, which came into force on June 17, 2016.

Under the new legal regime, the Audit Committee must be composed of a majority of independent directors, rather than a minimum of 2 independent directors, which is currently established in the Bylaws. Likewise members of the Committee, as a whole, must have the relevant technical knowledge in relation to the sector of activity of the Company.

III. Proposed resolution to be submitted for approval at the shareholders meeting

Amendment of article 25 (1) (Audit Committee) of the Bylaws regarding the composition of the Audit Committee so that the wording of this article is as follows:

“Article 25.- Audit Committee.

- 1. The Board of Directors will establish an Audit Committee. The Audit Committee will have the functions corresponding to it pursuant to applicable law, the Articles and the Company's internal Regulations, without prejudice to any other function that may be given to it by the Board of Directors.*

(Free translation from the original in Spanish language)

2. *The Audit Committee will be comprised of the number of Directors from time to time determined by the Board of Directors, with a minimum of three (3) and a maximum of five (5) members. All members of the Audit Committee will be non-executive Directors. They further must comply with the other requirements established by law. The majority of the members of the Audit Committee shall be independent directors and at least one of them will be appointed considering his accounting and/or audit knowledge and experience.*

As a whole, members of the Committee will have the relevant technical knowledge in relation to the sector of activity of the Company.

The members of the Committee will be appointed by the Board of Directors on proposal of the Chairman, and will leave office when they do so in respect of their status as Directors, or when so resolved by the Board of Directors.

3. *The Chairman will be elected by the Board of Directors, from among the members of the Committee having the status of independent Directors, and further must satisfy the other legal requirements. The Chairman of the Committee must be replaced every four (4) years, and may be re-elected after one year elapses since he left office.*
4. *The Secretary of the Board of Directors and, in his absence, the Deputy Secretary, will act as Secretary of this Committee. The Secretary will issue minutes of the meetings of the Committee on the terms set by the Board of Directors.*
5. *The Committee will meet periodically based on need, and at least four (4) times per year, after call by its Chairman.*
6. *The operating rules established by the Articles of Association in respect of the Board of Directors will apply to the Audit Committee, provided that they are compatible with the nature and functions of this Committee.”*

May 26, 2017



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

**DIRECTORS REMUNERATION POLICY
YEARS 2017- 2019**



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DIRECTORS REMUNERATION POLICY
PROMOTORA DE INFORMACIONES, S.A.
YEARS 2017- 2019

1. Introduction and period of validity of the Remuneration Policy.

The Board of Directors of Promotora de Informaciones, S.A. (hereinafter, “PRISA” or “the Company”) hereby submits this Directors Remuneration Policy for approval at the General Shareholders’ Meeting convened for 29 June 2017 at first call or, if an insufficient quorum is reached, on 30 June 2017 at second call.

This Directors Remuneration Policy was proposed by the Company’s Appointment and Remuneration Committee and is accompanied by a special report drawn up by this committee as per Article 529 *novodecies* of the Capital Companies Act (“LSC” for its initials in Spanish). Both documents are available to shareholders on the Company’s website as from the date on which the General Meeting is called.

Pursuant to Article 529 *novodecies* of the Spanish Capital Companies Act, the Directors Remuneration Policy must be approved as a separate agenda point by the General Shareholders’ Meeting at least every three years.

If this Directors Remuneration Policy is approved by the General Shareholders’ Meeting, it will be in force for 2017, 2018 and 2019, replacing and rendering null and void the Directors Remuneration Policy approved by the Ordinary General Shareholders’ Meeting in April 2015, which was in force for three years (until 2017, inclusive).

Any amendment or replacement of this Policy during the period in which it is in force would require prior approval by the General Shareholders’ Meeting, following the procedure established for its approval.

2. General principles of the Directors Remuneration Policy.

This Directors Remuneration Policy complies with the general regime of the board remuneration scheme stipulated in PRISA’s Articles of Association (Article 22) and Board of Directors’ Regulation (Articles 33, 34 and 25).

The remuneration scheme is different for executive and non-executive directors and aims to attract, retain and motivate candidates with the right profile to perform the duties inherent to sitting on the board of directors of a company with the characteristics and specific features of PRISA, considering their responsibilities. The Directors Remuneration Policy aims to contribute to fulfilment of the Company’s strategic objectives within the framework in which it conducts its business, pursuant to prevailing legislation.

The directors may receive a part of their compensation by way of delivery of shares of the Company. Deliveries of shares made to directors until April 2019 are covered by a resolution adopted by the Ordinary General Shareholders' Meeting held on 28 April 2014, authorising the delivery of shares of the Company in payment of compensation of directors of the Company and a defined group of executives of Prisa Group.

Restrictions are imposed on the transfer of such securities for directors who may be privy to inside information.

Additionally, there are certain restrictions on the transfer of shares received by directors as part of their compensation.

- i) External directors that receive shares in payment of their fixed compensation are required to hold them until leaving their positions as directors.
- ii) In the case of shares received as remuneration, the executive directors may not transfer ownership of an amount of such shares equivalent to two times their annual fixed remuneration, until at least two years have elapsed since allocation.

The aforementioned restrictions don't apply if a director has to dispose of such shares to cover any acquisition-related costs.

As provided in article 217 of the Capital Companies Act, at the Appointments and Remuneration Committee's request, the Board of Directors will review the Directors Remuneration Policy annually to ensure board remuneration is proportionate to the Company's size and economic situation. The criteria adopted to determine the various components of a board compensation package will be drawn up according to the strategic objectives set by the Board of Directors, best market practices and prevailing legislation.

3. Remuneration policy applicable to directors for serving on the Board (non-executive directors)

3.1. Articles of Association provisions:

Pursuant to Article 22 of the Articles of Association, board remuneration will comprise a fixed annual fee. Each director's remuneration may vary according to his/her position, duties, responsibilities and services performed on the board committees. It will be compatible with the payment of meeting attendance fees.

The Board will be responsible for establishing the exact amount of any per diems, and the specific remuneration that each director must receive, adhering at all times to the caps set by the General Shareholders' Meeting and components of remuneration defined in the Articles of Association.

3.2. Remuneration cap:

Total remuneration of the Board of Directors payable to directors for serving on the Board may not exceed the annual cap set by the General Shareholders' Meeting, as provided in article 22 of Articles of Association.

The General Shareholders' Meeting held on 27 November 2010 established annual maximum fixed compensation for the Board of Directors of €2,000,000.

This cap will remain in effect until the General Shareholders' Meeting approves an amendment thereof.

3.3. Components of remuneration:

Respecting the aforesaid cap, the Board of Directors will set compensation payable to each director for serving on the Board, based on the functions and responsibilities assigned to each of them, positions held on the board committees, duties performed, and other objective circumstances that are of significance. The Board will also ensure that external director compensation is set as per the following guidelines:

- i. The external director must be remunerated according to their actual time commitments.
- ii. Independent directors' compensation must be calculated so that it offers incentives for time commitment, without undermining their independence.

The policy for the remuneration of non-executive directors may also include all or some of the following components of remuneration, which the Company currently pays:

- i. Fixed annual compensation for membership on the Board of Directors:

Compensation in this category currently amounts to €75,000 per annum. This compensation is paid to each of the external directors, at they so choose, either fully in cash or 60% in cash and 40% in PRISA shares.

When a director chooses partial payment in PRISA shares, they are delivered quarterly on a prorated basis, taking as the reference the average closing price of the share on the Continuous Market over the thirty business days immediately preceding the last day of each calendar quarter, included. Cash contributions are paid monthly, also on a prorated basis.

As already indicated, external directors receiving shares in payment of their fixed compensation are required to hold them until standing down as directors.

- ii. Fixed annual compensation for membership on various board committees:

- Fixed annual compensation for membership on the Delegated Commission: the compensation in this category currently amounts to €75,000 per annum and is paid on a prorated basis, monthly in cash.
- Fixed annual compensation for membership on the Audit Committee, Appointment and Compensation Committee, Corporate Governance Committee and Strategic Digital Change Committee: the compensation in this category currently amounts to €19,000 per annum for the chairmen and €9,500 per annum for members, and is paid monthly in cash, on a prorated basis.
- iii. Per diems for attendance at meetings of the Board of Directors and its committees: directors may receive fees for attending meetings of all or some of these bodies and the amount of the per diems may be different for their chairmen and for their members, and is paid fully in cash. Per diems for attendance at meetings currently amount to €5,000 for chairmen of the board committees and €2,500 for members of the Board, the Delegated Commission and the board committees.

The Board of Directors is authorised to establish the components of remuneration for non-executive directors, and the amounts payable for these components, according to the Company's circumstances at the time and as per Appointment and Remuneration Committee recommendations.

When exercising its powers, the Board must respect the following:

- The provisions laid down in the Articles of Association and this Directors Remuneration Policy;
- The amounts the Company currently pays non-executive directors as fixed compensation and per diems, pursuant to sections i), ii) and iii) above, shall be considered as the caps that cannot be exceeded in any circumstances.

In addition, external directors of PRISA may earn other fees for their participation on the boards of directors of other companies in the PRISA Group, in accordance with their respective articles of association.

The Directors Remuneration Policy does not govern the granting of loans advances or guarantees. It also does not cover non-executive director participation in pension schemes or the right to compensation in the event of removal from their directorships, or the awarding of any compensation other than that described in section 3.3.

The Company has public liability insurance cover for its directors.

4. Remuneration policy applicable to executive directors

4.1. Articles of Association provisions

Pursuant to Section 7 of Article 22 of PRISA's Articles of Association, Directors with executive functions are entitled to receive remuneration for performing these functions. Such compensation is set by the Board of Directors in accordance with the provisions of the Directors Remuneration Policy and it is stipulated in the employment contracts between each executive director and the Company.

The components of executive director remuneration and the basic conditions for performing their functions must be set out in a contract signed by the Company and the director. This contract must be previously approved by the Board of Directors, with the abstention of the director in question, and by a majority of two-third of the Board.

4.2. Components of remuneration:

Executive directors receive no amount in the categories set forth in section 3.3. (fixed compensation for membership on the Board and its committees and per diems for attending meetings thereof).

The executive directors' compensation may include the following components of remuneration:

- fixed salary;
- annual variable compensation;
- long-term variable compensation;
- social benefit; and
- in kind compensation.

4.2.1. Fixed compensation.

The executive directors will receive for their executive and senior management functions, fixed annual compensation in cash, which is determined by their respective contracts, and which currently amounts to the following maximum considerations, as per the respective contracts:

- i. Mr. Juan Luis Cebrián Echarri: €1,000,000.
- ii. Mr. Manuel Polanco Moreno: €460,420.
- iii. Mr. José Luis Sainz Díaz: €750,000.

4.2.2. Variable compensation.

Part of the executive directors' remuneration will be variable, with a view to strengthening their commitment to the Company and incentivise better performance. The executive directors' variable compensation will comprise a significant part of their remuneration, and will be linked to achieving pre-established objectives that are specific and quantifiable.

Multi-year variable remuneration will be settled in Company's shares. As stated, in the case of shares received by executive directors as remuneration, ownership of an amount of such shares equivalent to two times their annual fixed remuneration may not be transferred, until at least two years have elapsed from the date of allocation. This restriction does not apply if a director has to dispose of such shares to cover any acquisition-related costs.

Executive director objectives are signed off each year by the Board of Directors based on a proposal by the Appointment and Remuneration Committee. As per a proposal from this committee, the Board of Directors is also responsible for assessing the degree of fulfilment of the previously established objectives.

4.2.2.1. Short-term variable compensation.

The annual variable compensation consists of a bonus scheme related to 100% fulfilment of management objectives.

The objectives that have to be met by the executive directors to receive their annual bonus must be quantitative and linked to consolidated operating profits, and will be set by the Board of Directors.

The quantitative objectives of the annual bonus refer to the consolidated group and are tied directly to the compliance scale that relates the level of achievement of the objectives to the percentage incentive that applies to the variable bonus target amount set at the start.

100% of the amount fixed as the target bonus for each beneficiary is earned in the event of achievement of 100% of the established objectives.

Payment of the annual bonus is made after the end of the year, whereby the bonuses accrued during the year by executive directors will be settled, where applicable, the following year.

The target variable compensation of the executive directors is in accordance with the terms of their respective contracts, and currently amounts to:

- Mr. Juan Luis Cebrián Echarri: €1,000,000.
- Mr. Manuel Polanco Moreno: €275,000.
- Mr. José Luis Sainz Díaz: €750,000.

Once the Directors Remuneration Policy has been approved by the General Shareholders' Meeting, the objectives for the annual bonus of executive directors will be set by the Board of Directors, as recommended by the Appointment and Remuneration Committee.

4.2.2.2. Long-term variable compensation.

Multi-year variable remuneration will be linked to fulfilment of long-term objectives in order to foster the loyalty and motivation of the individuals assigned these objectives.

This compensation currently differs from one executive director to another:

i) Mr Juan Luis Cebrián Echarri:

According to the terms of Mr. Cebrián's contract with the Company, for the period 2016/2018 and subject to Mr. Cebrián's fulfilment of the strategic objectives to be set by the Board of Directors, at the proposal of the Appointment and Remunerations Committee, Mr. Cebrián will receive a gross variable multi-year, non-cash and non-vesting incentive (hereinafter, the Variable Multi-year Incentive) of a maximum of 100,000 shares of the Company, taking a share price of €15 as the basis for that calculation.

ii) Mr José Luis Sainz Díaz:

In accordance with the terms of his contract with the Company and for the 2017-2018 period, Mr. Sainz will be entitled to receive a variable multi-year incentive, payable in PRISA shares, subject to fulfilment of the Company's strategic plans, to be set by the Board of Directors, at the proposal of the Appointment and Remunerations Committee.

The target will be a maximum of 189,329 shares; the reference price of a share being the weighted average price over the thirty days prior to 1 January 2017.

iii) Mr Manuel Polanco Moreno:

Mr. Polanco is not currently a beneficiary of any specific long-term compensation schemes, although he may be entitled to participate in multi-year remuneration plans, provided legal requirements are met.

4.2.2.3. Actions taken by the Company regarding the compensation system to reduce exposure to excessive risk and to adapt it to the long-term interests, values and objectives of the Company.

The variable compensation system established by the Company includes the following aspects, for the purposes of trying to reduce risk:

- There is not right to obtain guaranteed annual variable compensation.
- The Board of Directors' Regulations establishes that compensation related to the results of the Company must take account of any possible qualifications appearing in the audit report that diminish those results.
- Additionally, the contracts of the three executive directors have a clawback clause that will allow the Company to claim reimbursement of items of variable pay where they were awarded based on performance figures that later are found to have been inaccurate. This measure applies to compensation received by directors on or after 1 January 2016.

In addition, a variable compensation scheme is defined annually on the basis of formal procedures for the determination of the amounts to be paid to executive directors. The objectives are fixed in writing in advance, on the basis of results adjusted for risk, audited and approved by the board.

The system for establishing metrics for the quantitative targets tries to include variables that have been identified in the company's risk map. The digital transformation process is therefore an identified risk, resulting in greater significance being placed on the indicators related to the digital transformation process in the annual variable compensation system in recent years.

All of the variable compensation has fixed maximum amounts to be paid.

4.2.3. Long-term savings schemes.

The contract signed with the Chairman, Mr. Juan Luis Cebrián Echarri, which entered into effect on 1 January 2014, provides that he is entitled for any of the years 2014, 2015, 2016, 2017 and 2018, to an annual contribution of €1,200,000, as retirement benefit, such as the defined benefit plan. The total contribution therefore shall amount to €6,000,000.

The retirement benefit will be delivered to Mr. Cebrián upon conclusion of his contract and will vest even in the event of early termination of the contract, even if the director gives notice voluntarily.

In the event of early termination of his contract by the Company, as indemnification Mr. Cebrián will only receive the retirement benefit, which will not be compatible with any other kind of indemnification.

If the non-compete clauses in his contract is breached, Mr. Cebrián would have to reimburse the Company in full for the amount received as retirement benefit.

4.2.4. In-kind compensation.

i) Life or accident insurance and health insurance:

PRISA has signed a policy with an insurance company that covers the contingencies of death for any reason, absolute disability and total permanent disability by reason of accident with a coverage amount equivalent to one year of total compensation of the beneficiary (compensation received in the prior year), additional coverage in the case of accidental death or absolute disability by reason of accident and further additional coverage in the event of death by traffic accident.

Within the Board of Directors of the Company, the only beneficiaries of this policy are the executive directors.

The death benefit has an age limit of 75 years, and the supplementary risk coverages also have an age limit of 65 years.

In addition, the Group within its policy applicable to all executives has private health insurance, in the form of reimbursement of expenses. Within the Board of Directors of the Company, the beneficiaries of this insurance are the executive directors and the external director Mr. Gregorio Marañón y Bertrán de Lis, as well as the family members thereof, respecting the age limits appearing in the corresponding policy.

ii) Home rental:

Under the terms of the contract, the Company is required to provide Mr Cebrián with a house in the Autonomous Community of Madrid with a maximum rental value of up to €50,000 per annum.

4.3. Advances, loans and guarantees.

The granting of loans, advances or any guarantees to executive directors is not covered.

4.4 Indemnification in the event of termination of executive director's duties.

Executive directors are entitled to indemnification in certain cases of early termination of their executive functions. Their respective contracts set forth the agreements reached by the company and the executive directors:

i) Mr. Juan Luis Cebrián Echarri:

In the event of early termination of the contract of Mr Juan Luis Cebrián Echarri at the Company's behest, he will receive exclusively as indemnification the retirement benefit, which will not be compatible with any other kind of indemnification.

ii) Mr José Luis Sainz Díaz:

In the event of unilateral resignation or by simple decision of the Company or its breach, Mr José Luis Sainz Díaz will be entitled to indemnification equivalent to 15 months of fixed and annual variable compensation, as the reference using the last one paid.

iii) Mr Manuel Polanco Moreno:

In the case of unilateral resignation, simple decision of the Company or breach by it, Mr Manuel Polanco Moreno will be entitled to payment of indemnification equivalent to compensation equivalent to 15 months of the fixed and variable annual compensation in cash, taking the most recent payment as reference.

4.5. Main conditions of contracts of executive directors

The contract currently governing performance of the executive directors' functions and responsibilities is a commercial agreement and includes clauses

that are commonly included in this type of contract:

	Chairman Mr. Juan Luis Cebrián Echarri	Deputy Chairman Mr. Manuel Polanco Moreno	CEO Mr. José Luis Sainz Diaz
Term	Until 31 December 2020 (Executive Chairman until 31 December 2018).	Indefinite.	Until 31 September 2019
Advance notice from the director	Three (3) months. Obligation to pay the Company the compensation corresponding to the period of advance notice not honoured. Receipt of the retirement benefit.	Three (3) months. Obligation to pay the fixed compensation corresponding to the period of advance notice not honoured.	Three (3) months. Obligation to pay the fixed compensation corresponding to the period of advance notice not honoured.
Indemnification for termination of contract by the Company	Retirement benefit	Advance notice of three (3) months. Indemnification equivalent to fifteen (15) months of the most recent fixed and variable compensation	Advance notice of three (3) months. Indemnification equivalent to fifteen (15) months of the most recent fixed and variable compensation
Exclusivity and noncompetition clauses	Exclusivity while he is in the position of executive chairman. General prohibition of competition.	Exclusivity and specific prohibition of competition, except for companies identified in the contract.	Exclusivity and specific prohibition of competition, except for companies identified in the contract.
Post-contractual noncompetition	Four (4) years Spanish or foreign undertakings the business of which is identical or similar to those of the companies in the PRISA Group, in particular those of PRISA. Commitment not to hire any person that is or during the twelve (12) months prior to the date of contracting was a member of PRISA Group staff; and not to contribute to any PRISA Group worker leaving it. Compensation: retirement benefit. Breach: obligation to return the amount received as retirement benefit.	One (1) year. Spanish or foreign undertakings the business of which is identical or similar to those of the companies in the PRISA Group. Commitment not to hire any person that is or during the twelve (12) months prior to the date of termination of the contract was a member of PRISA Group staff; and not to contribute to any PRISA Group worker leaving it. Compensation: six (6) months of the last fixed gross salary, payable in equal instalments over the term of the noncompetition agreement. Breach: obligation to repay the amount of the compensation and, in addition,	One (1) year. Spanish or foreign undertakings the business of which is identical or similar to those of the companies in the PRISA Group. Commitment not to hire any person that is or during the twelve (12) months prior to the date of termination of the contract was a member of PRISA Group staff; and not to contribute to any PRISA Group worker leaving it. Compensation: six (6) months of the last fixed gross salary, payable in equal instalments over the term of the noncompetition agreement. Breach: obligation to repay the amount of

		indemnification in an amount equal to six (6) months of the fixed compensation received.	the compensation and, in addition, indemnification in an amount equal to six (6) months of the fixed compensation received.
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5. Other director remuneration for services provided outside their duties as a board member

The Company may remunerate certain directors for providing other services, when so proposed by the Appointment and Remuneration Committee and approved by the Board of Directors.



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

**APPOINTMENT AND REMUNERATION COMMITTEE
REPORT ON THE 2017-2019 DIRECTORS
REMUNERATION POLICY PROPOSAL**



APPOINTMENT AND REMUNERATION COMMITTEE REPORT ON THE 2017-2019 DIRECTORS REMUNERATION POLICY PROPOSAL

1.- Introduction:

This report was drawn up by the Appointment and Remuneration Committee of PROMOTORA DE INFORMACIONES, S.A. (hereinafter, “**PRISA**” or the “**Company**”), pursuant to Article 529 *novodecies* of the Spanish Capital Companies Act (“**LSC**” for its initials in Spanish), establishing that the Directors Remuneration Policy must be approved by the General Shareholders’ Meeting at least every three years. It also determines that the Directors Remuneration Policy must be founded on and supported by a specific report issued by the Appointment and Remuneration Committee.

Pursuant to the Transitional Provision of Act 31/2014, of 3 December, in accordance with Article 529 *novodecies* of the Capital Companies Act, advisory approval of the Annual Board Remuneration Report by shareholders at the Ordinary General Shareholders’ Meeting on 20 April 2015 meant that the Remuneration Policy therein was approved as valid for three years, i.e. until 2017, inclusive (hereinafter, the “**2015-2017 Board Remuneration Policy**”).

Nonetheless, and as stated in the 2016 Annual Board Remuneration Report, published by the Company on 27 February 2017, the Board of Directors intends to fulfil the Appointment and Remuneration Committee’s request and propose a new Board Remuneration Policy be approved at the forthcoming Ordinary General Shareholders’ Meeting in 2017. Said policy would be in force for 2017, 2018 and 2019 (hereinafter, the “**2017-2019 Board Remuneration Policy**”). If approved, this Policy would replace and render null and void the 2015-2017 Board Remuneration Policy.

Consequently, this report explains the criteria used by the Appointment and Remuneration Committee to prepare the proposal for the 2017-2019 Board Remuneration Policy, which will be submitted as a separate agenda point for approval by shareholders at the next Ordinary General Shareholders’ Meeting in June 2017. This document will be made available to shareholders on the Company’s website as from the date on which the General Meeting is called.

2. Appointment and Remuneration Committee: composition and duties regarding board remuneration

At the date of this report, the following directors sit on the Appointment and Remuneration Committee:

<u>Chairman:</u>	Alain Minc.- Independent external director
<u>Board members:</u>	Joseph Oughourlian.- External director representing significant shareholdings
	Alfonso Ruiz de Assin.- Independent external director
	Gregorio Marañón y Bertrán de Lis.- Other external director

Pursuant to Article 28 of the Board of Directors' Regulation, the Appointment and Remuneration Committee has the following board remuneration-related duties:

- i. Proposing to the Board of Directors, for submission to the General Shareholders' Meeting, the compensation policy for Directors and general managers or those performing senior management functions under the direct supervision of the Board, Executive Commissions or Chief Executive Officer, as well as the individual compensation and other contractual conditions of executive Directors, ensuring compliance therewith.
- ii. Approving the objectives associated with variable compensation of executive directors and/or the managers.
- iii. Reporting to the Board on calculation of the variable compensation of the senior managers of the Company, as well as calculation of other incentive plans destined thereto.
- iv. Ensuring compliance with the compensation policy established by the Company.

In fulfilment of its duties the Appointment and Remuneration Committee has reviewed the Board Remuneration Policy currently in force and has decided to propose a new Remuneration Policy for the years 2017, 2018 and 2019, pursuant to which it is the Board of Directors that – given the Company's prevailing circumstances – defines the specific board remuneration scheme within the framework of the Articles of Association and the limits set in the Board Remuneration Policy.

3.- Proposal for the 2017-2019 Board Remuneration Policy, which will be submitted for approval by the General Shareholders' Meeting

The proposal for the 2017-2019 Board Remuneration Policy complies with the general regime of the board remuneration scheme stipulated in PRISA's Articles of Association (Article 22) and Board of Directors' Regulation (Articles 33, 34 and 25).

In general, the Appointment and Remuneration Committee deems it appropriate – given the Company’s prevailing circumstances – for the Board of Directors, as per this Committee’s proposal, to be responsible for defining more specifically the board remuneration scheme within the framework of the Articles of Association and the Board Remuneration Policy.

3.1. Remuneration policy applicable to directors for serving on the Board (non-executive directors)

The Board of Directors will define the components of remuneration to be received by the non-executive directors, which could be an annual fixed compensation for serving on the Board of Directors, the Delegated Commission and Board Committees (Audit Committee, Appointment and Remuneration Committee, Corporate Governance Committee and Strategic Digital Change Committee) and/ or attendance fees for participating in meetings of such bodies.

The amounts for said components of remuneration will be established by the Board of Directors considering that:

- i) They must not exceed those currently received by non-executive directors as defined in the Board Remuneration Policy.
- ii) They must not exceed the maximum annual compensation for all directors for serving on the Board, which was set at €2,000,000 at the General Shareholders' Meeting of 27 November 2010;
- iii) They must be commensurate with the Company’s situation at each point in time.

Amounts could be different for the chairmen of the various bodies and their members, with compensation linked to the level of responsibility assumed.

The Board must also look to comply with the principles of Article 35 of the Board of Directors’ Regulations, in the sense that they ensure external directors are compensated pursuant to their actual time commitments and the amount of independent directors’ compensation is calculated so that it offers incentives for time commitment, without undermining their independence.

3.2. Remuneration policy applicable to executive directors

The Appointment and Remuneration Committee proposes the following vis-à-vis executive director compensation:

- i. Annual bonus objectives for the three executive directors should be quantitative. Thus, the qualitative component of the Deputy Chairman’s performance appraisal is removed, bringing it into line with that of the Chairman and the Chief Executive Officer.

- ii. It expressly allows for the Deputy Chairman's entitlement to participate in multi-annual compensation plans, in accordance with legal requirements.

May 2017



ORDINARY SHAREHOLDERS MEETING PROMOTORA DE INFORMACIONES, S.A. (June 30, 2017)

RIGHT OF INFORMATION

Right of information form for Ordinary Shareholders Meeting of PROMOTORA DE INFORMACIONES, S.A. to be held at 12:30 pm on June 29, 2017, at Teatro Real de Madrid, Plaza de Oriente s/n, Madrid 28013, on first call, and if the necessary quorum is not achieved, at the same place and at the same time on June 30, 2017, on second call. The General Meeting is expected to be held on second call, that is, on June 30, 2017, at the place and time indicated above.

Mr./Mrs _____, N.I.F./C.I.F _____, address _____, and e-mail _____ requests the following information or clarification from the directors of Promotora de Informaciones, S.A. (PRISA) or asks the following questions about items on the agenda of the Ordinary Shareholders Meeting to be held on June 29, 2017, at first call or on June 30, 2017, at second call, and /or relating the information accessible to the public that may have been furnished by the Company to the Spanish Securities and Exchange Commission from the holding of the last General Meeting and/or relating the auditor's report:

Blank lines for writing information or questions.

Shareholder Mr/ Mrs _____ N.I.F./C.I.F: _____
Depository Entity: Code _____ Name _____
Securities Account (Branch + DC+ account number) _____
Number of Shares _____
Signature of the shareholder
In _____, _____ 2017



RIGHT TO INFORMATION CONDITIONS

ORDINARY SHAREHOLDERS MEETING PROMOTORA DE INFORMACIONES, S.A. June 30, 2017

RIGHT TO INFORMATION PRIOR TO THE HOLDING OF THE MEETING. CONDITIONS.

Up to five days prior to the holding of the Meeting on first call (June 29, 2017), the shareholders are able, by means of a written communication, to request information or clarifications from the directors about the business contained on the agenda or to ask questions that they may deem appropriate, as well as the clarifications that they consider accurate concerning the information accessible to the public that may have been provided by the Company to the Spanish Securities and Exchange Commission from the holding of the last General Meeting (held on April 1, 2016) and concerning the auditor's report on the accounts of the Company.

The information requested in conformity with the terms of the previous paragraph shall be provided to the requesting party by the Board of Directors or, by means of delegation from the same, by any of its members empowered to such effect by the Chief Executive Officer, by its Secretary or by any employee or expert in the subject matter. The information shall be submitted in writing, within the period that runs to the day of the holding of the General Meeting, through the Shareholders' Relation Office.

Nevertheless, it shall be possible to refuse to provide the information requested in the cases covered by Law and by article 19.3 of the Regulations of the Shareholders Meeting.

The right of information form can be delivered to the Company by:

- (i) Electronic means of distance communication through the corporate website (www.prisa.com). In this case the document should incorporate an advanced electronic signature of the shareholder, issued by any of the following certification service providers: CERES (Fábrica Nacional de Moneda y Timbre-Real Casa de la Moneda), or ANCERT CAMERFIRMA (Notarial Certification Agency.) Also it can be used the Electronic National Identity Document (DNle) issued by the National Police, attached to the Spanish Interior Ministry.
- (ii) Delivery or post by mail: addressed to Shareholder Relations Office of Promotora de Informaciones, SA, to the registered office of the Company (Gran Vía 32, 28013 Madrid) or to the address of the Office (Avda. de los Artesanos 6, Tres Cantos, 28760 Madrid). In this case the form must to be signed with signature of the shareholder, who must prove their identity by using a photocopy of their National Identity Card or Passport and, if legal persons, must attach a document that sufficiently substantiates the representation thereof.

In both cases, the requesting party shall accredit his status as shareholder or provide the sufficient data (number of shares, recipient entity, etc.), so that these can be verified by the Company.

All said above in accordance with the provisions of the Bylaws and the Regulation of the Shareholders Meeting of Promotora de Informaciones, SA. Likewise it is necessary to meet the rules contained in the notice convening the Shareholders Meeting and in the Company's website (<http://www.prisa.com>).

Valid requests for information, clarifications or inquiries made in writing by shareholders and the answers provided in writing by the Board of Directors will be included on the website of the

Company, provided that shareholders have processed such requests in accordance with the formal procedures for the exercise of the right to information.

GRANTING A PROXY

Form for granting a proxy for Ordinary Shareholders Meeting of PROMOTORA DE INFORMACIONES, S.A. to be held at 12:30 pm on June 29, 2017, at Teatro Real de Madrid, Plaza de Oriente s/n, Madrid 28013, on first call, and if the necessary quorum is not achieved, at the same place and at the same time on June 30, 2017, on second call. **The General Shareholders Meeting is expected to be held on second call, that is, on June 30, 2017, at the place and time indicated above.**

Shareholders wishing to grant proxies

The shareholder grants a proxy for this Meeting to:
(Check only one of the following boxes and appoint the proxy).

- 1. The Chairman of the General Shareholders Meeting.
- 2. Mr./Ms. _____, with N.I.F./C.I.F: _____.

If a proxy is extended in favour of the Board of Directors, or if the proxy does not state the name of the person to which the proxy is granted, it will be understood to have been granted to the Chairman of the Board of Directors or, if applicable, to the person chairing the General Shareholders Meeting.

Voting instructions for resolutions proposed by the Board of Directors

(Check the corresponding box with an X)

Item of the Agenda	1º	2º	3º	4.1.	4.2.	5º	6º	7º	8º
In favor									
Against									
Abstention									
Blank									

In the event of a public request for representation, if the proxy is exercised by a director of the Company and if the proxy grantor has not completed any of the aforementioned boxes, it shall be understood that (i) the proxy refers to all the items on the Agenda of the General Shareholders Meeting and (ii) the accurate instruction vote is in favour of all the resolutions proposed by the Board of Directors.

Proposals regarding points not contemplated on the Agenda in the call

Unless otherwise indicated by checking the following NO box (in which case it shall be understood that the proxy granted by the shareholder does not extend to the off-agenda items – as a consequence, the proxy shall not be allowed to vote on those items), the proxy also extends to proposals regarding off-agenda items.

NO

If, according to the previous paragraph, the proxy includes the off-agenda items, the accurate instruction of the shareholder to the proxy is to vote in the sense it deems to be most appropriate to the interests of the shareholder, except if other instructions are set forth in the following box:

Shareholder Mr./Ms. _____ N.I.F./C.I.F: _____

Number of shares _____

Signature of shareholder granting proxy:

In _____, on _____ 2017

Conflict of interest

For purposes of articles 523 and 526 of the Capital Companies Act, it is noted that the Chairman as well as the other directors of the Company have a conflict of interests regarding points 6° (Non-binding voting on the Annual Report on Remuneration of the Directors) and 7° (Directors Remuneration Policy for the years 2017, 2018 and 2019) of the agenda.

Likewise, the directors Mr Dominique Marie Philippe D'Hinnin and Mr Waleed Ahmad Ibrahim AlSa'di have a conflict of interest regarding points 4.1. and 4.2. of the Agenda, each of them with respect to the point of the Agenda in which the ratification of their appointment through co-optation is proposed.

In the event that off-agenda items are presented to the General Shareholders Meeting in the limits set forth by the Law, such items referring to article 526, b. (dismissal, separation or termination) or c. (exercise of the social action on liability) of the Capital Companies Act, the director(s) affected by proposals on those items shall be considered as having a conflict of interest for their vote.

In the cases referred to in the preceding paragraphs, if the the represented shareholder has not given precise voting instructions, the Director who is affected will be replaced as representative by the Secretary of the Board of Directors, unless otherwise indicated by checking the following NO (in which case it shall be understood that the the shareholder instructs the representative director to abstain).

NO

AGENDA

1°.- Review and, if applicable, approval of the annual accounts (balance sheet, profit and loss account, statement of recognized income and expense, statement of changes in equity, of cash flow statement and notes to the financial statements) and management reports for both the company and the consolidated group for the 2016 financial year, and the proposed distribution of profits.

2°.- Approval of the Board of Directors' management of the company in the 2016 financial year.

3°.- Adoption of the resolution for appointing the auditor of the company and its consolidated group for the 2017 financial year, pursuant to the provisions of Article 42 of the Commercial Code and Article 264 of the Capital Companies Act.

4°.- Ratification of the appointment of Directors.

4.1. Ratification of the appointment by cooptation of Director Mr. Dominique Marie Philippe D'Hinnin.

4.2. Ratification of the appointment by cooptation of Director Mr. Waleed Ahmad Ibrahim AlSa'di.

5°.- Amendment of article 25 (Audit Committee) of the Bylaws to adapt the composition of the Committee to the new wording of article 529 quaterdecies of the Capital Companies Act given by Law 22/2015 of 20 July on Audit of Accounts.

6°.- Non- binding voting on the Annual Report on Remuneration of the Directors.

7°.- Directors Remuneration Policy for the years 2017, 2018 and 2019.

8°.- Delegation of Powers

CONDITIONS FOR GRANTING PROXIES

PROMOTORA DE INFORMACIONES, S.A. ORDINARY SHAREHOLDERS MEETING June 30, 2017

SHAREHOLDERS WISHING TO GRANT VOTING PROXIES

A shareholder may grant a proxy to another person. Grant of proxy shall be valid for a specific meeting. Grant of proxy shall be indicated on any of the following documents that in any case shall bear the grantor's signature: i) the attendance card issued by any of the entities participating in Iberclear, ii) a letter or iii) this standard form.

The proxy form shall contain or have annexed thereto the Agenda for the meeting.

When the representative is the spouse, ascendant or descendent of the represented shareholder, or when the representative has a general power of attorney granted in a public document with authority to manage all property the represented shareholder has in the country, it will not be necessary for the proxy to be granted specifically for a given Meeting, or for the proxy to be evidenced by a handwritten signature on one of the documents above mentioned. However, the proxy must accompany the attendance card, issued in favor of the shareholder represented, by any of the entities participating in Iberclear.

A proxy granted to one who by law cannot act as such will not be valid or effective.

If a proxy is extended in favour of the Board of Directors, or if the proxy does not state the name of the person to which the proxy is granted, it will be understood to have been granted to the Chairman of the Board of Directors or, if applicable, to the person chairing the General Shareholders Meeting, as set forth in article 16.5 of the Bylaws.

If the proxy is exercised by a director of the Company, in the event of a public request for representation, and if the proxy grantor has not expressly indicated voting instructions, it shall be understood that (i) the proxy refers all the points on the Agenda of the General Shareholders Meeting, (ii) the vote is in favour of all the proposed resolutions made by the Boards of Directors and (iii) the proxy shall be deemed extended to any off-agenda items that may arise in the course of the General Shareholders Meeting, (except if the proxy grantor has expressly indicated the opposite) and the representative shall vote in the sense it deems to be most appropriate to the interests of the shareholder.

The proxy may be communicated to the Company by way of:

- i) Remote electronic means of communication, through the Company's website (www.prisa.com). In this case it must include an electronic signature of the shareholder recognised, provided or issued by any of the following certification service providers: CERES (Fábrica Nacional de Moneda y Timbre - Real Casa de la Moneda); CAMERFIRMA; or ANCERT (Agencia Notarial de Certificación). The electronic National Identity Document (Documento Nacional de Identidad electrónico, or "DNle") issued by the National Police Directorate of the Spanish Ministry of the Interior may also be used.
- ii) Physical delivery or mail (in this case there must be a handwritten signature of the shareholder): The document reflecting the proxy may be sent by mail addressed to Shareholder Relations Office of Promotora de Informaciones, SA, to the registered office of the Company (Gran Vía 32, 28013 Madrid) or to the address of the Office (Avda. de los Artesanos 6, Tres Cantos, 28760 Madrid) or delivered at the entrance to the General Shareholders Meeting site, to the Company's organisers, on the same day it is held, before it commences.

If the proxy is granted using remote electronic means of communication, the proxy form, duly completed, must be in the possession of the Company at least 24 hours before the time contemplated for holding the General Shareholders Meeting on first call, or such shorter term, if any, as may be determined by the Board of Directors. Otherwise, the proxy will be deemed not to have been granted.

All of the foregoing in accordance with the provisions of the Bylaws and General Meeting Regulations of Promotora de Informaciones, S.A. Also, the rules included in the notice of call of the General Shareholders Meeting and on the Company's website (<http://www.prisa.com>) must be followed.

Proxies are always revocable, and considered to be revoked by casting a remote vote or personal attendance at the Meeting by the represented shareholder.



PROMOTORA DE INFORMACIONES, S.A. ORDINARY SHAREHOLDERS MEETING (June 30, 2017)

REMOTE VOTING

Form for remote voting for Ordinary Meeting of PROMOTORA DE INFORMACIONES, S.A. to be held at 12:30 pm on June 29, 2017, at Teatro Real de Madrid, Plaza de Oriente s/n, Madrid 28013, on first call, and if the necessary quorum is not achieved, at the same place and at the same time on June 30, 2017, on second call. The General Meeting is expected to be held on second call, that is, on June 30, 2017, at the place and time indicated above.

Shareholders wishing to vote regarding the proposals on the Agenda:

If prior to the holding of the Meeting the shareholder wishes to vote remotely regarding the proposals of resolutions submitted by the Board of Directors regarding the items on the Agenda for this Meeting, it must check the corresponding box with an X, depending upon the sense of the vote or abstention.

Table with 10 columns: Item of the Agenda, 1°, 2°, 3°, 4.1, 4.2, 5°, 6°, 7°, 8°. Rows: In favor, Against, Abstention.

In the event that the shareholder does not complete any of the aforementioned boxes, it shall be understood that the vote is in favour of all the resolutions proposed by the Board of Directors.

Shareholders casting votes remotely will be considered to be in attendance for purposes of the quorum for the General Shareholders Meeting.

Shareholders may not vote remotely on proposals on items out of the agenda.

Form for shareholder information: Shareholder Mr./Ms., N.I.F./C.I.F., Depository Entity, Securities Account, Number of shares, Signature of shareholder voting remotely, In, on, 2017.

AGENDA

- 1°.- Review and, if applicable, approval of the annual accounts (balance sheet, profit and loss account, statement of recognized income and expense, statement of changes in equity, of cash flow statement and notes to the financial statements) and management reports for both the company and the consolidated group for the 2016 financial year, and the proposed distribution of profits.
2°.- Approval of the Board of Directors' management of the company in the 2016 financial year.
3°.- Adoption of the resolution for appointing the auditor of the company and its consolidated group for the 2017 financial year, pursuant to the provisions of Article 42 of the Commercial Code and Article 264 of the Capital Companies Act.
4°.- Ratification of the appointment of Directors.
4.1. Ratification of the appointment by cooptation of Director Mr. Dominique Marie Philippe D'Hinnin.
4.2. Ratification of the appointment by cooptation of Director Mr. Waleed Ahmad Ibrahim AlSa'di.
5°.- Amendment of article 25 (Audit Committee) of the Bylaws to adapt the composition of the Committee to the new wording of article 529 quaterdecies of the Capital Companies Act given by Law 22/2015 of 20 July on Audit of Accounts.
6°.- Non- binding voting on the Annual Report on Remuneration of the Directors.
7°.- Directors Remuneration Policy for the years 2017, 2018 and 2019.
8°.- Delegation of Powers



CONDITIONS FOR REMOTE VOTING

PROMOTORA DE INFORMACIONES, S.A. ORDINARY SHAREHOLDERS MEETING June 30, 2017

SHAREHOLDERS WISHING TO VOTE REMOTELY

A shareholder may cast its vote remotely. To do so, it must complete the form related to remote voting provided by the Company for these purposes, and send the duly completed form to the Company. Shareholders casting votes remotely will be considered to be in attendance for purposes of the quorum for the General Meeting.

A vote so cast may be sent to the Company by way of:

- i) Remote electronic means of communication, through the Company's website (www.prisa.com). In this case it must include an electronic signature of the shareholder recognised, provided or issued by any of the following certification service providers: CERES (Fábrica Nacional de Moneda y Timbre - Real Casa de la Moneda); CAMERFIRMA; or ANCERT (Agencia Notarial de Certificación). The electronic National Identity Document (Documento Nacional de Identidad electrónico, or "DNle") issued by the National Police Directorate of the Spanish Ministry of the Interior may also be used.
- ii) Delivery or post by mail: addressed to Shareholder Relations Office of Promotora de Informaciones, SA, to the registered office of the Company (Gran Vía 32, 28013 Madrid) or to the address of the Office (Avda. de los Artesanos 6, Tres Cantos, 28760 Madrid). The form will include the information necessary to demonstrate status as a shareholder. The signature of the shareholder must be attested by a notary or acknowledged by a custodian participating in Iberclear. In the case of legal persons it must be accompanied by the corresponding documents sufficiently showing the capacity in which the signatory acts.

A vote cast remotely, in any of the ways contemplated in the preceding sections, must be in the possession of the Company at its headquarters, at least 24 hours in advance of the time contemplated for holding the General Meeting on first call, or such shorter term, if any, as may be determined by the Board of Directors. Otherwise, the vote will be deemed not to have been cast.

All of the foregoing in accordance with the provisions of the Bylaws and General Meeting Regulations of Promotora de Informaciones, S.A. Also, the rules included in the notice of call of the General Meeting and on the Company's website (<http://www.prisa.com>) must be followed.



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

AUDIT COMMITTEE

**ANNUAL REPORT
2016**

Madrid, February 2017

(Free translation from the original in Spanish language)

ANNUAL REPORT OF THE AUDIT COMMITTEE 2016

I.- INTRODUCTION

The Audit Committee of PROMOTORA DE INFORMACIONES, S.A. (hereinafter PRISA, the Company or GRUPO PRISA where reference to the consolidated Group is made) issues this report to enable the Board of Directors to make available to shareholders information concerning the Committee's operations and activities during the 2016 financial year.

The Audit Committee (hereinafter the Committee) was set up in 2001 (under the name "Audit and Compliance Committee") and has progressively adapted its operations and composition to the rules and codes which have since then been published with a view to achieving maximum efficiency and transparency for listed companies.

The Committee is governed by article 529 quaterdecies of the Capital Companies Act and by the internal rules of the Company: Article 25 of the Company Bylaws and by the Board of Directors Regulation of PRISA.

II.- COMPOSITION

The current composition of the Audit Committee is as follows:

Chairman: Mr Glen Moreno - Independent External Director

Members: Mr Jose Luis Leal Maldonado – Independent External Director.
Ms Elena Pisonero Ruiz- Independent External Director.
Mr Walid Saadi- Proprietary Director

During the year 2016 the composition of the Committee has been renewed, with the exception of Mr Leal, who was already a member of it since December 2015:

- Mr. Claudio Boada Pallerés resigned as director, and therefore ceased to be part of the Audit Committee, on April 1, 2016.
- Glen Moreno and Mrs. Elena Pisonero joined this Committee on April 1, 2016. Mr. Moreno also replaced Mr. Alain Minc as Chairman, who on that date was no longer a member of the Committee.
- Mr. Walid Saadi joined this Committee in July 2016.

Therefore, during the 2016 financial year the Committee has increased in size, going up from 3 to 4 members.

The composition of the Audit Committee complies with all legal requirements and with the internal rules of the Company (Article 25 of the Company Bylaws and article 27 of the Board of Directors Regulation of PRISA):

- i. The Audit Committee will be comprised of the number of Directors from time to time determined by the Board of Directors, with a minimum of three (3) and a maximum of five (5).
- ii. The Committee must be comprised exclusively of non-executive directors appointed by the Board of Directors and at least two of its members must be independent. The Chairman of the Committee must be an independent director.
- iii. At least one of the members must be appointed based on knowledge and experience of accounting or audit matters, or both. For these purposes, it is noted for the record that all the members of the Audit Committee are highly respected professionals with wide knowledge and experience in this area.
- iv. Likewise, the committee's secretary is the secretary to the Board of Directors, in accordance with the aforesaid internal rules.

III.- FUNCTIONS AND POWERS

In accordance with article 27.3 of the Board of Directors Regulation, the Audit Committee will have the competencies contained in the regulations applicable from time to time, and will also have the competence to evaluate all aspects of the non-financial risks the company is exposed to, including operational, technological, legal, social, environmental, political and reputational risks.

Likewise, and as provided in the Board of Directors Regulation, the Audit Committee also supervises the whistleblowing channel, which allows employees to report any potentially important irregularities that they may detect within the Group. In the case of reports from employees of the Company or its Group, this mechanism will provide for confidentiality and anonymity of the reports.

In accordance with the provisions of the Board of Directors Regulation, the Committee may seek external advice when it deems it warranted when carrying out its functions.

IV.- MEETINGS

Pursuant to the Board of Directors Regulation, the Audit Committee shall meet periodically as required and at least four (4) times a year.

During 2016 the Committee met 7 times and the principal matters discussed were the following:

Review of Financial Reporting

Under this point should be emphasized that the review of the annual accounts for the 2015 financial year and the preparation of the periodic public reporting for 2016.

2015 fiscal year:

Consistent with the practice of this Committee, the external auditor has met several times with the Committee to inform on the preliminary results of its report on the accounts for the 2015 fiscal year.

The Audit Committee has reviewed the annual accounts for the year 2015 and the summary financial statements for the year 2015 that are submitted to the CNMV for statistical purposes. At the Committee prior to the approval of the Group's accounts, the external auditor presented its conclusions regarding the audit of 2015 consolidated annual accounts.

The auditor also attended a meeting of the Board of Directors to report on the scope and results of the audits carried out.

2016 fiscal year:

The Committee reviewed the periodic (quarterly and half-yearly) reports published by the Company in compliance with legal requirements. It was assisted in this task by the external auditor, which conducted a limited review of the half-yearly report, the results of which were presented to the Audit Committee at its meeting in July 2016.

Likewise, the external auditor reported on the planning of the audit of PRISA Group for 2016.

Finally, during the final months of 2016 and during the beginning of 2017 the external auditor also met with the Committee to offer its first analysis of the accounts for the 2016 fiscal year.

External auditor

Appointment of Auditor: As indicated in section 5.1. below, the Committee resolved to propose to the Board the extension of the appointment of the auditor, Deloitte, S.L., for the 2016 fiscal year. The General Meeting of Shareholders approved that proposal in its meeting held in April 2016.

Likewise, the Committee resolved to propose the appointment of the auditor, Deloitte, S.L., for the 2017 fiscal year.

Independence of the external auditor: The regulatory requirements in this regard have been fulfilled, as reported under heading 5.3 below.

Pre-approval of other professional engagements: During 2016 the Committee, at its different meetings, has analyzed specific proposals for engaging the services of the Auditor and, when appropriate, has approved them in compliance with the *pre-approval procedure*.

Professional fees: The Committee approved the proposed professional fees of the external auditor for audit of the annual accounts for the 2016 fiscal year.

Attendance of external auditor at meetings of the Board and Committee: The team responsible for the audit of the Group accounts attended some meetings of the Committee and one meeting of the Board of Directors.

Systems for Risk Management and Internal Control over Financial Reporting

The Committee has looked at the results of the evaluation of the internal control of financial information of the Group.

In particular, the Internal Audit Director has reported the results of the testing of compliance with the 2015 internal control model, while the External Auditor has presented to the Committee its assessment of the performance of the Group's internal control system during 2015.

In 2016, the Internal Audit Director reported on the scope of the Internal Control over Financial Reporting System in 2016 and the preliminary outcomes of the compliance testing carried out.

In relation to the risk management, the Internal Audit Department has presented the risk maps of the business units and of the Group, which were prepared with the involvement of the main people responsible for the business units, and the Group's main risks have been analyzed by the Committee.

The Committee has approved the paragraphs relating to the risk management systems and the System for Internal Control over Financial Reporting System (ICFRS) in the Annual Corporate Governance Report corresponding to the 2016 fiscal year.

Internal audit projects

The Internal Audit Manager has presented the 2016 Internal Audit Plan and during the year has also reported on the degree of progress of the Plan and on the results of work undertaken by her department within the framework of the Plan.

Treasury Shares Policy

The Committee has been periodically informed on the movements performed in the Company's treasury.

Related operations

During the 2016 fiscal year, the Committee has reported to the Board of Directors on certain operations with related parties.

Other matters

Meetings with the Management Team: The Committee has held meetings with the management team, including the Chief Financial Officer, to review key issues affecting the company's financial situation, capital structure and balance sheet.

Refinancing Agreements: The Group's debt, as well as milestones and different matters in relation to the Company's refinancing agreements, have been analyzed.

Equity: The Company's equity position has been analyzed along with the impact on equity of the conversion into equity of a part of the financial debt through its exchange for bonds necessarily convertible into shares of the company, which took place in April 2016.

Model of Criminal Prevention: The Committee has supervised the process of reviewing the criminal prevention model of the Company, which was conducted by the PRISA Compliance Unit and completed in 2016.

Compliance Unit: The Compliance Unit of PRISA (made up of the Secretary General of Grupo PRISA, PRISA's Internal Audit Manager and PRISA's Human Resources Manager) comes under this Audit Committee, to which it has periodically reported on its activities throughout the year.

The activities of the Compliance Unit have mainly focused on the revision of the Group's criminal prevention model and on the implementation of policies, procedures and other internal rules to adapt the internal functioning of the different companies and areas to the model of criminal prevention.

Complaints Channel: Grupo PRISA has a Complaints Channel, managed by the PRISA Compliance Unit, that enables employees and any third to make claims in relation to corrupt practices at Grupo Prisa.

The Compliance Unit of PRISA has reported periodically on the operation and incidents of the complaints channel. This enables employees and/or third parties to make claims and complaints.

Audit Act: The Committee has analyzed the impacts of this legislation on relations with the external auditor (auditor rotation and independence).

Report of the Audit Committee: The Audit Committee Report for the 2015 fiscal year was approved.

V.- EXTERNAL AUDITORS

5.1. Relations with the External Auditors

The Committee proposed that the Board of Directors extend the appointment of DELOITTE, S.L. as external auditors of the accounts of the Company and its Consolidated Group for the term of one year. Based on the Board of Directors' proposal, the shareholders present at the General Shareholders' Meeting of PRISA on April 1, 2016 passed a resolution to appoint that firm to audit the financial statements corresponding to the 2016 fiscal year.

As noted above, the Committee customarily conducts a periodic review of the Company's and Group's annual accounts and financial information and the risks this may involve. To this end, during 2016, the team of Deloitte that is in charge of the external audit of the Company and its Consolidated Group attended some meetings held by the Committee, and has reported on the most relevant aspects of the external audit.

The fees for the services of auditing the financial statements for 2016 provided to GRUPO PRISA companies and other affiliates by Deloitte, SL and by other related entities amounted to 1,684 thousand euros, of which 180 thousand euros corresponds to Prisa.

Likewise, the fees paid to other auditors that in 2016 provided auditing services to Group companies, amounted to 361 thousand euros.

The fees for other professional services provided to Group companies by the principal auditors and its associate companies, as well as by other auditors participating in the audits of various Group companies, are the following (in euros 000):

	2016	
	Principal Auditors	Other Auditors
Other verification services	472	22
Tax advisory services	222	348
Other services	747	1.189
Total other professional services	1.441	1.559

The foregoing information concerning professional fees shall be included in PRISA's individual and consolidated annual reports for the 2016 fiscal year.

5.2. External Audit Reports

Auditors' report on the system of internal control of financial reporting for 2015.

During the 2015 fiscal year Deloitte examined the internal control of the Group's financial information based on the guidelines laid down by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its report entitled Internal Control Integrated Framework (2013). In the opinion of the auditor, issued on February 26, 2016, in 2015 the Group had an effective internal control system in place in relation to the financial information contained in the consolidated annual accounts.

Auditors' report on the financial statements for 2015

The external auditors presented their conclusions on the audit of the individual and consolidated financial statements of Promotora de Informaciones, S.A. for 2015, which give in all material respects a true and fair view of the assets and liabilities, financial situation and results of operations, the changes in equity and the cash flows of Prisa and its consolidated group, respectively.

Limited review of the abridged consolidated interim financial statements at June 30, 2016

In 2016 Deloitte conducted a limited review of the abridged interim financial statements of the Group.

In the opinion of the auditor, issued on July 22, 2016, its review did not highlight anything which would lead it to conclude that the interim financial statements at June 30, 2016 were not prepared, in all material respects, in accordance with the

requirements laid down in International Accounting Standard 34, Interim Financial Reporting.

Auditors' report on the financial statements for 2016 and on the Internal Control over Financial Reporting System for the 2016 fiscal year

At the meeting of the Committee held on February 23, 2017, the external auditors presented their conclusions on the audit of the individual and consolidated financial statements of Promotora de Informaciones, S.A. for 2016, which give in all material respects a true and fair view of the assets and liabilities, financial situation and results of operations, the changes in equity and the cash flows of Prisa and its consolidated group, respectively.

The external auditor also presented the results of the audit of the Group's Internal Control over Financial Reporting System for the 2016 fiscal year. In the opinion of the external auditor, Prisa maintained effective internal control over the financial information in all material respects during the 2016 fiscal year.

5.3. Independence of the External Auditor

In compliance with the current Law:

- i. The Committee has received from the external auditor written confirmation of its independence during the 2016 fiscal year, as well as information concerning the fees of the principal auditor and its related entities for professional services rendered to different Grupo Prisa companies (as explained in section 5.1. above), pursuant to the provisions of the Accounts Audit Act;
- ii. In view of the foregoing the Committee issued a report concluding about the independence of the external auditors during 2016. In compliance with recommendation 6 of the CNMV's Unified Good Governance Code, and as already made in the previous year, the Company will publish this Report on its website sufficiently in advance of the annual general shareholders meeting.

VI.- INTERNAL AUDIT

The principal objective of the Internal Audit Department is to provide GRUPO PRISA management and the Audit Committee with the reasonable assurance that the environment and systems of internal control in place in the Group companies have been correctly designed and managed.

To achieve that objective, the Department carries out the functions it has been assigned, which include:

- a. Evaluating the suitability of internal control systems to increase the effectiveness of procedures to manage and control the risks inherent in Group company activities.

- b. Review of the reliability and integrity of the financial and operating information of the Group companies, and the means used to identify, evaluate, classify and report that information.
- c. Obtaining independent opinions and advice concerning the interpretation and application of accounting law.
- d. Reviewing measures to safeguard assets and to verify their existence.

The Internal Audit Manager designs an Annual Plan based on the identification and evaluation of risks inherent in the activities carried out by Grupo Prisa's business units, in order to determine priorities with respect to internal auditing activities.

The Annual Plan reflects the activities to carry out during the financial year. The plan, which is included within the multi-year strategic plan of the audit, sets forth the activities and projects to be undertaken, the nature of the work to be done, and the resources of the Internal Audit Department to be assigned to each project.

The most significant projects carried out by Internal Audit during the 2016 financial year include:

- a. Assessment of the performance of the controls defined in the Group's internal control over financial reporting model to verify the effectiveness thereof.
- b. Review of the level of compliance with the accounting measurement and recognition rules established by the Group, and assessment of the appropriateness and effectiveness of the internal control environment at the group company, Santillana, in Peru and companies operating in the written media business in Brazil.
- c. Review of the reasonableness of financial information reported to the Prisa Group and effectiveness of the internal control system of companies in the radio business and advertising sales in Colombia and in the company managing freeview TV in Portugal (TVI)
- d. Analysis of the reasonableness of the financial information and management processes of the Group's parent, Promotora de Informaciones.
- e. Supervision of the updating of the crime detection and prevention model of group companies in Spain.

The Internal Audit Manager attended all of the Committee's meetings in 2016, specifically informing the Committee about the activities of the Internal Audit Department, the annual plan, the risk map of the Group and its evolution, and developments in the system of internal control of financial reporting.

VII.- EVALUATION OF THE AUDIT COMMITTEE

Within the process of self- assessment of the Board, contemplated in article 5 of the Board of Directors Regulation, the members of the Audit Committee evaluated the composition and functioning thereof and reported their conclusions to the Board.



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

CORPORATE GOVERNANCE COMMITTEE

**ANNUAL REPORT
2016**

Madrid, February 2017.

CORPORATE GOVERNANCE COMMITTEE ANNUAL REPORT

2016

I.- INTRODUCTION

The Corporate Governance Committee of PROMOTORA DE INFORMACIONES, S.A. (hereinafter PRISA, the Company or Grupo Prisa when the consolidated group is alluded) (hereinafter the Committee) issues this report concerning its performance and activities during the 2016 financial year in order for the Board of Directors, if deemed appropriate, to make available to the shareholders the information regarding the functions and activities carried out during 2016 by the Committee.

The Committee is governed by article 26 ter of PRISA Bylaws and by articles 26 and related of the Regulation of the Board of Directors.

II.- COMPOSITION

On December 31, 2016, and also at the date of issuance of this report, the composition of the Committee is as follows:

Chairman: Mr. Ernesto Zedillo Ponce de León.- External Independent Director.

Members:

Ms. Blanca Hernández.- External Independent Director.

Mr. John Paton .- External Independent Director.

Shk. Dr. Khalid Bin Thani Bin Abdullah Al-Thani.- External Director (representing significant shareholdings)

During the year 2016 the whole composition of the Committee has been renewed, with the exception of its Chairman:

- D^a Arianna Huffington resigned as director, and therefore ceased to be part of this Committee, in February 2016.
- Ms. Agnes Noguera Borel and Mr Jose Luis Leal Maldonado ceased to be part of the Committee following the restructuring of the Board of Directors which was addressed by the Shareholders' Meeting and by the Board of Directors on April 1, 2016. Since then, Mrs. Noguera is no longer director of the Company.
- Mr John Paton, Ms Blanca Hernández Rodriguez and Shk. Dr. Khalid Bin Thani Bin Abdullah Al-Thani joined this Committee on April 1, 2016D.

In its composition, the Committee complies with the requirements of applicable law and as provided in the internal rules of the Company: Article 26 of the Bylaws and article 26 of the Regulation of the Board of Directors provide that the Corporate Governance Committee be composed of a minimum of three and a

maximum of five non-executive directors, at least two (2) of them must be independent Directors and the Chairman shall be an independent director.

The Committee's secretary is the secretary to the Board of Directors, in accordance with the abovementioned article 26 of the Bylaws.

III. ACTIVITIES OF THE COMMITTEE IN 2016

In accordance with the provisions of Article 29 of the Board of Directors Regulation, the Corporate Governance Committee has the following competencies:

- a) Regarding composition of the Board of Directors and the Board Committees:
 - i. Reporting on proposals for the appointment of independent Directors.
 - ii. Proposing the appointment of the Coordinating Director to the Board.
 - iii. Annually reviewing the classification of the Directors in order to prepare the Annual Corporate Governance Report.
 - iv. Reporting, together with the Appointment and Remuneration Committee, on proposals for appointment of the Chairman and Deputy Chairman of the Board, the Chief Executive Officer, the Secretary and Deputy Secretary of the Board of Directors, and the members of the Delegated Commission and the other Committees of the Board of Directors.
 - v. Reporting, together with the Appointment and Remuneration Committee, on proposals for removal of the Secretary and Deputy Secretary of the Board of Directors.
 - vi. Presenting a report to the Board of Directors for evaluation of the functioning of the Board and its Committees, also presenting an action plan correcting the detected deficiencies, if any, as well as performance of their functions by the Chairman of the Board, which evaluation will be addressed to the Coordinating Director, and by the chief executive of the Company.
- b) Regarding the corporate governance and corporate social responsibility strategy of the Company:
 - i. Promoting the Company's corporate governance strategy.
 - ii. Being apprised of, promoting, guiding and supervising the actions of the Company regarding corporate social responsibility and sustainability and corporate reputation and reporting thereon to the Board of Directors and the Delegated Commission, as applicable.
 - iii. Reporting and proposing to the Board of Directors the approval of the Annual Corporate Governance Report.

- iv. Reporting and proposing to the Board of Directors the approval of the annual report on corporate social responsibility and, in general, issuing the reports and undertaking the actions that, regarding corporate social responsibility and sustainability, correspond thereto, and in addition, those required in accordance with the corporate governance of the Company or requested by the Board of Directors or its Chairman.
 - v. Monitor and evaluate the Company's interaction with its stakeholder groups.
- c) Regarding the Company's internal rules:
- i. Proposing approval of a Code of Conduct to the Board.
 - ii. Reporting on proposals for amendment of the Articles of Association, the Board Regulation, the Meeting Regulation, the Rules for the Functioning of the Electronic Shareholder Forum, the Internal Conduct Regulation, the Code of Conduct and any other governance rules of the Company.
 - iii. Examining compliance with the Board Regulation, the Internal Conduct Regulation and, in general, the Company's governance rules, and making the proposals necessary for improvement.
- d) Other authority:
- i. Reviewing the regulatory compliance policy and proposing all measures necessary to strengthen it.
 - ii. Annually approving a report on the functioning of the Committee and proposing publication thereof to the Board of Directors, upon the holding of the General Shareholders Meeting.
 - iii. Exercising all other powers assigned to the Committee in this Regulation.

During 2016 the Committee has met on seven occasions and provided periodic updates to the Board regarding its deliberations and actions.

The following are the issues discussed during 2016 in subject areas pertaining to this Committee:

a) Composition of the Board of Directors and Board Committees:

Previously, it is stated that at the Ordinary General Meeting held on 1 April 2016, shareholders voted to restructure the Board of Directors according to the Company's needs and circumstances. As well as agreeing that the Board would have 17 members, certain directors were re-elected and a number of new appointments made. All the directors are highly qualified, have personal and professional integrity, and have competencies and skills in various fields and sectors of interest to the Company. This enhances the diversity of knowledge, experiences, background and gender of the Board.

i) Qualitative composition of the Board of Directors:

The Committee analysed the classification of the Board members as executive, proprietary, independent and other external directors on revising the 2015 Annual Corporate Governance Report, which it has once again done during the revision of the 2016 Annual Corporate Governance Report.

Further, in light of certain questions raised by the CNMV, the Committee and the Corporate Governance Committee performed a special review and ratified the classification of Alain Minc as an independent director, drawing on the legal opinion of an independent advisor.

ii) Appointment of independent directors:

The Committee reported the following proposals for appointment of independent directors:

- Re- election as directors of Mr. Alain Minc and Mr. Ernesto Zedillo and Mr. Ponce de León at the Shareholders' Meeting of April 2016.
- Appointment as directors of Mr. Glen Moreno, Mrs. Elena Pisonero Ruiz, Mrs. Blanca Hernández Rodríguez and Mr. Alfonso Ruiz de Assin Chico de Guzmán, at the Shareholders' Meeting of April 2016.
- Appointment by co-optation of the director D. Dominique D'Hinnin, in May 2016.

iii) Lead Director:

The Committee also proposed the appointment of Mr. Jose Luis Leal Maldonado as lead director for a period of two years and replacing Mr. Gregorio Marañón and Bertrán de Lis, given that after the re-election of the latter by the Ordinary Shareholders Meeting held on April 1, he ceased to have the status of independent director becoming "another external director".

iv) Composition of the Board Committees:

The Committee has reported, together with the Nomination and Compensation Committee, on the composition of the Delegated Commission, the Audit Committee and the Committee for Digital Change, on the occasion of the restructuring of the Board and the Committees that was carried out in April 2016.

Subsequently, in July 2016, the Committee reported favourably on the nomination of Mr. Waleed Ahmad Ibrahim AlSa'di as a member of the Audit Committee

v) Evaluation of the functioning and composition of the Board:

In 2016 the Committee has coordinated the process for self-evaluation of the Board during 2015, informing it of the outcome.

Likewise, the Committee has coordinated the process for self-evaluation of the Board during 2016, and will inform the Board of the outcome of it and will propose the corresponding action plans to resolve the weaknesses detected in this self-evaluation.

b) Corporate governance and corporate social responsibility strategy of the Company:

i) Promoting the corporate reputation and corporate governance strategy and associated measures:

A review of the Company's crime prevention model was completed in 2016. This process was primarily conducted by PRISA's Compliance Unit which, while reporting to the Audit Committee, also involved this Committee concerning matters within its remit.

As part of the process, this Committee and the Compliance Unit have promoted the approval of a Gift Policy by the Board of Directors, and have also started work on and approved an Anti-corruption Policy and a Fair Competition Policy, which will be submitted soon to the Board of Directors for approval.

ii) Corporate social responsibility, sustainability and corporate reputation:

The Committee has analysed and favourably reported the Sustainability Report for the year 2015, which was approved by the Board of Directors which will be performed again regarding the fiscal year 2016 report.

iii) Annual Corporate Governance Report:

The Committee proposed the Corporate Governance Report for the 2015 financial year to the Board of Directors, which was prepared pursuant to the model approved in the CNMV's Circular 7/2015, of 22 December.

Also, this Committee will propose the Corporate Governance Report for the 2016 financial year to the Board of Directors.

iv) Supervision of investor and shareholder relations strategy and communications strategy, including small and medium-sized shareholders:

In December 2015, the Board of Directors approved on the recommendation of the Corporate Governance Committee and in fulfilment of the recommendations stipulated in the CNMV's Good Governance Code, the "Policy of communication with shareholders, institutional investors and proxy advisors" (hereinafter, "the Policy"), regulating the guidelines and general communication and reporting channels for the Company's relations with these stakeholders.

While this Policy was approved almost at the end of 2015, in February 2016 the Corporate Governance Committee checked that the general principles and rules of conduct set forth therein had been complied with, not only since its approval but also in general terms throughout the whole of 2015. This verification was also performed for 2016.

c) Internal rules of the Company:

i) Amendment of the internal governance rules.

The Internal Code of Conduct on Matters Relating to the Securities Market was amended by the Board of Directors in July 2016 at this Committee's request, in order to bring it into line with the new Regulation (EU) No. 596/2014 of 16 April 2014 on market abuse and implementing regulations, which have been directly in force in Spain since 3 July.

Likewise, as indicated in section b) i) above, the Board of Directors, on the proposal of this Committee, has approved a Gift Policy within the framework of the model of criminal prevention.

ii) Examination of compliance with the Board Regulation, Internal Conduct Regulation, and, in general, the Company's governance rules.

The Committee has analysed, particularly, the compliance with the Company's governance procedures during the 2016 financial year, drawing, among others, on the report of PRISA's Compliance Unit.

Particularly, in fulfilment of the Internal Code of Conduct, steps were taken in 2016 to comply with the new provisions of Regulation (EU) No. 596/2014 of 16 April 2014 on market abuse.

Given the restructuring of the Company's finances, as proposed by this Committee, the Board of Directors has approved an "Action Protocol" to be followed during the process and containing guidelines to strengthen measures concerning the use of "insider information".

d) Other matters

The Committee has also helped draw up the Succession Plan for the Chairman and CEO, which was implemented under the leadership of the Coordinating Director.

This report was approved in Madrid at the meeting of the Corporate Governance Committee held on February 2017.



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

APPOINTMENTS AND REMUNERATION COMMITTEE

**ANNUAL REPORT
2016**

Madrid, February 2017.

(Free translation from the original in Spanish language)

APPOINTMENTS AND REMUNERATION COMMITTEE **ANNUAL REPORT 2016**

I.- INTRODUCTION

The Appointments and Remuneration Committee of PROMOTORA DE INFORMACIONES, S.A. (hereinafter PRISA, the Company or GRUPO PRISA where reference to the consolidated Group is made) issues this report to enable the Board of Directors to make available to shareholders information concerning the Committee's operations and activities during the 2016 financial year.

The Committee is governed by article 529 of the Capital Companies Act (in the wording introduced by Act 31/2014, which amends the Capital Companies Act for the improvement of corporate governance) and by the internal rules of the Company: article 27 of PRISA Bylaws and Board of Directors Regulation.

II.- COMPOSITION

On December 31, 2016, and also at the date of issuance of this report, the composition of the Committee is as follows:

Chairman: Mr. Alain Minc – Independent External Director
Members: Mr. Joseph Oughourlian – External Director (representing significant shareholdings).
Mr. Alfonso Ruiz de Assin – Independent External Director
Mr. Gregorio Marañón y Bertrán de Lis – Other External Director

During the year 2016 the composition of the Committee has been partially renewed:

- Ms. Agnes Noguera Borel and Mr Borja Pérez Arauna ceased to be part of the Board, and consequently also of this Committee, following the restructuring of the Board of Directors which was addressed by the Shareholders' Meeting and by the Board of Directors on April 1, 2016.
- Mr Joseph Oughourlian and Mr Alfonso Ruiz de Assin joined this Committee on April 1, 2016.
- In April 2016, Mr Alain Minc replaced Mr Gregorio Marañón as Chairman of the Committee.

In its composition, the Committee complies with the requirements of applicable law and as provided in the internal rules of the Company: Article 27 of the Bylaws and article 28 of the Regulation of the Board of Directors provide that the Nomination and Compensation Committee be composed of a minimum of three and a maximum of five non-executive directors, at least two (2) of them must be independent Directors and the Chairman shall be an independent director.

(Free translation from the original in Spanish language)

The Committee's secretary is the secretary to the Board of Directors.

III. ACTIVITIES OF THE COMMITTEE IN 2016

The functions of the Appointments and Remuneration Committee are the following, in accordance with the provisions of Article 28 of the Board of Directors Regulation:

- a) Regarding composition of the Board of Directors and the Board Committees of PRISA and the administration bodies of other companies in the Group:
 - i. Evaluating the skills, knowledge and experience required on the Board of Directors. For these purposes, it will define the functions and skills required of candidates that are to fill each vacancy and will evaluate the time and dedication necessary for them to be able to effectively perform their duties.
 - ii. Establishing a goal for representation of women on the Board of Directors, and developing guidance on how to achieve that goal.
 - iii. With a report from the Corporate Governance Committee, making proposals to the Board of Directors of independent Directors to be appointed by co-option or for submission to decision by the General Meeting of shareholders, and proposals for re-election or removal of those Directors by the General Meeting of shareholders.
 - iv. Reporting on proposals for the appointment of other Directors to be designated by co-option or for submission thereof to decision of the General Meeting of shareholders, as well as proposals for re-election or removal by the General Meeting of shareholders, or when there is just cause by reason of the Director's having breached the duties inherent in the position and the bringing of disciplinary proceedings that may mean removal of the Director.
 - v. Reporting, if applicable, on the proposed appointment of the individual representative of a Director that is a legal person.
 - vi. Proposing the classification of Directors in the executive, proprietary, independent or other external Director categories, when appointment of the Directors is to be made or ratified by the General Meeting on proposal of the Board.
 - vii. Reporting, together with the Corporate Governance Committee, on proposals for appointment of the Chairman and Deputy Chairman of the Board, the Chief Executive Officer, the Secretary and Deputy Secretary of the Board, the members of the Delegated Commission and the other Committees of the Board of Directors.
 - viii. Reporting, together with the Corporate Governance Committee, on a proposal for removal of the Secretary and Deputy Secretary of the Board.

(Free translation from the original in Spanish language)

- ix. Reviewing and organising the succession of the Chairman of the Board of Directors and, if applicable, the chief executive of the Company, formulating the proposals to the Board of Directors considered to be appropriate, in order for that succession to occur in an orderly and well-planned manner.
 - x. Reporting on proposals for the appointment of the representatives of the Company on the administration bodies of its subsidiary companies.
- b) Regarding the senior management of the Group:
- i. Proposing the classification of senior management personnel.
 - ii. Reporting on proposals for appointment and removal of senior managers and the basic terms of their contracts.
 - iii. Receiving information and, if necessary, issuing reports on disciplinary action taken against senior managers of the Company.
- c) Regarding the compensation policy:
- i. Proposing to the Board of Directors, for submission to the General Shareholders Meeting, the compensation policy for Directors and general managers or those performing senior management functions under the direct supervision of the Board, Delegated Commissions or Chief Executive Officer, as well as the individual compensation and other contractual conditions of executive Directors, ensuring compliance therewith.
 - ii. Approving the objectives associated with variable compensation of executive Directors and/or the managers.
 - iii. Reporting to the Board on calculation of the variable compensation of the senior managers of the Company, as well as calculation of other incentive plans destined thereto.
 - iv. Ensuring compliance with the compensation policy established by the Company.
- d) Other authority
- i. Annually approving a report on the functioning of the Committee and proposing publication thereof to the Board of Directors, upon the holding of the General Shareholders Meeting.
 - ii. Exercising all other powers assigned to the Committee in the Board of Directors Regulation.

During 2016 the Committee has met on five occasions and provided periodic updates to the Board regarding its deliberations and actions.

(Free translation from the original in Spanish language)

The following are the issues discussed during 2016 in subject areas pertaining to this Committee:

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

Director Selection Policy and its representation target for the under-represented gender

The Company has a Director Selection Policy that was approved by the Board of Directors on December 18, 2015, and whose objectives are summarized in the following: i) principle of diversity in the composition of the Board of Directors; ii) purpose of achieving an adequate balance in the Board of Directors as a whole, looking for persons whose appointment would foster diversity of knowledge, experience, origin and gender and iii) objective that for the year 2020 the number of female directors represents at least 30% of the total members of the Board of Directors.

In compliance with recommendation 14 of the Code of Good Governance of the National Securities Market Commission (CNMV) the Committee has verified that during the year 2016 the principles, objectives and procedures established in the Director Selection Policy have been taken into account in relation to proposals for ratification, re-election and / or appointment of directors, and that its findings will be set out in the annual corporate governance report.

In short, these proposals have been based on a preliminary analysis of the needs of the Board and, at the same time, promote diversity of knowledge, experience and gender in its composition.

Composition of the Board of Directors of PRISA

At the Ordinary General Meeting held on 1 April 2016, shareholders voted to restructure the Board of Directors according to the Company's needs and circumstances.

As well as agreeing that the Board would have 17 members, certain directors were re-elected and a number of new appointments made. All the directors are highly qualified, have personal and professional integrity, and have competencies and skills in various fields and sectors of interest to the Company. This enhances the diversity of knowledge, experiences, background and gender of the Board.

The Committee submitted to the Board the following proposals to appoint independent directors, with a report from the Corporate Governance Committee:

- Re- election as directors of Mr. Alain Minc and Mr. Ernesto Zedillo and Mr. Ponce de León at the Shareholders' Meeting of April 2016.
- Appointment as directors of Mr. Glen Moreno, Mrs. Elena Pisonero Ruiz, Mrs. Blanca Hernández Rodríguez and Mr. Alfonso Ruiz de Assin Chico de Guzmán, at the Shareholders' Meeting of April 2016.

(Free translation from the original in Spanish language)

- Appointment by co-optation of the director D. Dominique D'Hinnin, in May 2016.

Likewise, the Committee reported favourably on the following proposals to appoint Directors:

- Ratification of the appointment by co-optation and election of proprietary directors Mr. Khalid Bin Thani Bin Abdullah Al Thani and Mr Joseph Oughourlian (resolutions that were passed at the General Shareholders Meeting in April 2016). These appointments were passed at the Board of Directors meeting of 18 December 2015.
- Re-election of the executive directors Mr Juan Luis Cebrián Echarri and Mr Manuel Polanco Moreno and of the external director Mr Gregorio Marañón y Bertrán de Lis resolutions that were passed at the General Shareholders Meeting in April 2016).
- Appointment by co-optation of the proprietary director Mr Waleed AlSa'di (proprietary director), in May 2016.

Qualitative composition

The Committee has proposed the classification of the directors in various categories: executive director, external director representing significant shareholdings, independent external director, and other external director, on appointing or ratifying the directors.

Further, in light of certain questions raised by the CNMV, the Committee and the Corporate Governance Committee performed a special review and ratified the classification of Alain Minc as an independent director, drawing on the legal opinion of an independent advisor.

Composition of the Committees of PRISA

The Committee has reported, together with the Corporate Governance Committee, on the composition of the Delegated Commission, the Audit Committee and the Committee for Digital Change, on the occasion of the restructuring of the Board and the Committees that was carried out in April 2016.

Subsequently, in July 2016, the Committee reported favourably on the nomination of Mr. Waleed Ahmad Ibrahim AlSa'di as a member of the Audit Committee

Succession Plan for the Board Chairman

The Committee has also helped draw up the Succession Plan for the Chairman and CEO, which was implemented under the leadership of the Coordinating Director.

Composition of the administration bodies of subsidiary companies

(Free translation from the original in Spanish language)

The Committee has reported on the proposed appointments of company representatives on its investees' boards of directors.

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

Appointment of managers

The Committee reported the senior management appointment proposals and the basic terms and conditions of their contracts.

c) In relation to the compensation policy

Report on the Compensation Policy and Report on the Annual Compensation

o 2016

The Committee proposed the Report on the Annual Compensation of the Board of Directors for 2016, containing information on the implementation of the remuneration policy in 2015, which was submitted for advisory approval at the Annual Shareholders Meeting held on April 1, 2016, as a separate item of the agenda.

Similarly, for the 2016 Annual Corporate Governance Report, the Committee adopted the section on compensation for the members of senior management

o 2017

The Committee will present to the Board of Directors the report on the compensation of the board for 2017, with information on the implementation of the remuneration policy in 2016. The Committee proposes to the Board of Directors that the Remuneration Policy for directors for 2017 remain the same as was adopted by the General Meeting in 2016, which has been applied in 2015 and 2016.

Individual compensation of executive directors

i. Annual Variable remuneration:

The Committee approved the targets for determining the variable compensation for 2016 of the executive directors.

The qualitative criteria for evaluating the Chairman's and the CEO's performance are no longer considered when calculating his variable remuneration, but are still used for the Deputy Chairman.

(Free translation from the original in Spanish language)

The Committee also approved the settlement of bonus corresponding to year 2015, for the executive directors.

ii. Multi-annual variable remuneration:

The Committee has also analysed the degree of fulfilment of strategic targets when calculating the multi-annual variable remuneration stipulated in the employment contract of the Chairman, Mr. Cebrián, which was payable, since January 2016, in company shares, up to 1 million euros.

Other board remuneration measures

As proposed by this Committee, the Board has approved:

- i. Paying a special six-monthly emolument of 50,000 euros to the non-executive director, Dominique D'Hinnin, for services as advisor to the Chairman and CEO vis-à-vis the Company's Refinancing Plan. This will be received as from January 2017.
- ii. Bringing the remuneration of the chairperson of the Technology Transformation Committee into line with that of the chairpersons of the other board committees, with regard to fixed annual pay and per diems for attending meetings.

Compensation system for managers

The Committee authorized the settlement of the corresponding bonus for the Group's senior executives for 2015.

The Committee also approved the targets associated with the variable compensation for 2016.



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

COMMITTEE FOR STRATEGIC DIGITAL CHANGE

**ANNUAL REPORT
2016**

Madrid, February 2017.

COMMITTEE FOR STRATEGIC DIGITAL CHANGE ANNUAL REPORT 2016

I.- INTRODUCTION

The Committee for Transformation Digital Change (hereinafter, the Committee) of PROMOTORA DE INFORMACIONES, S.A. (hereinafter, PRISA, the Company or the PRISA GROUP when it refers to the Consolidated Group) was established in October 2014 by a resolution of the Board of Directors of PRISA, with a favourable report from the Appointments and Remuneration Committee and the Corporate Governance Committee.

The Committee was established in response to the need to transform the PRISA Group and adapt it to the digital reality of its environment and with that goal in mind it has provided advice and guidance to the management from the outset.

The Committee met four (4) times in 2016, engaging key management figures from the Company and its media firms and with constant and intense interaction.

The Committee issues this report to enable the Board of Directors to make information available to shareholders concerning the Committee's operations and activities during the 2016 financial year.

II.- COMPOSITION

The Committee must be composed of Directors of the Company and its composition on the date of this Report is as follows:

Chairman: Mr. John Paton – External Independent Director

Members:

Mr. Juan Luis Cebrián Echarri – Executive Director

Mr. José Luis Sainz Díaz – Executive Director

The Committee's secretary is the Deputy Secretary of the Board of Directors, Mr. Xavier Pujol Tobeña.

III. ACTIVITIES OF THE COMMITTEE IN 2016

The Committee has met to analyse the Company's different digital proposals and activities begun in 2015, to assess the degree of progress and to help key personnel drive forward and lead the Group's digital transformation, implementing the new digital strategy defined the previous year.

The Committee has focused on a series of initiatives intended to drive audience and digital revenues while moving the cost structure from a high fixed one to a lower variable cost structure.

During the year, the Committee has broadened its digital transformation work beyond *El País* in order to include the commercial areas and radio.

The Committee has focused on prioritising a quality audience and initiatives that generate advertising revenues, in conjunction with the economic recovery and the new KPIs applied to all Group employees.

The Committee has acted as a forum for analysis and discussion of the new initiatives between the company's senior management and key executives involved in the digital change process, such as the CEO of PRISA Noticias, the Chief Revenue Officer and the Strategic Digital Change Officer.

Important people from the company's digital sphere and the CEOs of *El País* and *Prisa Radio* have also participated in these sessions.

Lastly, the Committee has continued to identify and prioritise the requirements that help the Board of Directors to allocate the necessary budgetary resources in order to progress with the Group's digital transformation.

All the new initiatives have been predicated on a low, variable cost model. Teams are being kept small with the bulk of the work being outsourced to external providers where costs can be dialled up or down as needed and acumen is high.

REPORT ON INDEPENDENCE OF EXTERNAL AUDITORS

2016

The Audit Committee of PROMOTORA DE INFORMACIONES, S.A. ("PRISA"), in compliance with Article 529 quaterdecies, paragraph 4.f), of the Corporations Law (Ley de Sociedades de Capital), issues this Report on the independence of the external auditor, Deloitte, S.L., and states the follow:

1. By resolution of the Annual General Meeting of Shareholders of PRISA held on April 1, 2016, Deloitte, S.L. ("Deloitte") was engaged to conduct the audit of the 2016 financial statements of PRISA and its consolidated group ("Grupo PRISA").
2. During 2016 the Audit Committee met periodically with the external auditor to analyze the results of its review of the financial statements and, if applicable, to assess situations that could have entailed risk for its independence.
3. The Audit Committee annually approves the prior authorization procedure for non-audit services to be performed by Deloitte for any Grupo PRISA company, and a specific procedure was approved for 2016.

According to that procedure, at each meeting the Audit Committee reviews and approves or otherwise the proposals for non-audit services to be provided by Deloitte and/or its related companies to Grupo PRISA companies. For each of the service proposals analyzed by the Audit Committee, Deloitte previously issues a certification of compliance with the rules of independence in relation to said services.

4. The fees for the audit services in respect of the 2016 financial statements performed for the various PRISA companies by Deloitte and/or its related companies amounted to 1,684 thousand euros.

The fees for non-audit services provided to Grupo PRISA companies by Deloitte and/or its related companies in 2016, were as follows:

	Euros 000s
Other verification services	472
Tax advisory services	222
Other services	747
Total other professional services	1,441

5. For the purposes of Article 529 quaterdecies, paragraph 4.e), at the date hereof and prior to the issuance of this Report, the Audit Committee of PRISA has received a report from Deloitte confirming its independence in relation to PRISA and Grupo PRISA companies, as well as an itemisation of the additional services provided to said entities by Deloitte and/or by its related companies during 2016.

As a result of all of the above, and having assessed said services provided by Deloitte and/or by its related companies, individually and in aggregate, and considering that said services comply with the independence requirements set out in the Law on Accounts Auditing (Ley de Auditoría de Cuentas), the Audit Committee understands that there are no objective reasons to question the independence of Deloitte and hereby issues this favourable report regarding the independence of the external auditor.

23 February 2017



RELATED-PARTY TRANSACTIONS REPORT

AUDIT COMMITTEE

2016

Pursuant to Recommendation 6 of the Code of Good Practices for Listed Companies, approved by the Spanish Securities Market Commission (CNMV) on February 18, 2015, the Audit Committee of PROMOTORA DE INFORMACIONES, S.A. (PRISA) prepared this related-party transactions report for 2016, which will be posted on the PRISA website (www.prisa.com) when the next ordinary general shareholders' meeting is called.

In accordance with Article 529 ter of the Corporate Enterprises Act, Article 5 of PRISA's Board of Directors Regulation establishes that authority of the Board of Directors that is non-delegable includes authorisation, based on an Audit Committee report, related-party transactions with directors, significant shareholders and anyone related thereto. Said authorisation is not necessary for those related-party transactions that simultaneously satisfy the following three conditions:

- a) They are governed by standard form agreements applied on an across-the-board basis to a large number of customers;
- b) They are entered into at market prices or rates, generally set by the person supplying the goods or services; and
- c) The amount is no more than 1% of the Company's annual revenue.

Eligible directors, with direct or indirect conflicts of interest or who represent or are related to eligible shareholders must refrain from participating in deliberation and voting on resolutions.

Related-party transactions are disclosed in the notes to the PRISA Consolidated Annual Accounts and Annual Corporate Governance Report for 2016 as per prevailing legislation and the Company's Board of Directors Regulation.

Related-party transactions in 2016

Transactions with significant shareholders:

PRISA and its Group companies did not perform any transactions with their significant shareholders which, according to prevailing legislation or the provisions of the Board of Directors Regulation, require prior authorisation from the Board of Directors during 2016.

The sole exception was the issuance of bonds that can be converted into PRISA shares, through the exchange of the Company's financial debt. These were subscribed, *inter alia*, by HSBC, CaixaBank and several Santander Group companies, which are both creditors of the Company and significant shareholders. This issue was approved by shareholders at the Ordinary General Shareholders' Meeting of 1 April 2016.

Transactions with directors:

PRISA's director, Gregorio Marañón, has provided legal advisory services to PRISA for several years of a fee of €90,000 per annum. This situation was duly disclosed in the Company's financial reporting and the corporate governance report in the relevant years.

In 2016, the Board of Directors approved a special fee of €50,000 every six months to the director, Dominique D'Hinnin, payable as from January 2017, for advising the Chairman and CEO on the Company's Refinancing Plan.

Other related-party transactions:

During 2016, the PRISA Group performed transactions with other companies in which it holds a direct or indirect stake but not control. Board approval was not required in 2016.

Based on an Audit Committee report, the Board of Directors also approved the Statement of Intent signed in 2016 by FUNDACIÓN SANTILLANA, PRISA and PRISA NOTICIAS, under which FUNDACION SANTILLANA has assumed the obligation to sell its holdings in DIARIO EL PAIS, S.L and EDICIONES EL PAIS, S.L. to PRISA NOTICIAS. These stakes are classed as "founders' stakes" and confer a raft of special voting rights.

The sale-purchase price is €3,000,000, equivalent to €150,000 per stake. The price was set based on an appraisal from an independent third party.

In relation to this sale-purchase, PRISA paid FUNDACIÓN SANTILLANA, on behalf and in the name of PRISA NOTICIAS, an initial payment of €1,000,000 in 2016.

Information on related-party transactions

PRISA's Consolidated Annual Accounts and Annual Corporate Governance Report for 2016 provide additional disclosures on the Company's related-party transactions.

In accordance with applicable legislation in force, transactions between companies in the same consolidated group (i.e. between PRISA Group companies) eliminated during the preparation of the consolidated financial statements and which are part of the companies' normal business in terms of their purpose and conditions, have not been included herein.

Information is also provided aggregate with regard to items with similar content.