



## Communication of Relevant Information

Promotora de Informaciones SA (PRISA) announces the following relevant information, under the provisions of article 82 of Act 24/1988, July 28<sup>th</sup>, of Securities Market ("*Ley del Mercado de Valores*").

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 April 1, 2016, at 12:30 pm, at Teatro Real de Madrid, Plaza de Oriente s/n, Madrid 28013.

The agenda is as follows:

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 2015 financial year, and the proposed distribution of profits.

2º.- Approval of the Board of Directors' management of the company in the 2015 financial year.

3º.- Adoption of the resolution for appointing the auditor of the company and its consolidated group for the 2016 financial year, pursuant to the provisions of Article 42 of the Commercial Code and Article 264 of the Companies Act.

4º.- Issue of mandatorily convertible bonds in new shares of Promotora de Informaciones, S.A., by exchange of loans. Capital increase to cover the conversion.

5º.- Fixing the number of Directors. Appointment of Directors.

5.1. Fixing the number of Directors.

5.2. Ratification of the appointment by cooptation and election of Director Mr Khalid Bin Thani Bin Abdullah Al Thani

5.3. Ratification of the appointment by cooptation and election of Director Mr Joseph Oughourlian.

5.4. Reelection of Mr. Juan Luis Cebrián Echarri as director.

5.5. Reelection of Mr. Manuel Polanco Moreno as director.

5.6. Reelection of Mr. Gregorio Marañón y Bertran de Lis as director.

5.7. Reelection of Mr. Alain Minc as director.

5.8. Reelection of Mr. Ernesto Zedillo y Ponce de León as director.

5.9. Appointment of Mr Glen Moreno as director.

5.10. Appointment of Ms Elena Pisonero Ruiz as director.

5.11. Appointment of Ms Blanca Hernández Rodríguez as director.

5.12. Appointment of Mr Alfonso Ruiz de Assin Chico de Guzmán as director.

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

7º.- Information to the Shareholders on amendments to the Regulations of the Board of Directors.

8º.- 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, 301, 414, 517, 518, 528, 529 decies, 539 and 541 of the Capital Companies Act, and articles 6 of the General Meeting Regulations, shareholders may examine at the registered office of the Company (Gran Vía 32, Madrid 28013), 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](http://www.prisa.com)) and request delivery or sending thereof without charge (through the Shareholder Relations Office, 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](mailto:ia@prisa.com)):

- 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 2015 financial year of the Company and its Consolidated Group, as well as the respective reports of the auditor (first item on the Agenda). These documents have already be 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 that are attached hereto.

-Regarding mandatorily convertible bonds in new shares of Promotora de Informaciones, S.A., by exchange of loans the issue of mandatory convertible bonds newly issued shares of Promotora de Informaciones, S.A. and subscription by swapping loan (Item four on the agenda), the following documentation that is attached hereto:

i. Report issued by the Board of Directors for the purposes specified in the following Articles of the Capital Companies Act: (i) Article 414.2, with regard to the basis and methods of conversion into shares; (ii) Article 286, regarding the amendment of the Bylaws in relation to Article 297.1 a), based on the delegation to the Board of Directors of the power to set the date and conditions of the capital increase agreed; and (iii) Article 301, which is applicable by analogy to the effects of the subscription of the Bonds by exchanging loans.

ii. Certification issued as a special report by the auditor of the Company, Deloitte, S.L. in compliance with the requirements of article 301 of the Capital Companies Act, for capitalizing credits.

iii. Report issued by the Auditor designated by the Mercantile Register for the purposes of Article 414.2 of the Capital Companies Act.

iv. Bylaws of the syndicate of holders of the 2016 convertible bonds to be issued by Promotora de Informaciones, for the purposes of article 421 of the Capital Companies Act.

- Report issued by the Board of Directors for the purposes required under article 529 decies of the Companies Act, concerning the proposals to ratify the interim appointment of the Directors, reelection and appointment of Directors (Item 5 of the Agenda), that 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 of the Agenda), which has already be filed with the National Securities Market Commission.

-Report issued by the Board of Directors on the amendments to the Board of Directors Regulation for the purposes contemplated in article 528 of the Capital Companies Act (Item 7 of the Agenda, for information purposes), that is attached hereto.

- Forms and terms for exercise of information, proxy and remote voting rights, which are attached hereto.

- 2015 Annual Report on Corporate Governance, that has already be filed with the National Securities Market Commission.

- 2015 Annual Report of the following Committees: Audit Committee, Corporate Governance Committee, Nominations and Compensations Committee and Committee for Strategic Digital Change, that 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, that is attached hereto.

Likewise in compliance with Article 506.4 of the Companies Act, is also available to shareholders, in the same manner as for the documentation that

refers to the agenda, the following additional information concerning the capital increase for a total amount of 64,000,000 euros approved by the Board of Directors on November 14, 2015 and subscribed by International Media Group, S.à.r.l., which was announced by the Relevant Events of November 14, 2015 and 2 December 2015, with registration CNMV No. 231018 and 231777, respectively:

- Report of the Board of Directors in connection with the capital increase excluding the preferential subscription rights, that is attached hereto.
- Report of the independent expert regarding the capital increase, that is attached hereto.

Madrid, February 29, 2016

## 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 March 31, 2016, 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 April 1, 2016, on second call.

**It is expected that the General Shareholders Meeting will be held on second call, that is, on April 1, 2016, 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](http://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 2015 financial year, and the proposed distribution of profits.

2º.- Approval of the Board of Directors' management of the company in the 2015 financial year.

3º.- Adoption of the resolution for appointing the auditor of the company and its consolidated group for the 2016 financial year, pursuant to the provisions of Article 42 of the Commercial Code and Article 264 of the Companies Act.

4º.- Issue of mandatorily convertible bonds in new shares of Promotora de Informaciones, S.A., by exchange of loans. Capital increase to cover the conversion.

5º.- Fixing the number of Directors. Appointment of Directors.

5.1. Fixing the number of Directors.

5.2. Ratification of the appointment by cooptation and election of Director Mr Khalid Bin Thani Bin Abdullah Al Thani.

5.3. Ratification of the appointment by cooptation and election of Director Mr

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Joseph Oughourlian.

5.4. Reelection of Mr. Juan Luis Cebrián Echarri as director.

5.5. Reelection of Mr. Manuel Polanco Moreno as director.

5.6. Reelection of Mr. Gregorio Marañón y Bertran de Lis as director.

5.7. Reelection of Mr. Alain Minc as director.

5.8. Reelection of Mr. Ernesto Zedillo y Ponce de León as director.

5.9. Appointment of Mr Glen Moreno as director.

5.10. Appointment of Ms Elena Pisonero Ruiz as director.

5.11. Appointment of Ms Blanca Hernández Rodríguez as director.

5.12. Appointment of Mr Alfonso Ruiz de Assin Chico de Guzmán as director.

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

7º.- Information to the Shareholders on amendments to the Regulations of the Board of Directors.

8º.- 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

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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 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 against any such off-agenda items.

A proxy also may be granted by remote electronic communication by way of the Company's website ([www.prisa.com](http://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.

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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 may have a conflict of interest regarding point 6º (Non-binding voting on the Annual Report on Remuneration of the Directors) of the Agenda.

Likewise, the directors Mr. Khalid Bin Thani Bin Abdullah Al Thani, Mr. Joseph Oughourlian, Mr Juan Luis Cebrián Echarri, Mr Manuel Polanco Moreno, Mr Gregorio Marañón y Bertrán de Lis, Mr Alain Minc and Mr Ernesto Zedillo Ponce de León, have a conflict of interest regarding points 5.2, 5.3., 5.4., 5.5., 5.6., 5.7 and 5.8 of the Agenda, each of them with respect to the point of the Agenda in which the ratification of their appointment through co-optation or reelection 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).

### **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](http://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

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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, 301, 414, 517, 518, 528, 529 decies, 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](http://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](mailto:ia@prisa.com)):

- 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 2015 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.
- Regarding mandatorily convertible bonds in new shares of Promotora de Informaciones, S.A., by exchange of loans the issue of mandatory convertible bonds newly issued shares of Promotora de Informaciones, S.A. and subscription by swapping loan (Item four on the Agenda):
  - i. Report issued by the Board of Directors for the purposes specified in the following Articles of the Capital Companies Act: (i) Article 414.2, with regard to the basis and methods of conversion into shares; (ii) Article 286, regarding the amendment of the Bylaws in relation to Article 297.1 a), based on the delegation to the Board of Directors of the power to set the date and conditions of the capital increase agreed; and (iii) Article 301, which is applicable by analogy to the effects of the subscription of the bonds by exchanging loans.
  - ii. Certification issued as a special report by the auditor of the Company, Deloitte, S.L. in compliance with the requirements of article 301 of the Capital Companies Act, for capitalizing credits.
  - iii. Report issued by the Auditor designated by the Mercantile Register for the purposes of Article 414.2 of the Capital Companies Act.
  - iv. Bylaws of the syndicate of holders of the 2016 convertible bonds to be issued by Promotora de Informaciones, for the purposes of article 421 of the Capital Companies Act.

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- Report issued by the directors of the Company for the purposes required under article 529 decies of the Capital Companies Act, concerning the proposal of ratification of the appointments by cooptation, reelection and appointment of directors (Item five 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 six of the Agenda).
- Report issued by the Board of Directors on the amendments to the Board of Directors Regulation for the purposes contemplated in article 528 of the Capital Companies Act (Item seven of the Agenda, for information purposes).
- Forms and terms for exercise of information, proxy and remote voting rights.
- Annual Corporate Governance Report for the 2015 financial year.
- Annual Reports for the 2015 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.

Likewise in compliance with Article 506.4 of the Companies Act, is also available to shareholders, in the same manner as for the documentation that refers to the Agenda, the following additional information concerning the capital increase for a total amount of 64,000,000 euros approved by the Board of Directors on November 14, 2015 and subscribed by International Media Group, S.à.r.l., which was announced by the Relevant Events of November 14, 2015 and 2 December 2015, with registration CNMV No. 231018 and No. 231777, respectively:

- Report of the Board of Directors in connection with the capital increase excluding the preferential subscription rights.
- Report of the independent expert regarding the capital increase.

**Right to information prior to the General Shareholders Meeting:**

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, 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 ( 20 April 2015) and regarding the audit report.

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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](http://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](http://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 Market Commission since the holding of the most recent General Shareholders Meeting (20 April 2015) 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

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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](http://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, 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).

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 have a notary present 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, 29 de febrero de 2016

Mr. Antonio García-Mon Marañés

General Secretary and Secretary of the Board of Directors.



# **PROMOTORA DE INFORMACIONES, S.A.**

## **ANNUAL GENERAL SHAREHOLDERS MEETING**

**APRIL 1, 2016**

### **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 April 1, 2016.*

*(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 2015 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, 2015, as audited by the company's account auditors.

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

<b>Distribution basis-</b>	
Losses for the year	5,162
<b>Distribution-</b>	
To losses from previous years	5,162

*(Free translation from the original in Spanish language)*

## TWO

### **Approval of the Board of Directors' management of the company in the 2015 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 2016 financial year, pursuant to the provisions of Article 42 of the Commercial Code and Article 264 of the Companies Act.**

As provided in Article 264 of the 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, 2016.

*(Free translation from the original in Spanish language)*

## FOUR

### Issue of mandatorily convertible bonds in new shares of Promotora de Informaciones, S.A., by exchange of loans. Capital increase to cover the conversion.

#### A. Issue of bonds mandatorily convertible into new shares of Promotora de Informaciones, S.A.

It is resolved to issue bonds mandatorily convertible into newly-issued common shares of Promotora de Informaciones, S.A. (“**Prisa**” or the “**Company**”) (the “**Bonds**”), without pre-emption rights, to be carried out in two tranches (the “**Issue**”) in accordance with the terms and conditions and subject to the bases for and forms of conversion indicated below.

##### 1.1. Issue

The Issue will be carried out in two tranches.

- (a) Amount of the Tranche A of the Issue. The amount of the Tranche A of the Issue amounts to 32,099,050 Euros. This tranche is aimed to HSBC Bank plc (“**HSBC**”), Títulos de Renta Fija, S.A., Suleyado 2003, S.L., Cantabra de Inversiones, S.A., Cantabro Catalana de Inversiones, S.A., Fomento e Inversiones, S.A., y Carpe Diem Salud, S.L. (“**Funds linked to Banco Santander**”) and CaixaBank, S.A. (“**CaixaBank**”), financial creditors of the Company (jointly, the “**Creditor Institutions**”). The amount of Tranche A will be increased by the amount of the payable interests accrued by the loans exchanged for the issue until the Closing Date (as defined below).
- (b) Amount of the Tranche B of the Issue. The amount of the Tranche B of the Issue amounts to a maximum of 117,900,950 Euros. This tranche is aimed to all the creditors of the Company in accordance with the restructuring agreement called “Override Agreement” subject to English law entered into by Prisa and a syndicate of credit entities on 11 December 2013, of which HSBC acts as agent bank, and that jointly hold profit participating loans (the “**Override Agreement**”).

##### 1.2. Subscription and payment

- (a) Subscription and payment of the Tranche A of the Issue. The Bonds that constitute the Tranche A of the Issue will be subscribed by the Creditor Institutions through the capitalization of credits. HSBC, CaixaBank and the Funds linked to Banco Santander have committed to subscribe the amount of 32,099,050 Euros, in accordance with the following distribution:

- HSBC: 12,878,070 Euros
- CaixaBank: 9,610,500 Euros
- Títulos de Renta Fija, S.A.: 1,595,340 Euros
- Suleyado 2003, S.L.: 1,595,340 Euros

*(Free translation from the original in Spanish language)*

- Cantabra de Inversiones, S.A.: 1,595,340 Euros
- Cantabro Catalana de Inversiones, S.A.: 1,633,780 Euros
- Fomento e Inversiones, S.A.: 1,595,340 Euros
- Carpe Diem Salud, S.L.: 1,595,340 Euros

- (b) Subscription and payment of the Tranche B of the Issue. The Bonds that constitute the Tranche B of the Issue could be subscribed through the capitalization of credits exclusively by the creditors of the Company in accordance with the Override Agreement. The Company has received the commitment of HSBC to subscribe 68,086,000 Euros out of the total amount of 117,900,950 Euros that constitute the Tranche B of the Issue. If other financial creditors part of the Override Agreement were interested in exchanging their respective profit participating loans in Tranche B of the Issue for an aggregated amount greater than 49,814,950 Euros, the amount to subscribe by HSBC will be reduced, distributing the issued Bonds within Tranche B among the applications presented by the subscribing entities proportionally to their corresponding percentage in the Override Agreement.

The commitments to subscribe the total amount of Tranche A by the Creditor Institutions, as well as the 68,086,000 Euros of Tranche B by HSBC, are subject to:

- (i) the procurement of the mandatory reports issued by the auditor of the Company and an auditor appointed by the Commercial Registry.
- (ii) the authorization of the Issue by the syndicate of credit entities of Prisa in concordance with the Override Agreement and with the majorities described in such agreement.
- (iii) the approval of the final terms and conditions of the Issue by the General Shareholders' Meeting of the Company.
- (iv) if applicable, the consent of any third party required under the existent financial indebtedness of Prisa in order to allow the subscribers of the Bonds to declare that their respective percentage of the credits to be capitalized are liquid, due and payable at the Closing Date for the purposes of the conversion into shares.
- (v) the non-occurrence of any material adverse change in the financial condition of the Company, and the non-existence of any suspension or material limitation in trading securities on any of the Spanish Stock Exchanges, the London Stock Exchange or the New York Stock Exchange.

The subscription of the Bonds that constitute the Issue will occur on the date on which the aforementioned conditions are met and the public deed regarding the Issue —which will be registered in the Commercial Registry— is executed (“**Closing Date**”).

The Creditor Institutions and the other creditors that apply for the subscription of the Bonds that constitute Tranche A and/or Tranche B may pay for and subscribe the Bonds by exchange of the following profit participating loans:

*(Free translation from the original in Spanish language)*

(A) Regarding Tranche A

- Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit granted by HSBC Bank plc to the Company on 31 December 2014 for a total amount of 12,878,070 Euros.
- Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit granted by CaixaBank, S.A., to the Company on 31 December 2014 for a total amount of 9,610,500 Euros.
- Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit owned by Títulos de Renta Fija, S.A., dated 31 December 2014 and for a total amount of 1,595,340 Euros.
- Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit owned by Suleyado 2003, S.L., dated 31 December 2014 and for a total amount of 1,595,340 Euros.
- Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit owned by Cantabra Inversiones, S.A., dated 31 December 2014 and for a total amount of 1,595,340 Euros.
- Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit owned by Cantabro Catalana de Inversiones, S.A., dated 31 December 2014 and for a total amount of 1,633,780 Euros.
- Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit owned by Fomento e Inversiones, S.A., dated 31 December 2014 and for a total amount of 1,595,340 Euros.
- Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit owned by Carpe Diem Salud, S.L., dated 31 December 2014 and for a total amount of 1,595,340 Euros.

(B) Regarding Tranche B

- Tranche of the profit participating loan mandatory under the facility agreement entered into by the Company and several financial institutions as lenders and HSBC Bank plc as agent bank and security agent, on 11 December 2013.

These credits, in the amounts their holders agree to use for subscription, will satisfy in the moment of their exchange the requirements established in article 301 of the Spanish Companies Act, as shown on the report prepared by the Board of Directors for that purpose. The compliance with the requirement of article 301 for the capitalisation of credits will be confirmed by the certificate issued in the form of a special report before the call of the General Shareholders' Meeting by the Company's auditor, Deloitte, S.L., a Spanish entity with registered office at Pablo Ruiz Picasso 1, Torre Picasso, 28020, with tax identification number (NIF) number B-79104469, which will be completed by an additional certificate that will be issued when the referred requirements are fully met. The report made by the Board of Directors has been issued in accordance with the following provisions of the Spanish Companies Act:

- article 414.2, regarding the bases and forms of exchange into shares;
- article 286, regarding the corresponding amendment of the articles of incorporation of the Company, in connection with article 297.1.a), regarding the

*(Free translation from the original in Spanish language)*

delegation in the Board of Directors of the power to set the date and conditions of the agreed capital increase; and

- article 301, applicable by way of analogy with regards to the subscription of the Bonds through the capitalization of credits.

Notwithstanding, it is provided the incomplete subscription of both tranches. Consequently, the Issue will be limited to the amount corresponding with the face value of the bonds effectively subscribed and paid by the investors, having no effects for the rest.

- 1.3. Issue price, face value and representation. The Bonds are issued at par, are in registered form, and have a unit face value of 10 Euros. The Bonds are of a single series and will be represented by registered nominative certificates.
- 1.4. Interest rate. The Bonds accrue an annual interest of 2.60% —corresponding with the applicable interest rate under the Override Agreement— from the date of their issue and by reference to the face value of the Bonds, payable at the Final Closing Date— except for cases of anticipated conversion, which will be payable at the conversion date— and in newly-issued common shares of Prisa.
- 1.5. Maturity date. The Bonds will have a term of 2 years, for which reason they will mature on the date two years after the Closing Date (“**Final Closing Date**”).

When the final maturity date arrives, the Bonds which have not been converted before will be converted mandatorily into newly-issued common shares of Prisa.

- 1.6. Bases for and forms of conversion of the Bonds
  - (a) Conversion of the Bonds. The Bonds are necessarily convertible after two years from the Closing Date. However, Prisa may request the early conversion of the Bonds, totally or partially, at any time after 12 months from the Closing Date, provided that the Company notifies the Commissionaire 15 days in advance. In this case, the Company shall issue the new shares of Prisa resulting from the Conversion Price, taking into account the accrued interests corresponding to the bondholders until the date in which the early conversion was requested, within the month following the request of early conversion.

Likewise, the bondholders will be able to individually request the early conversion of the bonds, totally or partially, if during the 12 months following the Closing Date (i) the Company issues or undertakes to issue new common shares or convertible bonds into common shares to be subscribed through monetary contributions and with pre-emptive rights; (ii) the Spanish Securities Market Regulator (*Comisión Nacional del Mercado de Valores*) authorizes a takeover bid over the shares of the Company; or (iii) the Company is declared in Bankruptcy. In these cases, the Company will issue the new common shares of Prisa resulting from the Conversion Price within the next month following the early conversion request, taking into account the accrued interests until the date in which the early conversion was requested, with enough time to participate, with regards to case (i), in the General Shareholders’ Meeting that in such case

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intends to approve the issue and, in any case, when the issue is subject to the approval of the Board of Directors, for the purposes of participating in the aforementioned issue.

After the 12 months following the Closing Date, the bondholders will be entitled to the same early conversion right, including in this case, for the purpose of the early conversion, the accrued interest until the date in which the early conversion was requested.

- (b) Conversion Price. The price of the Prisa shares for purposes of conversion will be 10 Euros (“**Conversion Price**”).

The Conversion Price will be adjusted, in the following circumstances, according to market standards and taking into account the economic effect that such circumstances may have to the value of the Bonds:

- (i) Free allocation of shares or warrants to the shareholders of the Company.
- (ii) Shares’ split or reverse split transactions.
- (iii) Capital increases by way of capitalisation of reserves, profits or issue premium through an increase in the par value of the shares.
- (iv) Distribution of reserves or issue premium, in cash or in kind.
- (v) Absorption, merger, spinoff or split-up.

Likewise, in the event that, during the 12 months following the Closing Date, (i) the Company executes a capital increase or an issue of convertible bonds into new common shares with pre-emptive rights, or (ii) the Company the issues or commits to issue new common shares or convertible bonds into new common shares to subscribe through monetary contributions and excluding pre-emption rights, in both cases with an issue or conversion price lower than the Conversion Price, the Conversion Price will be automatically adjusted to the price of this newly-issued common shares or convertible bonds.

For clarification purposes, the adjustment established in this subparagraph b) will not be applicable to the resolutions adopted in the General Meeting of Shareholders and to the issue of shares resulting from the exercise of the warrants approved by the General Meeting of Shareholders of Prisa that took place on 10 December 2013.

- (c) Conversion Rate.

The number of newly-issued common shares of Prisa that will be delivered to the bondholders will be determined by dividing the face value of the Bonds and the accrued interest by the Conversion Price on the conversion date. Thus, the conversion rate will be one newly-issued common share per Bond, plus the number of shares corresponding to the accrued interests, which will depend on the date of the conversion.

The share capital that would be needed to meet the needs of the conversion of all the Bonds, assuming that Tranche B is fully subscribed and that all the Bonds are converted into newly-issued common shares of Prisa on the Final Closing

*(Free translation from the original in Spanish language)*

Date, together with the accrued interests, amounts to 47,370,420 Euros, corresponding to the face value and the number of newly-issued common shares will be 15,790,140. In this case, the part of the capital contributions of the bondholders that corresponds with the premium would rise to 110,530,980 Euros.

1.7. Other terms and conditions

- (a) Security. The Issue is secured by the property of the Company, not being specially secured by any third party guarantee.
- (b) Rules governing priority. The Bonds are direct and unconditional obligations, contractually subordinated to the Company's bank syndicated indebtedness derived from the Override Agreement and otherwise unsubordinated and ranking pari-passu and pro-rata, without any preference, among them or with regards to other existing or future unsecured and unsubordinated debts of the Company, except for, in the case of bankruptcy, those debts that may enjoy a priority as provided in mandatory laws of general application.
- (c) Transferability and admission to trading. The Bonds will only be freely transferable after 12 months of the Closing Date. Admission to trading of the Bonds will not be sought on any secondary market.

1.8. Syndicate of Bondholders and Commissioner

A Syndicate of Bondholders is formed under the name "**Syndicate of Bondholders for the 2016 Convertible Bond Issue of Promotora de Informaciones, S.A.**", which will act in accordance with its Regulations and the Spanish Companies Act. Fernando Martínez Albacete is appointed as temporary Commissioner. The content of the regulations will be substantially as attached to these resolutions as **Annex 1**, notwithstanding what provided in articles 419 et seq. of Spanish Companies Act.

**B. Absence of pre-emption rights**

There will be no pre-emption rights, in accordance with article 416.2 in connection with article 304 of the Spanish Companies Act, which specifies that only in capital increases—in this case, issue of convertible bonds—with newly-issued shares with charge to monetary contributions are the shareholders entitled to subscribe a number of newly-issued shares in proportion to the face value of the shares they already own. Therefore, being this the case of a capital increase through the capitalization of credits set out in article 301 of the Spanish Companies Act and, consequently, not being there any monetary contribution, there will be no pre-emption rights in favour of the shareholders.

**C. Resolution to increase capital as necessary to cover conversion of the Bonds**

In accordance with the provisions of article 414 of the Spanish Companies Act, it is resolved to increase the Company's capital by the amount necessary to cover such conversion of Bonds up to an initially contemplated maximum of 15,790,140 newly-issued common shares of Prisa, corresponding to the maximum number of shares to be

*(Free translation from the original in Spanish language)*

issued by the Company based on the Conversion Price, but subject to such possible changes as may occur as a result of adjustments of the Conversion Price as set forth in this agreement and the total subscription of the Bonds Issue.

The aforesaid capital increase will be implemented by the Board of Directors or, in the event of delegation, by any of its members, Delegate Commission, the President and the Chief Executive Officer, by issuing new common shares having the same par value and the same rights as the outstanding common shares on the date of implementation of the corresponding resolution increasing capital. When the Board of Directors so implements this resolution it will redraft the article of the Bylaws related to capital.

The final number of newly-issued common shares that will be issued upon exercise of the conversion right will be determined by dividing the face amount of the subscribed Bonds and the accrued interests by the Conversion Price in effect on the pertinent conversion date.

In accordance with the provisions of article 304.2. of the Spanish Companies Act, the shareholders of the Company will have no pre-emption right as regards the capital increases resulting from conversion of the Bonds into shares of Prisa.

It is resolved to apply for admission to trading of the newly-issued common shares on the Madrid, Barcelona, Bilbao and Valencia stock exchanges through the Exchange Interconnection System (Continuous Market). The Board of Directors is authorised in turn to delegate to the Delegate Commission, the President and the Chief Executive Officer so that any of them, without distinction, may make the corresponding applications, prepare and present all appropriate documents on the terms they deem to be appropriate and take such actions as may be necessary to that end.

#### **D. Reports and Terms and Conditions**

From the time of the publication of the notice of call to the General Meeting the corresponding proposed text of the resolution has been made available to the Company's shareholders, as have, for the purposes contemplated in article 286 in relation to the articles 297.1.a), 414 and 301 of the Spanish Companies Act, the explanatory report of the proposed resolution issued by the Board of Directors, the certification issued as special report by the Company's auditor for the purposes of the article 301 of the Spanish Companies Act and the required report of the Auditor other than the Company's auditor appointed by the Commercial Registry.

#### **E. Delegation of authority**

Without prejudice to the specific delegations of authority set forth in the preceding sections, it is resolved to authorise the Board of Directors as broadly as required by law, with express authority to sub-delegate to the Delegate Commission, the President and the Chief Executive Officer so that any of them, without distinction, may implement this resolution, in particular, by way of illustration and not limitation, being authorised:

- (a) to determine the date or dates of issue; the subscription procedure; to develop the bases for and forms of conversion and, in general, to set any other condition of the Issue, specifying all issues non covered herein (in particular, agree with the

*(Free translation from the original in Spanish language)*



Creditor Institutions and the other creditors that are part of the Override Agreement on the final terms and conditions of the Bonds and adapt, if applicable, the Regulations of the Syndicate of Bondholders for the 2016 Convertible Bond Issue of Promotora de Informaciones, S.A.); to adopt the decisions to be made by the Company pursuant to the Issue over the terms thereof;

- (b) to implement the resolution to increase the Company's capital by issuing and placing in circulation, on one or more occasions, the common shares of Prisa representative thereof that are necessary to carry out the conversion of the Bonds, and to redraft the article of the regulations related to capital, leaving the part of that capital increase that is not necessary for the conversion into common shares of Prisa with no effect, and to apply for admission to trading of the common shares of Prisa so issued on the Madrid, Barcelona, Valencia and Bilbao Stock Exchanges, through the Exchange Interconnection System (Continuous Market);
- (c) to publish the notices related to the Issue, if applicable, to appear before a notary and execute the corresponding public deed of issue of the Bonds covered by this resolution, as well as the notarial certification of subscription and closing of the Issue, if the subscription is documented separately, and to request registration of the aforesaid public deed and notarial certification, if any, in the Commercial Registry. Also, to draft and file any notice or documentation that is necessary or required in respect of the Bonds with any agency, management centre or authority;
- (d) to negotiate and sign or, if applicable, countersign or acknowledge, on the terms it deems to be most appropriate, such contracts as may be required with the financial institutions, if any, participating in the issue and placement of the Bonds;
- (e) on behalf of Prisa to execute such public or private documents as may be necessary or appropriate for the issue of the Bonds covered by this resolution and, in general, to take such actions as may be necessary for implementation of this resolution and effective placement of the Bonds; and
- (f) to correct, clarify, interpret, specify or supplement the resolutions adopted by the General Shareholders Meeting, in such deeds or documents as may be executed in implementation thereof and, in particular, such defects, omissions or errors, substantive or formal, as may prevent entry of the resolutions and the consequences thereof in the Commercial Registry, Official Registries of the National Securities Market Commission, or any others.

*(Free translation from the original in Spanish language)*

**ANNEX I**

**BYLAWS OF THE SYNDICATE OF BONDHOLDERS FOR THE 2016  
CONVERTIBLE BOND ISSUE OF PROMOTORA DE INFORMACIONES, S.A.**

*(Free translation from the original in Spanish language)*

**REGULATIONS OF THE SYNDICATE OF BONDHOLDERS**  
*ISSUE OF MANDATORILY CONVERTIBLE BONDS*

**TITLE I: INCORPORATION, NAME, PURPOSE, ADDRESS AND  
DURATION OF THE SYNDICATE OF BONDHOLDERS**

**Article 1. Incorporation**

The syndicate of Bondholders of the issue of mandatorily convertible bonds into new common shares of Promotora de Informaciones, S.A. (hereinafter, the “**Bonds**” and the “**Company**”) shall be incorporated, once the Public Deed of the Issue has been filed, among the subscribers of the Bonds as the new titles are received.

The Syndicate of Bondholders shall be governed by these Regulations and by the consolidated version of the Capital Companies Act and other applicable legislation.

**Article 2. Name**

The syndicate shall be named “Syndicate of Bondholders of the Issue of Convertibles and/or Exchangeable Bonds of Promotora de Informaciones, S.A. 2016”.

**Article 3. Purposes**

The Syndicate of Bondholders is formed for the purpose of protecting the lawful interest of Bondholders vis-à-vis the Company, by means of the exercise of the rights granted by the applicable laws and the present Regulations.

**Article 4. Address**

The address of the Syndicated shall be located at Gran Vía 32, 28013, Madrid, Madrid.

**Article 5. Duration**

The Syndicate of Bondholders will last until the maturity date of the Bonds, i.e. 2 years since the subscription date, unless if the early conversion of all the bonds takes place, in such case the Syndicate will expire at the date it took place.

**Article 6. Syndicate management bodies**

The management bodies of the Syndicate are:

- a) The General Meeting of Bondholders; and
- b) The Commissary.

**TITLE II.- THE GENERAL MEETING OF BONDHOLDERS**

**Article 7. Legal nature**

*(Free translation from the original in Spanish language)*

The General Meeting of Bondholders, duly called and constituted, is the body of expression of the Bondholders' will and its resolutions are binding for all the Bondholders in the way legally stated.

**Article 8. Calling**

The General Meeting shall be convened by the Board of Directors of the Company or by the Commissary, when they may deem it convenient.

Nevertheless, the Commissary shall convene a General Meeting when Bondholders holding at least the twentieth of the bonds in circulation so request it in writing, expressly indicating the purpose of the calling. In such case, the meeting shall be held in the following month of the receipt of the written notice by the Commissary.

**Article 9. Procedure for convening meetings**

The General Meeting of Bondholders shall be convened by an individual written communication to each of the Bondholders, at least one month before the date set for the meeting and by notice published, likewise, at least a month before the date set for the meeting, in the web site of the Company. The notice shall state the place and the date for the meeting, the agenda for the meeting and the way in which ownership of Bonds shall be proved in order to have the right to attend the meeting.

**Article 10. Right to attend meetings**

Bondholders who have acquired this condition not less than 5 trading days prior to the date of the general meeting shall be entitled to attend such meeting. The members of the Board of Directors of the Company shall have the right to attend the meeting even if they have not been requested to attend. The Commissary shall attend the meeting even if he did not convene the meeting.

**Article 11. Proxies**

All Bondholders with a right to attend General Meetings shall be entitled to delegate their representation to any other Bondholder. The right to represent shall be conferred in writing for each meeting. Under no circumstances will the Bondholders be allowed to delegate their representation to a member of the Board of Directors, even if they are Bondholders.

**Article 12. Voting rights**

Each Bond entitles its owner to one voting right in proportion to the unamortized face value of the Bonds he or she holds.

**Article 13. Approval of resolutions**

Resolutions shall be approved by the absolute majority of the issued votes. Exceptionally, amendments regarding the maturity of the Bonds, the conditions governing the reimbursement of the face value or the conversion will require the favorable vote of two thirds of the outstanding Bonds.

*(Free translation from the original in Spanish language)*

The resolutions approved by the General Meeting of Bondholders are binding for all the Bondholders, including nonconforming Bondholders and those that did not attend the meeting.

**Article 14. Challenging of resolutions**

The resolutions approved by the General Meeting of Bondholders may be challenged by the Bondholders in accordance with the rules for challenging corporate resolutions established by the law.

**Article 15. President of the General Meeting**

The Commissary shall be the president of the General Meeting and shall chair the discussions and shall have the right to bring the discussions to an end when he considers it convenient and shall put matters to the vote.

**Article 16. Attendance list**

Before entering the agenda for the meeting, the Commissary shall form the attendance list, stating the representation of each of them and, if applicable, the number of Bonds at the meeting both directly owned and/or represented.

**Article 17. Powers of the General Meeting**

The General Meeting may pass resolutions necessary:

- a) For the best protection of Bondholders' lawful interest vis-à-vis the Company;
- b) To dismiss or appoint the Commissary and, if applicable, the deputy Commissary;
- c) To exercise, when appropriate, the corresponding legal claims; and
- d) To approve the expenses caused by the defense of the Bondholder's interest.

**Article 18. Minutes**

The minutes of the General Meeting of Bondholders may be approved by the general meeting after the meeting has been held, or, failing this, and within a fifteen days term, by the Commissary and two Bondholders appointed for such purpose by the general meeting.

**Article 19. Certificates**

The certificates of the minutes shall be issued by the Commissary or its substitute.

**Article 20. Individual exercise of actions**

The Bondholders will only be entitled to individually exercise judicial or extrajudicial claims when such claims do not contradict the resolutions adopted by the Syndicate within its powers and are compatible with the powers conferred upon the Syndicate.

*(Free translation from the original in Spanish language)*

### **Article 21. Collective exercise of actions**

The procedures or actions affecting the general interest of the Bondholders may only be addressed on behalf of the Syndicate under an authorization of the General Meeting of Bondholders, and shall compel all the Bondholders, without distinction, except for the right to challenge the General Meeting resolutions established by law.

Any Bondholder willing to promote a claim of this nature, must submit it to the Commissary of the Bondholders, who shall convene the General Meeting, if he estimates the claim based.

If the General Meeting rejects the proposition of the Bondholder, no other Bondholder could file the claim, in particular interest, to the Courts of Justice, unless there is a clear contradiction with the resolutions and the Regulations of the Syndicate.

## **TITLE III.- COMMISSARY**

### **Article 22. Nature of the Commissary**

The Commissary is the representative of the Syndicate and shall be the body for liaison between the Syndicate and the Company, in accordance with the law.

### **Article 23. Regime applicable to the Commissary**

The issuing company will determine the retribution of the Commissary. The Commissary will protect the common interests of the Bondholders and, besides the powers to which he or she is entitled by virtue of the Deed of Issue or by law, the Commissary will have the powers attributed by the General Meeting of Bondholders.

### **Article 24. Powers**

The Commissary shall have the following powers:

- (a) To attend, where appropriate, to the granting of the resolution of issue and subscription on behalf of the Bondholders and to protect their common interest;
- (b) To convene and chair the General Meeting of Bondholders;
- (c) To inform the Company of the resolutions passed by the Syndicate;
- (d) To control the payment of the remuneration, as well as any payment shall be made to the Bondholders by any concept;
- (e) To execute the resolutions of the General Meeting of Bondholders;
- (f) To exercise the actions corresponding to the Syndicate; and
- (g) In general, the ones granted to him in the Law and the present Regulations.

### **Article 25. Deputy Commissary**

The General Meeting may appoint a Deputy Commissary that shall replace the Commissary in the absence of performance of its function.

The Company may appoint provisionally a Deputy Commissary at the time to adopt the resolution for the issue of Bonds, which may be ratified by the General Meeting of Bondholders.

*(Free translation from the original in Spanish language)*

## **TITLE IV.- JURISDICTION**

### **Article 26. Jurisdiction**

For any dispute relating with the Syndicate that may be raised, the Bondholders shall submit to the courts and tribunals of the city of Madrid, with express waiver of their own forum. This submission is without prejudice to the imperative forum that may be applicable in accordance with current legislation.

*(Free translation from the original in Spanish language)*

## **FIVE**

### **5.1. Fixing the number of Directors. Appointment of Directors.**

Pursuant to Article 19 of the bylaws, the number of members of the Board of Directors shall be set at seventeen (17).

### **5.2. Ratification of the appointment by cooptation and election of Director Mr Khalid Bin Thani Bin Abdullah Al Thani.**

After a report from the Appointments and Remuneration Committee the Board of Directors proposes ratification of the appointment by co-option of Mr. Khalid Bin Thani Bin Abdullah Al Thani made by the Board of Directors meeting of 18 December 2015, to fill one of the vacancies on the Board after the resignation of Mr. Fernando Abril-Martorell Hernández and, on proposal of that committee, his appointment as a proprietary director of the Company, for the purposes of article 529 duodecies of the Capital Companies Act.

It is resolved to ratify the appointment by co-option of Mr. Khalid Bin Thani Bin Abdullah Al Thani, made by the Board of Directors meeting of 18 December 2015, and it is resolved to elect him as a director of the Company for the legal and bylaws term of four years, effective from the date of adoption of this resolution.

### **5.3. Ratification of the appointment by cooptation and election of Director Mr Joseph Oughourlian.**

After a report from the Appointments and Remuneration Committee the Board of Directors proposes ratification of the appointment by co-option of Mr. Joseph Oughourlian made by the Board of Directors meeting of 18 December 2015, to fill one of the vacancies on the Board after the resignation of Mr. Emmanuel Román and, on proposal of that committee, his appointment as a proprietary director of the Company, for the purposes of article 529 duodecies of the Capital Companies Act.

It is resolved to ratify the appointment by co-option of Mr. Joseph Oughourlian made by the Board of Directors meeting of 18 December 2015, and it is resolved to elect him as a director of the Company for the legal and bylaws term of four years, effective from the date of adoption of this resolution.

### **5.4. Reelection of Mr. Juan Luis Cebrián Echarri as director.**

After a report from the Appointments and Remuneration Committee, and the term having elapsed for which he was appointed as a director in accordance with article 222 of the Capital Companies Act, the Board of Directors proposes to re-elect Mr. Juan Luis Cebrián Echarri as a director of the Company and, on proposal of that Committee, with the classification of an executive director of the Company, for purposes of article 529 duodecies of the Capital Companies Act.

It is resolved to re-elect Mr. Juan Luis Cebrián Echarri as a director of the Company for the legal and bylaws term of four years.

*(Free translation from the original in Spanish language)*



### **5.5. Reelection of Mr. Manuel Polanco Moreno as director.**

After a report from the Appointments and Remuneration Committee, and the term having elapsed for which he was appointed as a director in accordance with article 222 of the Capital Companies Act, the Board of Directors proposes to re-elect Mr. Manuel Polanco Moreno as a director of the Company and, on proposal of that Committee, with the classification of an executive director of the Company, for purposes of article 529 duodecies of the Capital Companies Act.

It is resolved to re-elect Mr. Manuel Polanco Moreno as a director of the Company for the legal and bylaws term of four years

### **5.6. Reelection of Mr. Gregorio Marañón y Bertrán de Lis as director.**

After a report from the Appointments and Remuneration Committee, and the term having elapsed for which he was appointed as a director in accordance with article 222 of the Capital Companies Act, the Board of Directors proposes to re-elect Mr. Gregorio Marañón y Bertrán de Lis as a director of the Company and, on proposal of that Committee, with the classification of an other external director of the Company, for purposes of article 529 duodecies of the Capital Companies Act.

It is resolved to re-elect Mr. Gregorio Marañón y Bertrán de Lis as a director of the Company for the legal and bylaws term of four years.

### **5.7. Reelection of Mr. Alain Minc as director.**

On proposal of the Appointments and Remuneration Committee after a report from the Corporate Governance Committee, and the term having elapsed for which he was appointed as a director in accordance with article 222 of the Capital Companies Act, the Board of Directors proposes to re-elect Mr. Alain Minc as a director of the Company and, on proposal of the Appointments and Remuneration Committee, with the classification of an independent director of the Company, for purposes of article 529 duodecies of the Capital Companies Act.

It is resolved to re-elect Mr. Alain Minc as a director of the Company for the legal and bylaws term of four years.

### **5.8. Reelection of Mr. Ernesto Zedillo y Ponce de León as director.**

On proposal of the Appointments and Remuneration Committee after a report from the Corporate Governance Committee, and the term having elapsed for which he was appointed as a director in accordance with article 222 of the Capital Companies Act, the Board of Directors proposes to re-elect Mr. Ernesto Zedillo y Ponce de León as a director of the Company and, on proposal of the Appointments and Remuneration Committee, with the classification of an independent director of the Company, for purposes of article 529 duodecies of the Capital Companies Act.

It is resolved to re-elect Mr. Ernesto Zedillo y Ponce de León as a director of the Company for the legal and bylaws term of four years.

*(Free translation from the original in Spanish language)*

### **5.9. Appointment of Mr Glen Moreno as Director.**

On proposal of the Appointments and Remuneration Committee after a report from the Corporate Governance Committee, the Board of Directors proposes to appoint as a director of the Company Mr. Glen Moreno, on proposal of the Appointments and Remuneration Committee with the classification of an independent director of the Company, for the purposes of article 529 duodecies of the Capital Companies Act.

It is resolved to elect Mr. Glen Moreno as a director of the Company for the legal and bylaws term of four years.

### **5.10. Appointment of Ms Elena Pisonero Ruiz as Director.**

On proposal of the Appointments and Remuneration Committee, after a report from the Corporate Governance Committee, the Board of Directors proposes the appointment of Ms. Elena Pisonero Ruiz as a director of the Company and, on proposal of the Appointments and Remuneration Committee, with the classification of an independent director of the Company, for purposes of article 529 duodecies of the Capital Companies Act.

It is resolved to elect Ms. Elena Pisonero Ruiz as a director of the Company for the legal and bylaws term of four years.

### **5.11. Appointment of Ms Blanca Hernández Rodríguez as director**

On proposal of the Appointments and Remuneration Committee, after a report from the Corporate Governance Committee, the Board of Directors proposes the appointment of Ms. Blanca Hernández Rodríguez as a director of the Company and, on proposal of the Appointments and Remuneration Committee, with the classification of an independent director of the Company, for purposes of article 529 duodecies of the Capital Companies Act.

It is resolved to elect Ms. Blanca Hernández Rodríguez as a director of the Company for the legal and bylaws term of four years.

### **5.12. Appointment of Mr Alfonso Ruiz de Assin Chico de Guzmán as director**

On proposal of the Appointments and Remuneration Committee after a report from the Corporate Governance Committee, the Board of Directors proposes to appoint as a director of the Company Mr. Alfonso Ruiz de Assin Chico de Guzmán, on proposal of the Appointments and Remuneration Committee with the classification of an independent director of the Company, for the purposes of article 529 duodecies of the Capital Companies Act.

It is resolved to elect Mr. Alfonso Ruiz de Assin Chico de Guzmán as a director of the Company for the legal and bylaws term of four years.

*(Free translation from the original in Spanish language)*

## 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 2015 and how will apply during the year 2016, whose full text was made available to the shareholders along with the rest of the documentation of this general meeting.

By virtue of the terms of the Transitional Provision of Act 31/2014 of 3 December 2014 and for the purposes of the provisions of article 529 *novodecies* of the Capital Companies Act, the Company's remuneration policy was approved by the Ordinary Shareholders' Meeting held on April 20, 2015, for the next three years, unless it is previously amended.

## **SEVEN**

### **Information to the Shareholders on amendments to the Regulations of the Board of Directors.**

In accordance with Article 528 of Companies Act, the General Shareholders Meeting is informed that the Regulation of the Board of Directors of Promotora de Informaciones, SA has been amended by resolution of the Board of Directors held on December 18, 2015, in the terms explained in the report that the Board has made available to the shareholders when convened this Shareholders Meeting.

*(Free translation from the original in Spanish language)*

## TWELVE

### **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 Jose Luis Sainz Díaz, the Secretary Mr Antonio García-Mon Marañes 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 OF THE BOARD OF DIRECTORS OF PROMOTORA DE INFORMACIONES, S.A., REGARDING THE PROPOSED RESOLUTION FOR THE ISSUE OF SUBORDINATED BONDS MANDATORILY CONVERTIBLE INTO NEWLY-ISSUED SHARES OF PROMOTORA DE INFORMACIONES, S.A., AND SUBSCRIPTION THROUGH THE CAPITALIZATION OF CREDITS, TO BE INCLUDED IN THE EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS CALLED TO BE HELD ON 31 MARCH 2016, ON FIRST CALL, AND ON 1 APRIL 2016 ON SECOND CALL.**

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**I. Introduction**

The present report is prepared in relation with the proposed resolution for the issue of subordinated bonds mandatorily convertible into newly-issued shares of Promotora de Informaciones, S.A. (“**Prisa**” or the “**Company**”), without pre-emption rights and subscription by way of exchange of loans, which shall be called the Mandatory Convertible Bonds Issue (the “**Bonds**”), and which will be subject to the consideration of the extraordinary Meeting of Shareholders of Prisa called for 31 March 2016, on first call, and on 1 April 2016 on second call.

**II. Object of the report. Description of the transaction**

The proposed resolution refers to the issue of Bonds mandatorily convertible into newly-issued shares of Prisa in two tranches, Tranche A in an amount of 32,099,050 Euros and Tranche B in a maximum amount of 117,900,950 Euros, without pre-emption rights and subscription by way of exchange, (i) in case of Tranche A, of loans held by HSBC Bank plc (“**HSBC**”), Títulos de Renta Fija, S.A., Suleyado 2003, S.L., Cantabra de Inversiones, S.A., Cantabro Catalana de Inversiones, S.A., Fomento e Inversiones, S.A., y Carpe Diem Salud, S.L. (“**Funds linked to Banco Santander**”) and CaixaBank, S.A. (“**CaixaBank**”), financial creditors of the Company (jointly, the “**Creditor Institutions**”) and (ii), in the case of Tranche B, of profit participating loans held by credit entities by virtue of the restructuring agreement subject to English law entered into by Prisa and a syndicate of credit entities on 11

December 2013, of which HSBC acts as agent bank (the “**Override Agreement**”) (the “**Issue**”).

The referred proposed resolution will be submitted to the approval, under item of the extraordinary General Meeting of shareholders to be held on 31 March 2016 on first call, or, if no quorum is present, on 1 April 2016 on second call.

This report is prepared by the Board of Directors of Prisa in compliance with the provisions of the following articles of the Consolidated Text of the Spanish Companies Act, approved by the Royal Legislative Decree 1/2010, of 2 July (the “**Spanish Companies Act**”):

- article 414.2, regarding the bases for and forms of conversion into shares;
- article 286, regarding the corresponding articles amendment in connection with article 297.1.a), regarding the delegation to the Board of Directors of the authority to determine the date and condition of the approved capital increase; and
- article 301, applicable by analogy for purposes of subscription of Bonds by way of exchange of loans.

In order to be in a position to cover conversions of the Bonds, the proposed resolution submitted to the extraordinary General Meeting also includes a proposed capital increase, in the necessary amount, with delegation of implementation to the Board of Directors in concordance with the provisions of articles 297.1.a) of the Spanish Companies Act.

Given the characteristics of the Issue and the capital increase, explained in detail below, and pursuant to article 304 of the Spanish Companies Act, there will be no pre-emption rights in favour of the Shareholders in the Bonds Issue.

An explanation of the transaction proposed to the General Meeting and the reasons justifying the Issue is first set forth below for the shareholders. Thereafter the reports contemplated in the Spanish Companies Act for purposes of articles 414.2, 286 in connection with 297.1.a) and 301 are issued jointly, albeit stated in separate sections. Finally, the final section sets forth the proposed resolution for the Issue that will be submitted for approval of the extraordinary General Meeting.

### **III. Description, context of the Issue and reasons for the transaction**

The subscription and payment of the capital increase of Prisa by International Media Group, S.à r.l., for an amount of 64,000,000 Euros, executed on 2 December 2015, considerably benefited Prisa and, consequently, its shareholders, given the reinforcement of the financial and capital structure of the Company, as well as of its equity.

Nevertheless, with the aim of continuing with the strengthening of the capital structure of Prisa, the Board of Directors has reached an agreement with the Creditor Institutions that will contribute to the improvement of the capital ratios of the Company. Therefore, after the appropriate analysis of the financial structure of the Company, it has been deemed appropriate to continue with the adoption of measures to improve Prisa's solvency and strengthen its economic stability, and to that end it is necessary to adopt resolutions that make it possible to:

- (i) Reduce the cash needs for debt service and improve the ratio of indebtedness to net worth.
- (ii) Strengthen net worth.
- (iii) Improve the schedule for principal and interest payments on financial indebtedness.
- (iv) Facilitate the entry of new investors.

In this regard, in view of the interest shown by certain creditors of the Company in subscribing the Bonds, and ultimately, becoming shareholders, it is believed that it is appropriate to propose the approval of the Issue to the General Shareholders' Meeting.

In particular, the Company has received from HSBC, CaixaBank and the Funds linked to Banco Santander commitments to subscribe the Bonds included in the Tranche A of the Issue, subject to the conditions described on section IV.7 below, for the entire amount of the aforementioned tranche, this is, 32,099,050 Euros, in accordance with the following distribution:

- HSBC: 12,878,070 Euros
- CaixaBank: 9,610,500 Euros
- Títulos de Renta Fija, S.A.: 1,595,340 Euros



- Suleyando 2003, S.L.: 1,595,340 Euros
- Cantabra de Inversiones, S.A.: 1,595,340 Euros
- Cantabro Catalana de Inversiones, S.A.: 1,633,780 Euros
- Fomento e Inversiones, S.A.: 1,595,340 Euros
- Carpe Diem Salud, S.L.: 1,595,340 Euros

Likewise, the Company has received from HSBC the commitment to subscribe 68,086,000 Euros out of the 117,900,950 Euros that comprise Tranche B of the Issue, also subject to the conditions explained on Section IV.7 below. Notwithstanding the foregoing, Tranche B of the Issue will be offered to other financial creditors of the Company that hold profit participating loans (*Mandatory PPL*) by virtue of the Override Agreement. If other financial creditors part of the Override Agreement were interested in exchanging their respective profit participating loan credits in Tranche B of the Issue for an aggregated amount greater than 49,814,950 Euros, the amount to subscribe by HSBC will be reduced, distributing the issued Bonds within Tranche B among the applications presented by the subscribing entities proportionally to their corresponding percentage in the Override Agreement.

Moreover, pursuant to article 304 of the Spanish Companies Act, there will be no pre-emption rights in the Issue in favour of the shareholder of the Company.

Finally, the Board of Directors believes that the aforesaid transaction is consistent with the corporate interest of the Company, and ensures achieving the objectives pursued, for the following reasons:

- (i) In the first place, given the fact that the Bonds are convertible at any time after 12 months from the Closing Date by request of the Company (as explained below) and mandatorily convertible on the Final Maturity Date, they will result, from the date of the Issue, in a reduction of indebtedness in the amount of the credits and profit participating loans exchanged and improvement of the ratio of indebtedness to net worth.
- (ii) In the second place, the Issue will allow Prisa to significantly increase its equity and to strengthen its balance sheet.

- (iii) In the third place, the costs associated with this transaction, aimed at previously identified creditors, are lower than those of transactions that require an allocation process, since no coordinating, book-running or underwriting commissions are paid.
- (iv) In the fourth place, a different structure to the one proposed in this report, such as a convertible bonds issue with pre-emption rights or an accelerated bookbuild offering, would delay the deleveraging and debt reduction process.
- (v) Finally, this transaction will involve an improvement in the market's perception of the group of the Company, because the entry of capital into the Company, which is guaranteed by the mandatory convertible character of the Bonds, and the capital entries that took place on July 2014 and December 2015, demonstrate an improvement in the growth perspectives of Grupo Prisa and an increase of trust in its strategy and in the measures adopted within the debt reduction process, always pursuing the continuity of the business of the group.

#### **IV. Report for purposes of article 414.2 of the Spanish Companies Act**

To achieve the stated objectives, an agreement to issue the Bonds has been entered into with the Creditor Institutions and, where appropriate, with other financial institutions part of the Override Agreement, the essential terms of which, including the bases for and forms of conversion of the Bonds, are set forth below:

##### **1. Information of the issuer entity**

The issuer is Promotora de Información, S.A.; of Spanish nationality and with registered office at Madrid, calle de Gran Vía, number 32.

The share capital amounts to 235,007,874 Euros, fully subscribed and paid-up. The share capital is divided into 78,335,958 common shares, with a nominal value of three Euros each, and numbered from 1 to 78,335,958.

Prisa's corporate purpose consists in:

- a) Management and operating all types of owned or third-party news and social communications media, regardless of format, including the publication of printed newspapers, among others.

- b) Promoting, planning and executing, on behalf of the Company or for other entities, either directly or through third parties, of all types of communications media, industrial, commercial and of services projects, transactions or business.
- c) Incorporating business or companies, participating in already existing companies, even with a controlling interest, and enter into association with third parties in transactions and business through collaboration arrangements.
- d) Acquisition, holding either direct or indirectly, leasing or any otherwise exploiting and disposing of all types of real property and rights therein.
- e) Contracting and providing advisory, acquisition and management services, either through intermediation, representation or any other type of collaboration method on the Company's behalf or for third parties.
- f) Involvement in capital and money markets through the management, purchase and sale of fix-income or equity securities or any other type of securities on behalf of the Company.

## **2. Amount of the Issue**

The Issue will be made in two tranches:

- a) Amount of the Tranche A of the Issue. The amount of the Tranche A of the Issue will total 32,099,050 Euros and will be subscribed by the Creditor Institutions. The amount of Tranche A will be increased by the amount of the payable interests accrued by the loans exchanged for the issue until the Closing Date (as defined below).
- b) Amount of the Tranche B of the Issue. The amount of the Tranche B of the Issue will amount to a maximum of 117,090,950 Euros, out of which HSBC has committed to subscribe 68,086,000 Euros. Notwithstanding the foregoing, Tranche B of the Issue will be offered to all the financial creditors of the Company that hold profit participating loans (*Mandatory PPLs*) by virtue of the Override Agreement. If other financial creditors part of the Override Agreement were interested in exchanging their respective profit participating loan credits in Tranche B of the Issue for an aggregated amount greater than 49,814,950 Euros, the amount to subscribe by HSBC will be

reduced, distributing the issued Bonds within Tranche B among the applications presented by the subscribing entities proportionally to their corresponding percentage in the Override Agreement. Furthermore, in the case that the amount of Tranche A is increased as a consequence of the accrual of interest as described on the previous letter a), and as a consequence of such increase the aggregated amount of Tranche A and Tranche B exceeds 150,000,000 Euros, the amount of Tranche B will be reduced until the aggregated amount equals 150,000,000 Euros.

The issue will be governed by the provisions of the Spanish Companies Act and the Bylaws of the Company.

According to the article 407 of the Companies Capital Law, the Bonds Issue shall be in public deed with the following provisions:

- a) Name, corporate purpose and share capital of the issuer, stating if it has been fully paid. If there were outstanding bonds or debentures, those pending total or partial amortization, conversion or exchange shall be stated, expressing their amount.
- b) The statement of the corporate body that resolved on the Bonds Issue and the date on which the resolution was taken.
- c) The total amount of the Issue and the number of Bonds that comprise it, specifying if they are represented in registered form or in book-entry form.
- d) The face value of the issued Bonds, as well as the accrued interests or the formula for determining the interest rate, premiums, batches and any other benefit, if any.
- e) The regulations on the organization and functioning of the syndicate of bondholders and its relations with the issuer.
- f) The amortization regime of the Bonds, specifying the conditions and the terms in which the amortization will take place.

### **3. Subscription and payment**

- a) Subscription and payment of the Tranche A of the Issue. The Bonds that constitute the Tranche A of the Issue will be subscribed by HSBC, CaixaBank and the Funds linked to Banco Santander when the conditions of the Section IV.7. below have been met and

the public deed—which will be registered in the Commercial Registry— has been granted (“**Closing Date**”).

As previously explained, the Company has received from HSBC, CaixaBank and the Funds linked to Banco Santander commitments to subscribe the Bonds for the entire amount of Tranche A, subject to the conditions included in Section IV.7 below. The amount of Tranche A will be increased by an the amount of the payable interests accrued by the loans exchanged for the issue until the Closing Date.

The subscription of the total amount of the Tranche A of the Issue, this is 32,099,050 Euros, will be allocated among HSBC, CaixaBank and the Funds linked Banco Santander as follows:

- HSBC: 12,878,070 Euros
- CaixaBank: 9,610,500 Euros
- Títulos de Renta Fija, S.A.: 1,595,340 Euros
- Suleyando 2003, S.L.: 1,595,340 Euros
- Cantabra de Inversiones, S.A.: 1,595,340 Euros
- Cantabro Catalana de Inversiones, S.A.: 1,633,780 Euros
- Fomento e Inversiones, S.A.: 1,595,340 Euros
- Carpe Diem Salud, S.L.: 1,595,340 Euros

- b) Subscription and payment of the Tranche B of the Issue. The Bonds that constitute the Tranche B of the Issue are aimed to all the financial creditors of the Company that hold profit participating loans (*Mandatory PPLs*) by virtue of the Override Agreement and will be subscribe on the Closing Date. As previously explained, the amount of the Tranche B of the Issue will amount to a maximum of 117,900,950 Euros, out of which HSBC has committed to subscribe 68,086,000 Euros. If other financial creditors part of the Override Agreement were interested in exchanging their respective profit participating loan credits in Tranche B of the Issue for an aggregated amount greater than 49,814,950 Euros, the amount to subscribe by HSBC will be reduced, distributing

the issued Bonds within Tranche B among the applications presented by the subscribing entities proportionally to their corresponding percentage in the Override Agreement. Furthermore, in the case that the amount of Tranche A is increased as a consequence of the accrual of interest as described on the previous letter a), and as a consequence of such increase the aggregated amount of Tranche A and Tranche B exceeds 150,000,000 Euros, the amount of Tranche B will be reduced until the aggregated amount equals 150,000,000 Euros.

The possibility of incomplete subscription of both tranches of the Issue is expressly provided. As a result, the Issue will be limited to the amount corresponding to the face value of the Bonds effectively subscribed and paid for by the investors to which it is addressed, being of no effect as regards the remainder.

#### **4. Absence of pre-emption rights**

There will be no pre-emption rights, in accordance with article 416.2 in connection with article 304 of the Spanish Companies Act, which specifies that only in capital increases—in this case, issue of convertible bonds—with newly-issued shares with charge to monetary contributions are the shareholders entitled to subscribe a number of newly-issued shares in proportion to the nominal value of the shares they already own. Therefore, being this the case of a capital increase through the capitalization of credits set out in article 301 of the Spanish Companies Act and, consequently, not being there any monetary contribution, there will be no pre-emption rights in favour of the shareholders.

#### **5. Issue price, face value and representation**

The Bonds will be issued at par, in registered form, and have a unit face value of 10 Euros.

#### **6. Interest rate**

It is proposed that the Bonds accrue an annual interest of 2.60%—corresponding with the applicable interest rate under the Override Agreement—from the date of their issue and by reference to the face value of the Bonds, payable at the Final Closing Date—except for cases of anticipated conversion, which will be payable at the conversion date—and in newly-issued common shares of Prisa.

## **7. Conditions for the Issue**

The Issue is subject to the following conditions:

- (i) the procurement of the mandatory reports issued by the auditor of the Company and an auditor appointed by the Commercial Registry.
- (ii) the authorization of the Issue by the syndicate of credit entities of Prisa in concordance with the Override Agreement and with the majorities described in such agreement.
- (iii) the approval of the final terms and conditions of the Issue by the General Shareholders' Meeting of the Company.
- (iv) if applicable, the consent of any third party required under the existent financial indebtedness of Prisa in order to allow the subscribers of the Bonds to declare that their respective percentage of the credits to be capitalized are liquid, due and payable at the Closing Date for the purposes of the conversion into shares.
- (v) the non-occurrence of any material adverse change in the financial condition of the Company, and the non-existence of any suspension or material limitation in trading securities on any of the Spanish Stock Exchanges, the London Stock Exchange or the New York Stock Exchange.

## **8. Final Maturity Date**

The Bonds will have a term of 2 years, for which reason they will mature on the date two years after the Closing Date (“**Final Closing Date**”).

On the Final Maturity Date, the Bonds that have not been converted before will be necessarily converted into newly-issued common shares of Prisa.

## **9. Security**

The Issue will be secured by the property of the Company, not being specially secured by any third party guarantee.

## **10. Rules governing priority**

The Bonds are direct and unconditional obligations, contractually subordinated to the Company's bank syndicated indebtedness derived from the Override Agreement and

otherwise unsubordinated and ranking *pari-passu* and *pro-rata*, without any preference, among them or with regards to other existing or future unsecured and unsubordinated debts of the Company, except for, in the case of bankruptcy, those debts that may enjoy a priority as provided in mandatory laws of general application.

**11. Transferability and admission to trading**

The Bonds will only be freely transferable after 12 months of the Closing Date. Admission to trading of the Bonds will not be sought on any secondary market.

**12. Syndicate of Bondholders and Commissioner**

A Syndicate of Bondholders is formed under the name "Syndicate of Bondholders for the 2016 Convertible Bond Issue of Promotora de Informaciones, S.A.", which will act in accordance with its Regulations and the Spanish Companies Act. Fernando Martínez Albacete is appointed as temporary Commissioner. The content of the regulations will be substantially as attached to these resolutions as Annex 1, notwithstanding what provided in articles 419 et seq. of Spanish Companies Act.

**13. Bases for and forms of conversion of the Bonds**

The bases for and forms of conversion of the Bonds are explained below:

- a) Conversion of the Bonds. The Bonds are necessarily convertible after two years from the Closing Date. However, Prisa may request the early conversion of the Bonds, totally or partially, at any time after 12 months from the Closing Date, provided that the Company notifies the Commissionaire 15 days in advance. In this case, the Company shall issue the new shares of Prisa resulting from the Conversion Price, taking into account the accrued interests corresponding to the bondholders until the date in which the early conversion was requested, within the month following the request of early conversion.

Likewise, the bondholders will be able to individually request the early conversion of the bonds, totally or partially, if during the 12 months following the Closing Date (i) the Company issues or undertakes to issue new common shares or convertible bonds into common shares to be subscribed through monetary contributions and with pre-



emptive rights; (ii) the Spanish Securities Market Regulator (Comisión Nacional del Mercado de Valores) authorizes a takeover bid regarding the shares of the Company; or (iii) the Company is declared in Bankruptcy. In these cases, the Company will issue the new common shares of Prisa resulting from the Conversion Price within the next month following the early conversion request, taking into account the accrued interests until the date in which the early conversion was requested, with enough time to participate, with regards to case (i), in the General Shareholders' Meeting that in such case intends to approve the issue and, in any case, when the issue is subject to the approval of the Board of Directors, for the purposes of participating in the aforementioned issue.

After the 12 months following the Closing Date, the bondholders will be entitled to the same early conversion right, including in this case, for the purpose of the early conversion, the accrued interest until the date in which the early conversion was requested.

- b) Conversion Price. The price of the shares of Prisa for purposes of conversion will be 10 Euros (the "**Conversion Price**").

The Conversion Price will be adjusted, in the following circumstances, according to procedures commonly used in similar issues and taking into the economic effect that such circumstances may have over the value of the Bonds:

- (i) Free allocation of shares or warrants to the shareholders of the Company.
- (ii) Shares split or reverse split transactions.
- (iii) Capital increases by way of capitalisation of reserves, profits or issue premium through an increase in the par value of the shares.
- (iv) Distribution of reserves or issue premium, in cash or in kind.
- (v) Absorption, merger, spinoff or split-up.

Likewise, in the event that, during the 12 months following the Closing Date, (i) the Company executes a capital increase or an issue of convertible bonds into new common shares with pre-emptive rights, or (ii) the Company the issues or commits to

issue new common shares or convertible bonds into new common shares to subscribe through monetary contributions and excluding pre-emption rights, in both cases with an issue or conversion price lower than the Conversion Price, the Conversion Price will be automatically adjusted to the price of this newly-issued common shares or convertible bonds.

For clarification purposes, the adjustment established in this subparagraph b) will not be applicable to the resolutions adopted in the General Meeting of Shareholders and to the issue of shares resulting from the exercise of the warrants approved by the General Meeting of Shareholders of Prisa that took place on 10 December 2013.

- c) Conversion Rate. The number of newly-issued common shares of Prisa that will be delivered to the bondholders will be determined by dividing the face value of the Bonds and the accrued interest by the Conversion Price on the conversion date. Thus, the conversion rate will be one newly-issued common share per Bond, plus the number of shares corresponding to the accrued interests, which will depend on the date of the conversion.

The share capital that would be needed to meet the needs of the conversion of all the Bonds, assuming that Tranche B is fully subscribed and that all the Bonds are converted into newly-issued common shares of Prisa on the Final Closing Date, together with the accrued interests, amounts to 47,370,420 Euros, corresponding to the nominal value and the number of newly-issued common shares will be 15,790,140. In this case, the part of the capital contributions of the bondholders that corresponds with the premium would rise to 110,530,980 Euros.

**14. Relevant events that have taken place since the closing of the annual consolidated financial statements of the Company corresponding to the financial year ended 31 December 2014**

It is hereby informed that the following significant events have taken place after the closing of the annual consolidated financial statements of the Company corresponding to the financial year ended 31 December 2014 and until the date of this report:

- a) On 26 February 2015, the reverse auction addressed to the creditors of Prisa was closed, having the Company agreed to the buyback of a total of 63,067,601 Euros of debt, with an average discount of 0.25 Euros per euro (this is, an average price of 75%).
- b) On 20 April 2015, the ordinary Meeting of Shareholders of the Company was held and, among others, the following resolutions were approved: (i) the elimination of the Class A shares because, after the mandatory conversion of the nonvoting Class B shares, there is only one class of common share (which was registered in the Commercial Registry on 12 May 2015), and (ii) the carrying out of a reverse stock split, transforming 30 outstanding common shares, with a nominal value of ten cents each, into a new common share of three-euro nominal value (with effects from 22 May 2015).
- c) On 28 April 2015, the Company agreed to buyback a total of 58,540,619.38 Euros of debt, with an average discount of 0.195 Euros per euro (this is, an average price of 80.5%).
- d) On 30 April 2015, the sale of the shares of DTS, Distribuidora de Televisión Digital, S.A. (“**DTS**”) was executed, through which Prisa transferred all of its shares of DTS to Telefónica de Contenidos, S.A.U., representing 56% of the share capital of DTS, once the pertinent regulatory authorizations were obtained and for a price, after the corresponding adjustments, of 688,211,085 Euros. There are two adjustments over which Telefónica and Prisa have agreed a resolution procedure that could entail a higher price for Prisa of up to 36,343,354.6 Euros more (this is, the maximum price of the sale could amount to 724,554,439.60 Euros).
- e) On 13 May 2015, as continuation to the closing of the sale of Prisa’s shares in DTS, the amount of 385,541,859.96 Euros was paid, corresponding to the *new money* that was obtained from a number of institutional investors on December 2013.
- f) On 3 June 2015, the Company amortized 84,000,000 Euros of debt, face value, with the funds obtained from the sale of its interests in DTS.
- g) On 20 July 2015, the Company agreed to buyback a total of 90,421,775.27 Euros of debt, with an average discount of 0.12 Euros per euro (this is, an average price of 88%) and a total discount of 10,850,613.27 Euros.

- h) On 1 October 2015, the Company agreed to buyback a total of 85,279,266.12 Euros of debt, with an average discount of 0.1307 Euros per euro (this is, an average price of 86.93%) and a total discount of 11,146,000.08 Euros.
- i) On 2 December 2015, the execution of the public deed of capital increase for a total amount of 64,000,000 Euros, fully subscribed and paid by International Media Group, S.à r.l., was announced.
- j) On 2 December 2015, the Company amortized 55,000,000 Euros of debt, face value with the funds obtained from the sale of its interests in DTS (20% of which were deferred according to the sale and purchase agreement).

#### **15. Appointment of an auditor other than the auditor of the Company**

Finally, it is noted that, in accordance with the provisions of article 414.2 of the Spanish Companies Act, the Commercial Registry will be asked to appoint an auditor other than the auditor of Prisa, to issue a report from an auditor other than the auditor of the Company in which, on the bases of this report, an opinion is expressed related to the matters stated in the aforementioned rules.

The referred report, together herewith will be made available to the shareholders upon the publication of the call to the General Meeting.

#### **V. Report purposes of article 286 of the Spanish Companies Act**

In order to cover the conversion of the Bonds, it is proposed that the extraordinary General Meeting of Shareholders approves an increase of the capital of the Company in the amount necessary to cover conversion of the Bonds.

In accordance with the provisions of the preceding sections, in case that Tranche B of the Issue is fully subscribed, and unless there is any dilution event between the Closing Date and the Final Maturity Date or there is an early conversion, total or partial, of the Bonds, 15,790,140 newly-issued common shares of Prisa will be issued, at a par value of 3 Euros per share, plus an issue premium of 7 Euros per share, with the share capital being increased by a total amount of 47,370,420 Euros, with total issue premium, in this case, of 110,530,980 Euros.

The aforesaid capital increase will be implemented by the Board of Directors or, in the event of delegation, by any of its members, the Delegated Committee, the President and the Chief Executive Officer on the Final Maturity Date. Consistently with the foregoing, it is proposed that the General Meeting delegates the implementation of the capital increase resolution necessary to cover conversion of the Bonds on the Final Maturity Date or on the early conversion date to the Board of Directors (under article 297.1.a) of the Spanish Companies Act) with express authority to subdelegate. In addition, it is proposed to delegate the amendment of the text of article 6 of the bylaws to adapt it to the new capital figure resulting from implementation of the capital increase to cover conversion of the Bonds to the Board of Directors, with express authority to subdelegate, as well as the powers to define all the conditions of the capital increase regarding anything not covered by the resolution of the Meeting of Shareholders.

#### **VI. Report for purposes of article 301 of the Spanish Companies Act in relation to the Tranche A of the issue**

The loans susceptible of exchange to subscribe the Bonds included in the Issue, the approval of which is proposed, are those referred to below, expressly indicating the creditors, the amounts and the dates granted, as this information appears in the company's accounting:

1. **Nature of the credits to be exchanged, identity of the subscribers, number of bonds to be issued**
  - a) Credits to be exchanged.

The Bonds included in the Tranche A of the Issue may be paid for and subscribed by exchange of the following loans:

- Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit granted by HSBC Bank plc to the Company on 31 December 2014 for a total amount of 12,878,070 Euros.
- Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit granted by CaixaBank, S.A., to the Company on 31 December 2014 for a total amount of 9,610,500 Euros.

- Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit owned by Títulos de Renta Fija, S.A., dated 31 December 2014 and for a total amount of 1,595,340 Euros.
- Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit owned by Suleyado 2003, S.L., dated 31 December 2014 and for a total amount of 1,595,340 Euros.
- Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit owned by Cantabra Inversiones, S.A., dated 31 December 2014 and for a total amount of 1,595,340 Euros.
- Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit owned by Cantabro Catalana de Inversiones, S.A., dated 31 December 2014 and for a total amount of 1,633,780 Euros.
- Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit owned by Fomento e Inversiones, S.A., dated 31 December 2014 and for a total amount of 1,595,340 Euros.
- Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit owned by Carpe Diem Salud, S.L., dated 31 December 2014 and for a total amount of 1,595,340 Euros.

This credits, in concordance with the conversion commitments given by their holders, will comply with the requirements of the capitalization of credits of article 301 of the Spanish Companies Act at the time of the approval of the object of this report by the Meeting of Shareholders of the Company and, therefore, at the time of the execution of the public deed regarding the Issue of the Bonds.

The Bonds included in the Tranche B of the Issue may be paid for and subscribed by exchange of the following loans of the Override Agreement:

- Tranche of the profit participating loan mandatory under the facility agreement entered into by the Company and several financial institutions as lenders and HSBC Bank plc as agent bank and security agent, on 11 December 2013.

Likewise, this credits, in concordance with the conversion commitments given by their holders, will comply with the requirements of the capitalization of credits of article 301 of the Spanish Companies Act at the time of the approval of the object of this report by the Meeting of Shareholders of the Company and, therefore, at the time of the execution of the public deed regarding the Issue of the Bonds.

b) Identity of subscribers of the bonds and number of bonds to be issued

The Bonds included in the Tranche A of the Issue will be exclusively subscribed by HSBC, the Funds linked to Banco Santander and CaixaBank, which will subscribe a total of 3,209,905 Bonds of Tranche A, respectively. The number of Bonds of Tranche A will be increase by the amount of payable interests accrued by the loans exchanged for the issue until the Closing Date.

The Bonds included in the Tranche B of the Issue will be exclusively subscribed by the creditor financial institutions of the Company by virtue of the Override Agreement, which have been offered the subscription of the Bonds as set out below:

- AVENUE CREDIT STRATEGIES FUND
- BANCO GRUPO CAJATRES S.A.
- BANCO POPULAR ESPANOL, S.A
- BARCLAYS BANK PLC
- BARENDINA SA
- BLACK DIAMOND ARBITRAGE OFFSHORE LTD
- BLACK DIAMOND OFFSHORE LTD
- BNP PARIBAS FORTIS S.A.N.V, SURCUSAL EN ESPANA
- BNP PARIBAS FORTIS SA/NV
- BURLINGTON LOAN MANAGEMENT LIMITED
- Bank of America Merrill Lynch International Limited
- CITIGROUP FINANCIAL PRODUCTS INC
- CREDIT SUISSE INTERNATIONAL
- CVC EUROPEAN CREDIT OPPORTUNITIES (NO 8) S A R L
- CVC EUROPEAN CREDIT OPPORTUNITIES (NO.49) S.A.R.L.

- CVC EUROPEAN CREDIT OPPORTUNITIES S.A.R.L. ACTING IN RESPECT OF ITS COMPARTMENT B
- CVC EUROPEAN CREDIT OPPORTUNITIES SARL ACTING IN RESPECT OF ITS COPARTMENT A
- DEUTSCHE BANK AG
- DOUBLE BLACK DIAMOND OFFSHORE LTD
- EIFFEL CREDIT OPPORTUNITIES, A SUB-FUND OF EIFFEL DIVERSIFIED FCP-SIF
- EIFFEL CREDIT VALUE MASTER FUND
- EUROPEAN CREDIT OPPORTUNITIES PLATFORM B.V
- GL EUROPE ASRS INVESTMENTS SARL
- GL EUROPE LUXEMBOURG III (EUR) INVESTMENTS S.A.R.L
- GL EUROPE LUXEMBOURG III (US) INVESTMENTS S.A.R.L
- GL EUROPE LUXEMBOURG SARL
- GL US LUXEMBOURG SARL
- GOLDMAN SACHS INTERNATIONAL BANK
- HSBC BANK PLC - MADRID BRANCH
- HSBC LONDON
- IBERCAJA BANCO S.A.U
- JP MORGAN SECURITIES PLC
- KUTXABANK S.A.
- LTIC S.A.
- MAKURIA LUXEMBOURG II SARL
- MARINER GLEN OAKS LLC
- MORGAN STANLEY BANK INTERNATIONAL LTD
- NATIONAL WESTMINSTER BANK PLC
- OCP CREDIT STRATEGY FUND
- ONEX DEBT OPPORTUNITY FUND LTD
- SCIENS GROUP ALTERNATIVE STRATEGIES PPC LIMITED,ACTING ON RESPECT OF ITS BLUE GAMMA CELL
- SGI MANAGED ASSETS SPC LIMITED



The subscription of the maximum of 11,790,095 Bonds included in Tranche B has been offered to all the aforementioned entities. Nonetheless, the Company has received from HSBC a commitment to subscribe the Bonds of Tranche B for an amount of 68,086,000 Euros, subject to the conditions provided in Section IV.7 above. If other financial creditors part of the Override Agreement were interested in exchanging their respective profit participating loan credits in Tranche B of the Issue for an aggregated amount greater than 49,814,950 Euros, the amount to subscribe by HSBC will be reduced, distributing the issued Bonds within Tranche B among the applications presented by the subscribing entities proportionally to their corresponding percentage in the Override Agreement.

In the case that the amount of Tranche A is increased as a consequence of the accrual of interest, and as a consequence of such increase the aggregated amount of Tranche A and Tranche B exceeds 150,000,000 Euros, the amount of Tranche B will be reduced until the aggregated amount equals 150,000,000 Euros.

In the event of approval of the Issue by the General Shareholders Meeting of the Company, the loans susceptible of exchange that are listed in this section will meet the requirements established, by analogy, in article 301 of the Spanish Companies Act and, therefore, will be suitable for capitalisation on the date of implementation of the Issue.

## **2. Certification of the Company's auditor for purposes of article 301 of the Spanish Companies Act**

It has been requested the required certification to be issued by Deloitte, S.L., in its capacity as the Company's auditor, under the provisions of article 301.3 of the Spanish Companies Act.

The aforesaid certification, which will be made available to the shareholders together with this report, must confirm that:

- (i) having reviewed the company's accounting, the information set forth in this report regarding the credits susceptible of exchange is accurate; and
- (ii) in accordance with the exchange commitments received from the holders of the credits and profit participating loans specified in Section VI.1 above, these credits will satisfy the requirements established in article 301 of the Spanish Companies Act for credits capitalisation at the time of approval by the General Meeting of the proposed resolution

covered by this report and, therefore, on the date of execution of the public deed documenting the Issue.

Also, for the execution of the public deed documenting implementation of the Issue, it is contemplated that Deloitte, S.L., in its capacity as the Company's auditor, will issue a new certification to the effect that the full amount of the credits subject to exchange is net, due and payable at that date, and confirming that the maturities of the remaining amounts are not more than five years.

## **VII. Delegation of authority**

It is proposed to authorise the Board of Directors, with express authority to subdelegate in the Delegate Commission, the President and the Chief Executive Officer, to set any other condition not provided in the resolution of the Meeting of Shareholders, agree with the subscribers of the Bonds on the final terms and conditions of the Bonds, adapt, if applicable, the Regulations of the Syndicate of Bondholders for the 2016 Convertible Bond Issue of Promotora de Informaciones, S.A., implement the capital increase resolution of the Company by issuing and placing in circulation, on one or more occasions, the shares representatives thereof that are necessary to carry out the conversion of the Bonds and the payment of the accrued interests with newly-issued common shares of Prisa, and to redraft the article of the regulations related to capital, leaving the part of that capital increase that is not necessary for the conversion into common shares of Prisa with no effect, and to apply for admission to trading of the newly-issued common shares of Prisa on the Madrid, Barcelona, Valencia and Bilbao Stock Exchanges, through the Exchange Interconnection System (Continuous Market), and take such other actions as are set forth in the resolution covered by this report.

## **VIII. Proposed resolution to be submitted to General Meeting**

Based on all of the foregoing the following proposal is presented to the General Shareholders' Meeting:

**“Issue of mandatorily convertible bonds in new shares of Promotora de Informaciones, S.A., by exchange of loans. Capital increase to cover the conversion.**

**A. Issue of bonds mandatorily convertible into new shares of Promotora de Informaciones, S.A.**

It is resolved to issue bonds mandatorily convertible into newly-issued common shares of Promotora de Informaciones, S.A. (“**Prisa**” or the “**Company**”) (the “**Bonds**”), without pre-emption rights, to be carried out in two tranches (the “**Issue**”) in accordance with the terms and conditions and subject to the bases for and forms of conversion indicated below.

1.1. Issue

The Issue will be carried out in two tranches.

- (a) Amount of the Tranche A of the Issue. The amount of the Tranche A of the Issue amounts to 32,099,050 Euros. This tranche is aimed to HSBC Bank plc (“**HSBC**”), Títulos de Renta Fija, S.A., Suleyado 2003, S.L., Cantabra de Inversiones, S.A., Cantabro Catalana de Inversiones, S.A., Fomento e Inversiones, S.A., y Carpe Diem Salud, S.L. (“**Funds linked to Banco Santander**”) and CaixaBank, S.A. (“**CaixaBank**”), financial creditors of the Company (jointly, the “**Creditor Institutions**”). The amount of Tranche A will be increased by the amount of the payable interests accrued by the loans exchanged for the issue until the Closing Date (as defined below).
- (b) Amount of the Tranche B of the Issue. The amount of the Tranche B of the Issue amounts to a maximum of 117,900,950 Euros. This tranche is aimed to all the creditors of the Company in accordance with the restructuring agreement called “**Override Agreement**” subject to English law entered into by Prisa and a syndicate of credit entities on 11 December 2013, of which HSBC acts as agent bank, and that jointly hold profit participating loans (the “**Override Agreement**”).

1.2. Subscription and payment

- (a) Subscription and payment of the Tranche A of the Issue. The Bonds that constitute the Tranche A of the Issue will be subscribed by the Creditor Institutions through the capitalization of credits. HSBC, CaixaBank and the Funds linked to Banco Santander have committed to subscribe the amount of 32,099,050 Euros, in accordance with the following distribution:

- HSBC: 12,878,070 Euros
- CaixaBank: 9,610,500 Euros
- Títulos de Renta Fija, S.A.: 1,595,340 Euros
- Suleyando 2003, S.L.: 1,595,340 Euros
- Cantabra de Inversiones, S.A.: 1,595,340 Euros
- Cantabro Catalana de Inversiones, S.A.: 1,633,780 Euros
- Fomento e Inversiones, S.A.: 1,595,340 Euros
- Carpe Diem Salud, S.L.: 1,595,340 Euros

(b) Subscription and payment of the Tranche B of the Issue. The Bonds that constitute the Tranche B of the Issue could be subscribed through the capitalization of credits exclusively by the creditors of the Company in accordance with the Override Agreement. The Company has received the commitment of HSBC to subscribe 68,086,000 Euros out of the total amount of 117,900,950 Euros that constitute the Tranche B of the Issue. If other financial creditors part of the Override Agreement were interested in exchanging their respective profit participating loans in Tranche B of the Issue for an aggregated amount greater than 49,814,950 Euros, the amount to subscribe by HSBC will be reduced, distributing the issued Bonds within Tranche B among the applications presented by the subscribing entities proportionally to their corresponding percentage in the Override Agreement.

The commitments to subscribe the total amount of Tranche A by the Creditor Institutions, as well as the 68,086,000 Euros of Tranche B by HSBC, are subject to:

- (i) the procurement of the mandatory reports issued by the auditor of the Company and an auditor appointed by the Commercial Registry.
- (ii) the authorization of the Issue by the syndicate of credit entities of Prisa in concordance with the Override Agreement and with the majorities described in such agreement.
- (iii) the approval of the final terms and conditions of the Issue by the General Shareholders' Meeting of the Company.

- (iv) if applicable, the consent of any third party required under the existent financial indebtedness of Prisa in order to allow the subscribers of the Bonds to declare that their respective percentage of the credits to be capitalized are liquid, due and payable at the Closing Date for the purposes of the conversion into shares.
- (v) the non-occurrence of any material adverse change in the financial condition of the Company, and the non-existence of any suspension or material limitation in trading securities on any of the Spanish Stock Exchanges, the London Stock Exchange or the New York Stock Exchange.

The subscription of the Bonds that constitute the Issue will occur on the date on which the aforementioned conditions are met and the public deed regarding the Issue —which will be registered in the Commercial Registry— is executed (“**Closing Date**”).

The Creditor Institutions and the other creditors that apply for the subscription of the Bonds that constitute Tranche A and/or Tranche B may pay for and subscribe the Bonds by exchange of the following profit participating loans:

(A) Regarding Tranche A

- Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit granted by HSBC Bank plc to the Company on 31 December 2014 for a total amount of 12,878,070 Euros.
- Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit granted by CaixaBank, S.A., to the Company on 31 December 2014 for a total amount of 9,610,500 Euros.
- Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit owned by Títulos de Renta Fija, S.A., dated 31 December 2014 and for a total amount of 1,595,340 Euros.
- Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit owned by Suleyado 2003, S.L., dated 31 December 2014 and for a total amount of 1,595,340 Euros.

- Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit owned by Cantabra Inversiones, S.A., dated 31 December 2014 and for a total amount of 1,595,340 Euros.
  - Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit owned by Cantabro Catalana de Inversiones, S.A., dated 31 December 2014 and for a total amount of 1,633,780 Euros.
  - Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit owned by Fomento e Inversiones, S.A., dated 31 December 2014 and for a total amount of 1,595,340 Euros.
  - Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit owned by Carpe Diem Salud, S.L., dated 31 December 2014 and for a total amount of 1,595,340 Euros.
- (B) Regarding Tranche B
- Tranche of the profit participating loan mandatory under the facility agreement entered into by the Company and several financial institutions as lenders and HSBC Bank plc as agent bank and security agent, on 11 December 2013.

These credits, in the amounts their holders agree to use for subscription, will satisfy in the moment of their exchange the requirements established in article 301 of the Spanish Companies Act, as shown on the report prepared by the Board of Directors for that purpose. The compliance with the requirement of article 301 for the capitalisation of credits will be confirmed by the certificate issued in the form of a special report before the call of the General Shareholders' Meeting by the Company's auditor, Deloitte, S.L., a Spanish entity with registered office at Pablo Ruiz Picasso 1, Torre Picasso, 28020, with tax identification number (NIF) number B-79104469, which will be completed by an additional certificate that will be issued when the referred requirements are fully met.

The report made by the Board of Directors has been issued in accordance with the following provisions of the Spanish Companies Act:

- article 414.2, regarding the bases and forms of exchange into shares;

- article 286, regarding the corresponding amendment of the articles of incorporation of the Company, in connection with article 297.1.a), regarding the delegation in the Board of Directors of the power to set the date and conditions of the agreed capital increase; and
- article 301, applicable by way of analogy with regards to the subscription of the Bonds through the capitalization of credits.

Notwithstanding, it is provided the incomplete subscription of both tranches. Consequently, the Issue will be limited to the amount corresponding with the face value of the bonds effectively subscribed and paid by the investors, having no effects for the rest.

- 1.3. Issue price, face value and representation. The Bonds are issued at par, are in registered form, and have a unit face value of 10 Euros. The Bonds are of a single series and will be represented by registered nominative certificates.
- 1.4. Interest rate. The Bonds accrue an annual interest of 2.60% —corresponding with the applicable interest rate under the Override Agreement— from the date of their issue and by reference to the face value of the Bonds, payable at the Final Closing Date— except for cases of anticipated conversion, which will be payable at the conversion date— and in newly-issued common shares of Prisa.
- 1.5. Maturity date. The Bonds will have a term of 2 years, for which reason they will mature on the date two years after the Closing Date (“Final Closing Date”).

When the final maturity date arrives, the Bonds which have not been converted before will be converted mandatorily into newly-issued common shares of Prisa.

- 1.6. Bases for and forms of conversion of the Bonds
  - (a) Conversion of the Bonds. The Bonds are necessarily convertible after two years from the Closing Date. However, Prisa may request the early conversion of the Bonds, totally or partially, at any time after 12 months from the Closing Date, provided that the Company notifies the Commissionaire 15 days in advance. In this case, the Company shall issue the new shares of Prisa resulting from the Conversion Price, taking into account the accrued interests corresponding to the bondholders until the

date in which the early conversion was requested, within the month following the request of early conversion.

Likewise, the bondholders will be able to individually request the early conversion of the bonds, totally or partially, if during the 12 months following the Closing Date (i) the Company issues or undertakes to issue new common shares or convertible bonds into common shares to be subscribed through monetary contributions and with pre-emptive rights; (ii) the Spanish Securities Market Regulator (*Comisión Nacional del Mercado de Valores*) authorizes a takeover bid over the shares of the Company; or (iii) the Company is declared in Bankruptcy. In these cases, the Company will issue the new common shares of Prisa resulting from the Conversion Price within the next month following the early conversion request, taking into account the accrued interests until the date in which the early conversion was requested, with enough time to participate, with regards to case (i), in the General Shareholders' Meeting that in such case intends to approve the issue and, in any case, when the issue is subject to the approval of the Board of Directors, for the purposes of participating in the aforementioned issue.

After the 12 months following the Closing Date, the bondholders will be entitled to the same early conversion right, including in this case, for the purpose of the early conversion, the accrued interest until the date in which the early conversion was requested.

- (b) Conversion Price. The price of the Prisa shares for purposes of conversion will be 10 Euros (“**Conversion Price**”).

The Conversion Price will be adjusted, in the following circumstances, according to market standards and taking into account the economic effect that such circumstances may have to the value of the Bonds:

- (i) Free allocation of shares or warrants to the shareholders of the Company.
- (ii) Shares' split or reverse split transactions.
- (iii) Capital increases by way of capitalisation of reserves, profits or issue premium through an increase in the par value of the shares.



- (iv) Distribution of reserves or issue premium, in cash or in kind.
- (v) Absorption, merger, spinoff or split-up.

Likewise, in the event that, during the 12 months following the Closing Date, (i) the Company executes a capital increase or an issue of convertible bonds into new common shares with pre-emptive rights, or (ii) the Company issues or commits to issue new common shares or convertible bonds into new common shares to subscribe through monetary contributions and excluding pre-emption rights, in both cases with an issue or conversion price lower than the Conversion Price, the Conversion Price will be automatically adjusted to the price of this newly-issued common shares or convertible bonds.

For clarification purposes, the adjustment established in this subparagraph b) will not be applicable to the resolutions adopted in the General Meeting of Shareholders and to the issue of shares resulting from the exercise of the warrants approved by the General Meeting of Shareholders of Prisa that took place on 10 December 2013.

(c) Conversion Rate.

The number of newly-issued common shares of Prisa that will be delivered to the bondholders will be determined by dividing the face value of the Bonds and the accrued interest by the Conversion Price on the conversion date. Thus, the conversion rate will be one newly-issued common share per Bond, plus the number of shares corresponding to the accrued interests, which will depend on the date of the conversion.

The share capital that would be needed to meet the needs of the conversion of all the Bonds, assuming that Tranche B is fully subscribed and that all the Bonds are converted into newly-issued common shares of Prisa on the Final Closing Date, together with the accrued interests, amounts to 47,370,420 Euros, corresponding to the face value and the number of newly-issued common shares will be 15,790,140. In this case, the part of the capital contributions of the bondholders that corresponds with the premium would rise to 110,530,980 Euros.

1.7. Other terms and conditions

- (a) Security. The Issue is secured by the property of the Company, not being specially secured by any third party guarantee.
- (b) Rules governing priority. The Bonds are direct and unconditional obligations, contractually subordinated to the Company's bank syndicated indebtedness derived from the Override Agreement and otherwise unsubordinated and ranking pari-passu and pro-rata, without any preference, among them or with regards to other existing or future unsecured and unsubordinated debts of the Company, except for, in the case of bankruptcy, those debts that may enjoy a priority as provided in mandatory laws of general application.
- (c) Transferability and admission to trading. The Bonds will only be freely transferable after 12 months of the Closing Date. Admission to trading of the Bonds will not be sought on any secondary market.

1.8. Syndicate of Bondholders and Commissioner

A Syndicate of Bondholders is formed under the name "**Syndicate of Bondholders for the 2016 Convertible Bond Issue of Promotora de Informaciones, S.A.**", which will act in accordance with its Regulations and the Spanish Companies Act. Fernando Martínez Albacete is appointed as temporary Commissioner. The content of the regulations will be substantially as attached to these resolutions as **Annex 1**, notwithstanding what provided in articles 419 et seq. of Spanish Companies Act.

**B. Absence of pre-emption rights**

There will be no pre-emption rights, in accordance with article 416.2 in connection with article 304 of the Spanish Companies Act, which specifies that only in capital increases—in this case, issue of convertible bonds—with newly-issued shares with charge to monetary contributions are the shareholders entitled to subscribe a number of newly-issued shares in proportion to the face value of the shares they already own. Therefore, being this the case of a capital increase through the capitalization of credits set out in article 301 of the Spanish Companies Act and, consequently, not being there any monetary contribution, there will be no pre-emption rights in favour of the shareholders.

**C. Resolution to increase capital as necessary to cover conversion of the Bonds**

In accordance with the provisions of article 414 of the Spanish Companies Act, it is resolved to increase the Company's capital by the amount necessary to cover such conversion of Bonds up to an initially contemplated maximum of 15,790,140 newly-issued common shares of Prisa, corresponding to the maximum number of shares to be issued by the Company based on the Conversion Price, but subject to such possible changes as may occur as a result of adjustments of the Conversion Price as set forth in this agreement and the total subscription of the Bonds Issue.

The aforesaid capital increase will be implemented by the Board of Directors or, in the event of delegation, by any of its members, Delegate Commission, the President and the Chief Executive Officer, by issuing new common shares having the same par value and the same rights as the outstanding common shares on the date of implementation of the corresponding resolution increasing capital. When the Board of Directors so implements this resolution it will redraft the article of the Bylaws related to capital.

The final number of newly-issued common shares that will be issued upon exercise of the conversion right will be determined by dividing the face amount of the subscribed Bonds and the accrued interests by the Conversion Price in effect on the pertinent conversion date.

In accordance with the provisions of article 304.2. of the Spanish Companies Act, the shareholders of the Company will have no pre-emption right as regards the capital increases resulting from conversion of the Bonds into shares of Prisa.

It is resolved to apply for admission to trading of the newly-issued common shares on the Madrid, Barcelona, Bilbao and Valencia stock exchanges through the Exchange Interconnection System (Continuous Market). The Board of Directors is authorised in turn to delegate to the Delegate Commission, the President and the Chief Executive Officer so that any of them, without distinction, may make the corresponding applications, prepare and present all appropriate documents on the terms they deem to be appropriate and take such actions as may be necessary to that end.

**D. Reports and Terms and Conditions**

From the time of the publication of the notice of call to the General Meeting the corresponding proposed text of the resolution has been made available to the Company's shareholders, as have, for the purposes contemplated in article 286 in relation to the articles 297.1.a), 414 and 301 of the Spanish Companies Act, the explanatory report of the proposed resolution issued by the Board of Directors, the certification issued as special report by the Company's auditor for the purposes of the article 301 of the Spanish Companies Act and the required report of the Auditor other than the Company's auditor appointed by the Commercial Registry.

**E. Delegation of authority**

Without prejudice to the specific delegations of authority set forth in the preceding sections, it is resolved to authorise the Board of Directors as broadly as required by law, with express authority to sub-delegate to the Delegate Commission, the President and the Chief Executive Officer so that any of them, without distinction, may implement this resolution, in particular, by way of illustration and not limitation, being authorised:

- (a) to determine the date or dates of issue; the subscription procedure; to develop the bases for and forms of conversion and, in general, to set any other condition of the Issue, specifying all issues non covered herein (in particular, agree with the Creditor Institutions and the other creditors that are part of the Override Agreement on the final terms and conditions of the Bonds and adapt, if applicable, the Regulations of the Syndicate of Bondholders for the 2016 Convertible Bond Issue of Promotora de Informaciones, S.A.); to adopt the decisions to be made by the Company pursuant to the Issue over the terms thereof;
- (b) to implement the resolution to increase the Company's capital by issuing and placing in circulation, on one or more occasions, the common shares of Prisa representative thereof that are necessary to carry out the conversion of the Bonds, and to redraft the article of the regulations related to capital, leaving the part of that capital increase that is not necessary for the conversion into common shares of Prisa with no effect, and to apply for admission to trading of the common shares of Prisa so issued on the Madrid,

Barcelona, Valencia and Bilbao Stock Exchanges, through the Exchange Interconnection System (Continuous Market);

- (c) to publish the notices related to the Issue, if applicable, to appear before a notary and execute the corresponding public deed of issue of the Bonds covered by this resolution, as well as the notarial certification of subscription and closing of the Issue, if the subscription is documented separately, and to request registration of the aforesaid public deed and notarial certification, if any, in the Commercial Registry. Also, to draft and file any notice or documentation that is necessary or required in respect of the Bonds with any agency, management centre or authority;
- (d) to negotiate and sign or, if applicable, countersign or acknowledge, on the terms it deems to be most appropriate, such contracts as may be required with the financial institutions, if any, participating in the issue and placement of the Bonds;
- (e) on behalf of Prisa to execute such public or private documents as may be necessary or appropriate for the issue of the Bonds covered by this resolution and, in general, to take such actions as may be necessary for implementation of this resolution and effective placement of the Bonds; and
- (f) to correct, clarify, interpret, specify or supplement the resolutions adopted by the General Shareholders Meeting, in such deeds or documents as may be executed in implementation thereof and, in particular, such defects, omissions or errors, substantive or formal, as may prevent entry of the resolutions and the consequences thereof in the Commercial Registry, Official Registries of the National Securities Market Commission, or any others.”

Annex 1 (“Regulations of the syndicate of bondholders”) is attached as Annex 1 of this report and Annex 2 (“Report of the auditor appointed by the Commercial Registry regarding article 414 of the Spanish Companies Act (it will be attached when obtained”) will be attached to the documentation when it is obtained.

Based on the foregoing, the shareholders are asked to approve the proposal made.

Madrid, 29 January 2016

**ANNEX I**

**BYLAWS OF THE SYNDICATE OF BONDHOLDERS FOR THE 2016  
CONVERTIBLE BOND ISSUE OF PROMOTORA DE INFORMACIONES, S.A.**

## **REGULATIONS OF THE SYNDICATE OF BONDHOLDERS**

### *ISSUE OF MANDATORILY CONVERTIBLE BONDS*

#### **TITLE I: INCORPORATION, NAME, PURPOSE, ADDRESS AND DURATION OF THE SYNDICATE OF BONDHOLDERS**

##### **Article 1     Incorporation**

The syndicate of Bondholders of the issue of mandatorily convertible bonds into new common shares of Promotora de Informaciones, S.A. (thereinafter, the “**Bonds**” and the “**Company**”) shall be incorporated, once the Public Deed of the Issue has been filed, among the subscribers of the Bonds as the new titles are received.

The Syndicate of Bondholders shall be governed by these Regulations and by the consolidated version of the Capital Companies Act and other applicable legislation.

##### **Article 2     Name**

The syndicate shall be named “Syndicate of Bondholders of the Issue of Convertibles and/or Exchangeable Bonds of Promotora de Informaciones, S.A. 2016”.

##### **Article 3     Purposes**

The Syndicate of Bondholders is formed for the purpose of protecting the lawful interest of Bondholders vis-à-vis the Company, by means of the exercise of the rights granted by the applicable laws and the present Regulations.

##### **Article 4     Address**

The address of the Syndicated shall be located at Gran Vía 32, 28013, Madrid, Madrid.

##### **Article 5     Duration**

The Syndicate of Bondholders will last until the maturity date of the Bonds, i.e. 2 years since the subscription date, unless if the early conversion of all the bonds takes place, in such case the Syndicate will expire at the date it took place.

##### **Article 6     Syndicate management bodies**

The management bodies of the Syndicate are:

- a) The General Meeting of Bondholders; and
- b) The Commissary.

#### **TITLE II.- THE GENERAL MEETING OF BONDHOLDERS**

##### **Article 7     Legal nature**

The General Meeting of Bondholders, duly called and constituted, is the body of expression of the Bondholders’ will and its resolutions are binding for all the Bondholders in the way legally stated.

##### **Article 8     Calling**

The General Meeting shall be convened by the Board of Directors of the Company or by the Commissary, when they may deem it convenient.

Nevertheless, the Commissary shall convene a General Meeting when Bondholders holding at least the twentieth of the bonds in circulation so request it in writing, expressly indicating the purpose of the calling. In such case, the meeting shall be held in the following month of the receipt of the written notice by the Commissary.

**Article 9      Procedure for convening meetings**

The General Meeting of Bondholders shall be convened by an individual written communication to each of the Bondholders, at least one month before the date set for the meeting and by notice published, likewise, at least a month before the date set for the meeting, in the web site of the Company. The notice shall state the place and the date for the meeting, the agenda for the meeting and the way in which ownership of Bonds shall be proved in order to have the right to attend the meeting.

**Article 10     Right to attend meetings**

Bondholders who have acquired this condition not less than 5 trading days prior to the date of the general meeting shall be entitled to attend such meeting. The members of the Board of Directors of the Company shall have the right to attend the meeting even if they have not been requested to attend. The Commissary shall attend the meeting even if he did not convene the meeting.

**Article 11     Proxies**

All Bondholders with a right to attend General Meetings shall be entitled to delegate their representation to any other Bondholder. The right to represent shall be conferred in writing for each meeting. Under no circumstances will the Bondholders be allowed to delegate their representation to a member of the Board of Directors, even if they are Bondholders.

**Article 12     Voting rights**

Each Bond entitles its owner to one voting right in proportion to the unamortized face value of the Bonds he or she holds.

**Article 13     Approval of resolutions**

Resolutions shall be approved by the absolute majority of the issued votes. Exceptionally, amendments regarding the maturity of the Bonds, the conditions governing the reimbursement of the face value or the conversion will require the favorable vote of two thirds of the outstanding Bonds.

The resolutions approved by the General Meeting of Bondholders are binding for all the Bondholders, including nonconforming Bondholders and those that did not attend the meeting.

**Article 14     Challenging of resolutions**

The resolutions approved by the General Meeting of Bondholders may be challenged by the Bondholders in accordance with the rules for challenging corporate resolutions established by the law.



**Article 15 President of the General Meeting**

The Commissary shall be the president of the General Meeting and shall chair the discussions and shall have the right to bring the discussions to an end when he considers it convenient and shall put matters to the vote.

**Article 16 Attendance list**

Before entering the agenda for the meeting, the Commissary shall form the attendance list, stating the representation of each of them and, if applicable, the number of Bonds at the meeting both directly owned and/or represented.

**Article 17 Powers of the General Meeting**

The General Meeting may pass resolutions necessary:

- a) For the best protection of Bondholders' lawful interest vis-à-vis the Company;
- b) To dismiss or appoint the Commissary and, if applicable, the deputy Commissary;
- c) To exercise, when appropriate, the corresponding legal claims; and
- d) To approve the expenses caused by the defense of the Bondholder's interest.

**Article 18 Minutes**

The minutes of the General Meeting of Bondholders may be approved by the general meeting after the meeting has been held, or, failing this, and within a fifteen days term, by the Commissary and two Bondholders appointed for such purpose by the general meeting.

**Article 19 Certificates**

The certificates of the minutes shall be issued by the Commissary or its substitute.

**Article 20 Individual exercise of actions**

The Bondholders will only be entitled to individually exercise judicial or extrajudicial claims when such claims do not contradict the resolutions adopted by the Syndicate within its powers and are compatible with the powers conferred upon the Syndicate.

**Article 21 Collective exercise of actions**

The procedures or actions affecting the general interest of the Bondholders may only be addressed on behalf of the Syndicate under an authorization of the General Meeting of Bondholders, and shall compel all the Bondholders, without distinction, except for the right to challenge the General Meeting resolutions established by law.

Any Bondholder willing to promote a claim of this nature, must submit it to the Commissary of the Bondholders, who shall convene the General Meeting, if he estimates the claim based.

If the General Meeting rejects the proposition of the Bondholder, no other Bondholder could file the claim, in particular interest, to the Courts of Justice, unless there is a clear contradiction with the resolutions and the Regulations of the Syndicate.

### **TITLE III.- COMMISSARY**

#### **Article 22 Nature of the Commissary**

The Commissary is the representative of the Syndicate and shall be the body for liaison between the Syndicate and the Company, in accordance with the law.

#### **Article 23 Regime applicable to the Commissary**

The issuing company will determine the retribution of the Commissary.

The Commissary will protect the common interests of the Bondholders and, besides the powers to which he or she is entitled by virtue of the Deed of Issue or by law, the Commissary will have the powers attributed by the General Meeting of Bondholders.

#### **Article 24 Powers**

The Commissary shall have the following powers:

- (a) To attend, where appropriate, to the granting of the resolution of issue and subscription on behalf of the Bondholders and to protect their common interest;
- (b) To convene and chair the General Meeting of Bondholders;
- (c) To inform the Company of the resolutions passed by the Syndicate;
- (d) To control the payment of the remuneration, as well as any payment shall be made to the Bondholders by any concept;
- (e) To execute the resolutions of the General Meeting of Bondholders;
- (f) To exercise the actions corresponding to the Syndicate; and
- (g) In general, the ones granted to him in the Law and the present Regulations.

#### **Article 25 Deputy Commissary**

The General Meeting may appoint a Deputy Commissary that shall replace the Commissary in the absence of performance of its function.

The Company may appoint provisionally a Deputy Commissary at the time to adopt the resolution for the issue of Bonds, which may be ratified by the General Meeting of Bondholders.

### **TITLE IV.- JURISDICTION**

#### **Article 26 Jurisdiction**

For any dispute relating with the Syndicate that may be raised, the Bondholders shall submit to the courts and tribunals of the city of Madrid, with express waiver of their own forum. This submission is without prejudice to the imperative forum that may be applicable in accordance with current legislation.

## **Promotora de Informaciones, S.A.**

Special report on the subscription  
of bonds mandatorily convertible  
into ordinary shares through  
the exchange of loans, in  
accordance with the provisions of Article  
301 of the Consolidated Spanish Limited  
Liability Companies Law

*Translation of a report originally issued in Spanish. In the  
event of a discrepancy, the Spanish-language version  
prevails.*

*Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.*

SPECIAL REPORT ON THE SUBSCRIPTION OF BONDS MANDATORILY CONVERTIBLE INTO ORDINARY SHARES THROUGH THE EXCHANGE OF LOANS, IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE 301 OF THE CONSOLIDATED SPANISH LIMITED LIABILITY COMPANIES LAW

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

For the purposes provided for in Article 301 of the Consolidated Spanish Limited Liability Companies Law, applicable by analogy, we issue this special report on the proposal to issue bonds mandatorily convertible into new ordinary shares of Promotora de Informaciones, S.A. in two tranches, Tranche A amounting to EUR 32,099,050 and Tranche B for a maximum amount of EUR 117,900,950 ("the Bonds"), which will be subscribed by certain creditors of the Company through the exchange of loans. The proposed resolution was included in the report prepared by the Board of Directors on 29 January 2016, which is included in the accompanying document.

Our work consisted of verifying, in accordance with generally accepted auditing standards, the information prepared under the responsibility of the Board of Directors in the aforementioned document in relation to the loans to be used to subscribe the Bonds. It also consisted of verifying that at least 25% of the loans are liquid, past-due and claimable and that the remaining loans mature within five years.

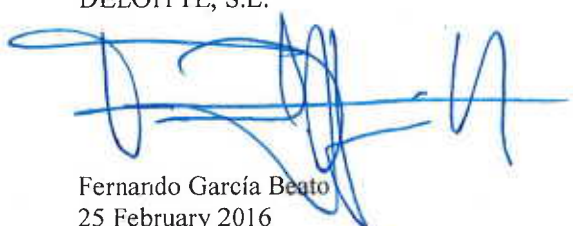
At the date of this report the loans subject to the proposed exchange did not meet the requirement that at least 25% of the loans be liquid, past-due and claimable. However, the Board of Directors of Promotora de Informaciones, S.A. confirmed at its meeting on 29 January 2016 that the exchangeable loans identified in the accompanying document will meet the requirements established in Article 301 of the Spanish Limited Liability Companies Law once the approval of the resolution to issue the Bonds by the shareholders at the General Meeting occurs and, therefore, they will be fit to be exchanged for the purpose of subscribing the Bonds when the public deed is executed that will document the execution of the issue of the Bonds.

In our opinion, except as indicated in the preceding paragraph, the accompanying document prepared by the Board of Directors provides adequate information with respect to the loans to be exchanged in order to subscribe the Bonds that will be issued by Promotora de Informaciones, S.A. and to increase capital in order to cater for the subsequent conversion thereof.

Additionally, in order to comply with the provisions of the article 301 of the Spanish Limited Liability Companies Law, at the date of Bonds issue's, we will release a new complementary certification in which we will credit, as appropriate, whether at that date the amount of the loans to set-off are at least 25% liquid, past-due and claimable, and if the remaining loans mature within five years.

This special report was prepared solely for the purposes provided for in Article 301 of the Consolidated Spanish Limited Liability Companies Law and, accordingly, may not be used for any other purpose.

DELOITTE, S.L.



Fernando García Beato  
25 February 2016

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

Sociedad inscrita en el Registro Mercantil de Madrid al tomo 2.836 general, 2.159 de la Sección tercera del Libro de Sociedades, folio 54, hoja número 19.511. Número de Identificación Fiscal A - 28297059

MR. ANTONIO GARCIA-MON MARAÑES, Secretary of the Board of Directors of **PROMOTORA DE INFORMACIONES, S.A.**, that is chaired by MR. JUAN LUIS CEBRIAN ECHARRI,

## **CERTIFIES:**

That PROMOTORA DE INFORMACIONES, S.A.'s board of directors, has approved, on January 29, 2016, to propose to the General Meeting the issuance of mandatory convertible bonds convertible in newly issued shares of PROMOTORA DE INFORMACIONES, S.A. and subscription by offsetting credits. Capital increase to cover the conversion, all the former in the terms appearing in section IV of the report which is transcribed below.

In relation to this resolution, the board of directors approved also unanimously, the corresponding report that is transcribed below drafted in compliance of the provisions of articles 414.2, 286 in relation with 297.1.a) and 301 of the Spanish Companies' Act,

**“REPORT OF THE BOARD OF DIRECTORS OF PROMOTORA DE INFORMACIONES, S.A., REGARDING THE PROPOSED RESOLUTION FOR THE ISSUE OF SUBORDINATED BONDS MANDATORILY CONVERTIBLE INTO NEWLY-ISSUED SHARES OF PROMOTORA DE INFORMACIONES, S.A., AND SUBSCRIPTION THROUGH THE CAPITALIZATION OF CREDITS, TO BE INCLUDED IN THE EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS CALLED TO BE HELD ON 31 MARCH 2016, ON FIRST CALL, AND ON 1 APRIL 2016 ON SECOND CALL.**

## **I. Introduction**

The present report is prepared in relation with the proposed resolution for the issue of subordinated bonds mandatorily convertible into newly-issued shares of Promotora de Informaciones, S.A. (“**Prisa**” or the “**Company**”), without pre-emption rights and subscription by way of exchange of loans, which shall be called the Mandatory Convertible Bonds Issue (the “**Bonds**”), and which will be subject to the consideration of the extraordinary Meeting of Shareholders of Prisa called for 31 March 2016, on first call, and on 1 April 2016 on second call.

## **II. Object of the report. Description of the transaction**

The proposed resolution refers to the issue of Bonds mandatorily convertible into newly-issued shares of Prisa in two tranches, Tranche A in an amount of 32,099,050 Euros and Tranche B in a maximum amount of 117,900,950 Euros, without pre-emption rights and subscription by way of exchange, (i) in case of Tranche A, of loans held by HSBC Bank plc (“**HSBC**”), Títulos de

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Renta Fija, S.A., Suleyado 2003, S.L., Cantabra de Inversiones, S.A., Cantabro Catalana de Inversiones, S.A., Fomento e Inversiones, S.A., y Carpe Diem Salud, S.L. (“**Funds linked to Banco Santander**”) and CaixaBank, S.A. (“**CaixaBank**”), financial creditors of the Company (jointly, the “**Creditor Institutions**”) and (ii), in the case of Tranche B, of profit participating loans held by credit entities by virtue of the restructuring agreement subject to English law entered into by Prisa and a syndicate of credit entities on 11 December 2013, of which HSBC acts as agent bank (the “**Override Agreement**”) (the “**Issue**”).

The referred proposed resolution will be submitted to the approval, under item of the extraordinary General Meeting of shareholders to be held on 31 March 2016 on first call, or, if no quorum is present, on 1 April 2016 on second call.

This report is prepared by the Board of Directors of Prisa in compliance with the provisions of the following articles of the Consolidated Text of the Spanish Companies Act, approved by the Royal Legislative Decree 1/2010, of 2 July (the “**Spanish Companies Act**”):

- article 414.2, regarding the bases for and forms of conversion into shares;
- article 286, regarding the corresponding articles amendment in connection with article 297.1.a), regarding the delegation to the Board of Directors of the authority to determine the date and condition of the approved capital increase; and
- article 301, applicable by analogy for purposes of subscription of Bonds by way of exchange of loans.

In order to be in a position to cover conversions of the Bonds, the proposed resolution submitted to the extraordinary General Meeting also includes a proposed capital increase, in the necessary amount, with delegation of implementation to the Board of Directors in concordance with the provisions of articles 297.1.a) of the Spanish Companies Act.

Given the characteristics of the Issue and the capital increase, explained in detail below, and pursuant to article 304 of the Spanish Companies Act, there will be no pre-emption rights in favour of the Shareholders in the Bonds Issue.

An explanation of the transaction proposed to the General Meeting and the reasons justifying the Issue is first set forth below for the shareholders. Thereafter the reports contemplated in the Spanish Companies Act for purposes of articles 414.2, 286 in connection with 297.1.a) and 301 are issued jointly, albeit stated in separate sections. Finally, the final section sets forth the proposed resolution for the Issue that will be submitted for approval of the extraordinary General Meeting.



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## III. Description, context of the Issue and reasons for the transaction

The subscription and payment of the capital increase of Prisa by International Media Group, S.à r.l., for an amount of 64,000,000 Euros, executed on 2 December 2015, considerably benefited Prisa and, consequently, its shareholders, given the reinforcement of the financial and capital structure of the Company, as well as of its equity.

Nevertheless, with the aim of continuing with the strengthening of the capital structure of Prisa, the Board of Directors has reached an agreement with the Creditor Institutions that will contribute to the improvement of the capital ratios of the Company. Therefore, after the appropriate analysis of the financial structure of the Company, it has been deemed appropriate to continue with the adoption of measures to improve Prisa's solvency and strengthen its economic stability, and to that end it is necessary to adopt resolutions that make it possible to:

- (i) Reduce the cash needs for debt service and improve the ratio of indebtedness to net worth.
- (ii) Strengthen net worth.
- (iii) Improve the schedule for principal and interest payments on financial indebtedness.
- (iv) Facilitate the entry of new investors.

In this regard, in view of the interest shown by certain creditors of the Company in subscribing the Bonds, and ultimately, becoming shareholders, it is believed that it is appropriate to propose the approval of the Issue to the General Shareholders' Meeting.

In particular, the Company has received from HSBC, CaixaBank and the Funds linked to Banco Santander commitments to subscribe the Bonds included in the Tranche A of the Issue, subject to the conditions described on section IV.7 below, for the entire amount of the aforementioned tranche, this is, 32,099,050 Euros, in accordance with the following distribution:

- HSBC: 12,878,070 Euros
- CaixaBank: 9,610,500 Euros
- Títulos de Renta Fija, S.A.: 1,595,340 Euros
- Suleyando 2003, S.L.: 1,595,340 Euros
- Cantabra de Inversiones, S.A.: 1,595,340 Euros
- Cantabro Catalana de Inversiones, S.A.: 1,633,780 Euros



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- Fomento e Inversiones, S.A.: 1,595,340 Euros
- Carpe Diem Salud, S.L.: 1,595,340 Euros

Likewise, the Company has received from HSBC the commitment to subscribe 68,086,000 Euros out of the 117,900,950 Euros that comprise Tranche B of the Issue, also subject to the conditions explained on Section IV.7 below. Notwithstanding the foregoing, Tranche B of the Issue will be offered to other financial creditors of the Company that hold profit participating loans (*Mandatory PPL*) by virtue of the Override Agreement. If other financial creditors part of the Override Agreement were interested in exchanging their respective profit participating loan credits in Tranche B of the Issue for an aggregated amount greater than 49,814,950 Euros, the amount to subscribe by HSBC will be reduced, distributing the issued Bonds within Tranche B among the applications presented by the subscribing entities proportionally to their corresponding percentage in the Override Agreement.

Moreover, pursuant to article 304 of the Spanish Companies Act, there will be no pre-emption rights in the Issue in favour of the shareholder of the Company.

Finally, the Board of Directors believes that the aforesaid transaction is consistent with the corporate interest of the Company, and ensures achieving the objectives pursued, for the following reasons:

- (i) In the first place, given the fact that the Bonds are convertible at any time after 12 months from the Closing Date by request of the Company (as explained below) and mandatorily convertible on the Final Maturity Date, they will result, from the date of the Issue, in a reduction of indebtedness in the amount of the credits and profit participating loans exchanged and improvement of the ratio of indebtedness to net worth.
- (ii) In the second place, the Issue will allow Prisa to significantly increase its equity and to strengthen its balance sheet.
- (iii) In the third place, the costs associated with this transaction, aimed at previously identified creditors, are lower than those of transactions that require an allocation process, since no coordinating, book-running or underwriting commissions are paid.
- (iv) In the fourth place, a different structure to the one proposed in this report, such as a convertible bonds issue with pre-emption rights or an accelerated bookbuild offering, would delay the deleveraging and debt reduction process.





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- (v) Finally, this transaction will involve an improvement in the market's perception of the group of the Company, because the entry of capital into the Company, which is guaranteed by the mandatory convertible character of the Bonds, and the capital entries that took place on July 2014 and December 2015, demonstrate an improvement in the growth perspectives of Grupo Prisa and an increase of trust in its strategy and in the measures adopted within the debt reduction process, always pursuing the continuity of the business of the group.

## IV. Report for purposes of article 414.2 of the Spanish Companies Act

To achieve the stated objectives, an agreement to issue the Bonds has been entered into with the Creditor Institutions and, where appropriate, with other financial institutions part of the Override Agreement, the essential terms of which, including the bases for and forms of conversion of the Bonds, are set forth below:

### 1. Information of the issuer entity

The issuer is Promotora de Información, S.A.; of Spanish nationality and with registered office at Madrid, calle de Gran Vía, number 32.

The share capital amounts to 235,007,874 Euros, fully subscribed and paid-up. The share capital is divided into 78,335,958 common shares, with a nominal value of three Euros each, and numbered from 1 to 78,335,958.

Prisa's corporate purpose consists in:

- a) Management and operating all types of owned or third-party news and social communications media, regardless of format, including the publication of printed newspapers, among others.
- b) Promoting, planning and executing, on behalf of the Company or for other entities, either directly or through third parties, of all types of communications media, industrial, commercial and of services projects, transactions or business.
- c) Incorporating business or companies, participating in already existing companies, even with a controlling interest, and enter into association with third parties in transactions and business through collaboration arrangements.
- d) Acquisition, holding either direct or indirectly, leasing or any otherwise exploiting and disposing of all types of real property and rights therein.



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- e) Contracting and providing advisory, acquisition and management services, either through intermediation, representation or any other type of collaboration method on the Company's behalf or for third parties.
  - f) Involvement in capital and money markets through the management, purchase and sale of fix-income or equity securities or any other type of securities on behalf of the Company.
2. Amount of the Issue

The Issue will be made in two tranches:

- a) Amount of the Tranche A of the Issue. The amount of the Tranche A of the Issue will total 32,099,050 Euros and will be subscribed by the Creditor Institutions. The amount of Tranche A will be increased by the amount of the payable interests accrued by the loans exchanged for the issue until the Closing Date (as defined below).
- b) Amount of the Tranche B of the Issue. The amount of the Tranche B of the Issue will amount to a maximum of 117,90,950 Euros, out of which HSBC has committed to subscribe 68,086,000 Euros. Notwithstanding the foregoing, Tranche B of the Issue will be offered to all the financial creditors of the Company that hold profit participating loans (*Mandatory PPLs*) by virtue of the Override Agreement. If other financial creditors part of the Override Agreement were interested in exchanging their respective profit participating loan credits in Tranche B of the Issue for an aggregated amount greater than 49,814,950 Euros, the amount to subscribe by HSBC will be reduced, distributing the issued Bonds within Tranche B among the applications presented by the subscribing entities proportionally to their corresponding percentage in the Override Agreement. Furthermore, in the case that the amount of Tranche A is increased as a consequence of the accrual of interest as described on the previous letter a), and as a consequence of such increase the aggregated amount of Tranche A and Tranche B exceeds 150,000,000 Euros, the amount of Tranche B will be reduced until the aggregated amount equals 150,000,000 Euros.

The issue will be governed by the provisions of the Spanish Companies Act and the Bylaws of the Company.

According to the article 407 of the Companies Capital Law, the Bonds Issue shall be in public deed with the following provisions:



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- a) Name, corporate purpose and share capital of the issuer, stating if it has been fully paid. If there were outstanding bonds or debentures, those pending total or partial amortization, conversion or exchange shall be stated, expressing their amount.
- b) The statement of the corporate body that resolved on the Bonds Issue and the date on which the resolution was taken.
- c) The total amount of the Issue and the number of Bonds that comprise it, specifying if they are represented in registered form or in book-entry form.
- d) The face value of the issued Bonds, as well as the accrued interests or the formula for determining the interest rate, premiums, batches and any other benefit, if any.
- e) The regulations on the organization and functioning of the syndicate of bondholders and its relations with the issuer.
- f) The amortization regime of the Bonds, specifying the conditions and the terms in which the amortization will take place.

### 3. Subscription and payment

- a) Subscription and payment of the Tranche A of the Issue. The Bonds that constitute the Tranche A of the Issue will be subscribed by HSBC, CaixaBank and the Funds linked to Banco Santander when the conditions of the Section IV.7. below have been met and the public deed—which will be registered in the Commercial Registry— has been granted (“**Closing Date**”).

As previously explained, the Company has received from HSBC, CaixaBank and the Funds linked to Banco Santander commitments to subscribe the Bonds for the entire amount of Tranche A, subject to the conditions included in Section IV.7 below. The amount of Tranche A will be increased by an the amount of the payable interests accrued by the loans exchanged for the issue until the Closing Date.

The subscription of the total amount of the Tranche A of the Issue, this is 32,099,050 Euros, will be allocated among HSBC, CaixaBank and the Funds linked Banco Santander as follows:

- HSBC: 12,878,070 Euros
- CaixaBank: 9,610,500 Euros
- Títulos de Renta Fija, S.A.: 1,595,340 Euros



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- Suleyando 2003, S.L.: 1,595,340 Euros
- Cantabra de Inversiones, S.A.: 1,595,340 Euros
- Cantabro Catalana de Inversiones, S.A.: 1,633,780 Euros
- Fomento e Inversiones, S.A.: 1,595,340 Euros
- Carpe Diem Salud, S.L.: 1,595,340 Euros

- b) Subscription and payment of the Tranche B of the Issue. The Bonds that constitute the Tranche B of the Issue are aimed to all the financial creditors of the Company that hold profit participating loans (*Mandatory PPLs*) by virtue of the Override Agreement and will be subscribe on the Closing Date. As previously explained, the amount of the Tranche B of the Issue will amount to a maximum of 117,900,950 Euros, out of which HSBC has committed to subscribe 68,086,000 Euros. If other financial creditors part of the Override Agreement were interested in exchanging their respective profit participating loan credits in Tranche B of the Issue for an aggregated amount greater than 49,814,950 Euros, the amount to subscribe by HSBC will be reduced, distributing the issued Bonds within Tranche B among the applications presented by the subscribing entities proportionally to their corresponding percentage in the Override Agreement. Furthermore, in the case that the amount of Tranche A is increased as a consequence of the accrual of interest as described on the previous letter a), and as a consequence of such increase the aggregated amount of Tranche A and Tranche B exceeds 150,000,000 Euros, the amount of Tranche B will be reduced until the aggregated amount equals 150,000,000 Euros.

The possibility of incomplete subscription of both tranches of the Issue is expressly provided. As a result, the Issue will be limited to the amount corresponding to the face value of the Bonds effectively subscribed and paid for by the investors to which it is addressed, being of no effect as regards the remainder.

#### 4. Absence of pre-emption rights

There will be no pre-emption rights, in accordance with article 416.2 in connection with article 304 of the Spanish Companies Act, which specifies that only in capital increases—in this case, issue of convertible bonds—with newly-issued shares with charge to monetary contributions are the shareholders entitled to subscribe a number of newly-issued shares in proportion to the nominal value of the shares they already own. Therefore, being this the case of a capital increase



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

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through the capitalization of credits set out in article 301 of the Spanish Companies Act and, consequently, not being there any monetary contribution, there will be no pre-emption rights in favour of the shareholders.

## 5. Issue price, face value and representation

The Bonds will be issued at par, in registered form, and have a unit face value of 10 Euros.

## 6. Interest rate

It is proposed that the Bonds accrue an annual interest of 2.60%—corresponding with the applicable interest rate under the Override Agreement— from the date of their issue and by reference to the face value of the Bonds, payable at the Final Closing Date—except for cases of anticipated conversion, which will be payable at the conversion date— and in newly-issued common shares of Prisa.

## 7. Conditions for the Issue

The Issue is subject to the following conditions:

- (i) the procurement of the mandatory reports issued by the auditor of the Company and an auditor appointed by the Commercial Registry.
- (ii) the authorization of the Issue by the syndicate of credit entities of Prisa in concordance with the Override Agreement and with the majorities described in such agreement.
- (iii) the approval of the final terms and conditions of the Issue by the General Shareholders' Meeting of the Company.
- (iv) if applicable, the consent of any third party required under the existent financial indebtedness of Prisa in order to allow the subscribers of the Bonds to declare that their respective percentage of the credits to be capitalized are liquid, due and payable at the Closing Date for the purposes of the conversion into shares.
- (v) the non-occurrence of any material adverse change in the financial condition of the Company, and the non-existence of any suspension or material limitation in trading securities on any of the Spanish Stock Exchanges, the London Stock Exchange or the New York Stock Exchange.



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## 8. Final Maturity Date

The Bonds will have a term of 2 years, for which reason they will mature on the date two years after the Closing Date ("**Final Closing Date**").

On the Final Maturity Date, the Bonds that have not been converted before will be necessarily converted into newly-issued common shares of Prisa.

## 9. Security

The Issue will be secured by the property of the Company, not being specially secured by any third party guarantee.

## 10. Rules governing priority

The Bonds are direct and unconditional obligations, contractually subordinated to the Company's bank syndicated indebtedness derived from the Override Agreement and otherwise unsubordinated and ranking *pari-passu* and *pro-rata*, without any preference, among them or with regards to other existing or future unsecured and unsubordinated debts of the Company, except for, in the case of bankruptcy, those debts that may enjoy a priority as provided in mandatory laws of general application.

## 11. Transferability and admission to trading

The Bonds will only be freely transferable after 12 months of the Closing Date. Admission to trading of the Bonds will not be sought on any secondary market.

## 12. Syndicate of Bondholders and Commissioner

A Syndicate of Bondholders is formed under the name "Syndicate of Bondholders for the 2016 Convertible Bond Issue of Promotora de Informaciones, S.A.", which will act in accordance with its Regulations and the Spanish Companies Act. Fernando Martínez Albacete is appointed as temporary Commissioner. The content of the regulations will be substantially as attached to these resolutions as **Annex 1**, notwithstanding what provided in articles 419 et seq. of Spanish Companies Act.

## 13. Bases for and forms of conversion of the Bonds

The bases for and forms of conversion of the Bonds are explained below:

- a) Conversion of the Bonds. The Bonds are necessarily convertible after two years from the Closing Date. However, Prisa may request the early conversion of the Bonds, totally or partially, at any time after 12 months from the Closing Date, provided that the



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Company notifies the Commissionaire 15 days in advance. In this case, the Company shall issue the new shares of Prisa resulting from the Conversion Price, taking into account the accrued interests corresponding to the bondholders until the date in which the early conversion was requested, within the month following the request of early conversion.

Likewise, the bondholders will be able to individually request the early conversion of the bonds, totally or partially, if during the 12 months following the Closing Date (i) the Company issues or undertakes to issue new common shares or convertible bonds into common shares to be subscribed through monetary contributions and with pre-emptive rights; (ii) the Spanish Securities Market Regulator (Comisión Nacional del Mercado de Valores) authorizes a takeover bid regarding the shares of the Company; or (iii) the Company is declared in Bankruptcy. In these cases, the Company will issue the new common shares of Prisa resulting from the Conversion Price within the next month following the early conversion request, taking into account the accrued interests until the date in which the early conversion was requested, with enough time to participate, with regards to case (i), in the General Shareholders' Meeting that in such case intends to approve the issue and, in any case, when the issue is subject to the approval of the Board of Directors, for the purposes of participating in the aforementioned issue. After the 12 months following the Closing Date, the bondholders will be entitled to the same early conversion right, including in this case, for the purpose of the early conversion, the accrued interest until the date in which the early conversion was requested.

- b) Conversion Price. The price of the shares of Prisa for purposes of conversion will be 10 Euros (the "**Conversion Price**").

The Conversion Price will be adjusted, in the following circumstances, according to procedures commonly used in similar issues and taking into the economic effect that such circumstances may have over the value of the Bonds:

- (i) Free allocation of shares or warrants to the shareholders of the Company.
- (ii) Shares split or reverse split transactions.
- (iii) Capital increases by way of capitalisation of reserves, profits or issue premium through an increase in the par value of the shares.



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(iv) Distribution of reserves or issue premium, in cash or in kind.

(v) Absorption, merger, spinoff or split-up.

Likewise, in the event that, during the 12 months following the Closing Date, (i) the Company executes a capital increase or an issue of convertible bonds into new common shares with pre-emptive rights, or (ii) the Company issues or commits to issue new common shares or convertible bonds into new common shares to subscribe through monetary contributions and excluding pre-emption rights, in both cases with an issue or conversion price lower than the Conversion Price, the Conversion Price will be automatically adjusted to the price of this newly-issued common shares or convertible bonds.

For clarification purposes, the adjustment established in this subparagraph b) will not be applicable to the resolutions adopted in the General Meeting of Shareholders and to the issue of shares resulting from the exercise of the warrants approved by the General Meeting of Shareholders of Prisa that took place on 10 December 2013.

- c) Conversion Rate. The number of newly-issued common shares of Prisa that will be delivered to the bondholders will be determined by dividing the face value of the Bonds and the accrued interest by the Conversion Price on the conversion date. Thus, the conversion rate will be one newly-issued common share per Bond, plus the number of shares corresponding to the accrued interests, which will depend on the date of the conversion.

The share capital that would be needed to meet the needs of the conversion of all the Bonds, assuming that Tranche B is fully subscribed and that all the Bonds are converted into newly-issued common shares of Prisa on the Final Closing Date, together with the accrued interests, amounts to 47,370,420 Euros, corresponding to the nominal value and the number of newly-issued common shares will be 15,790,140. In this case, the part of the capital contributions of the bondholders that corresponds with the premium would rise to 110,530,980 Euros.





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14. Relevant events that have taken place since the closing of the annual consolidated financial statements of the Company corresponding to the financial year ended 31 December 2014

It is hereby informed that the following significant events have taken place after the closing of the annual consolidated financial statements of the Company corresponding to the financial year ended 31 December 2014 and until the date of this report:

- a) On 26 February 2015, the reverse auction addressed to the creditors of Prisa was closed, having the Company agreed to the buyback of a total of 63,067,601 Euros of debt, with an average discount of 0.25 Euros per euro (this is, an average price of 75%).
- b) On 20 April 2015, the ordinary Meeting of Shareholders of the Company was held and, among others, the following resolutions were approved: (i) the elimination of the Class A shares because, after the mandatory conversion of the nonvoting Class B shares, there is only one class of common share (which was registered in the Commercial Registry on 12 May 2015), and (ii) the carrying out of a reverse stock split, transforming 30 outstanding common shares, with a nominal value of ten cents each, into a new common share of three-euro nominal value (with effects from 22 May 2015).
- c) On 28 April 2015, the Company agreed to buyback a total of 58,540,619.38 Euros of debt, with an average discount of 0.195 Euros per euro (this is, an average price of 80.5%).
- d) On 30 April 2015, the sale of the shares of DTS, Distribuidora de Televisión Digital, S.A. (“DTS”) was executed, through which Prisa transferred all of its shares of DTS to Telefónica de Contenidos, S.A.U., representing 56% of the share capital of DTS, once the pertinent regulatory authorizations were obtained and for a price, after the corresponding adjustments, of 688,211,085 Euros. There are two adjustments over which Telefónica and Prisa have agreed a resolution procedure that could entail a higher price for Prisa of up to 36,343,354.6 Euros more (this is, the maximum price of the sale could amount to 724,554,439.60 Euros).
- e) On 13 May 2015, as continuation to the closing of the sale of Prisa’s shares in DTS, the amount of 385,541,859.96 Euros was paid, corresponding to the *new money* that was obtained from a number of institutional investors on December 2013.



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- f) On 3 June 2015, the Company amortized 84,000,000 Euros of debt, face value, with the funds obtained from the sale of its interests in DTS.
- g) On 20 July 2015, the Company agreed to buyback a total of 90,421,775.27 Euros of debt, with an average discount of 0.12 Euros per euro (this is, an average price of 88%) and a total discount of 10,850,613.27 Euros.
- h) On 1 October 2015, the Company agreed to buyback a total of 85,279,266.12 Euros of debt, with an average discount of 0.1307 Euros per euro (this is, an average price of 86.93%) and a total discount of 11,146,000.08 Euros.
- i) On 2 December 2015, the execution of the public deed of capital increase for a total amount of 64,000,000 Euros, fully subscribed and paid by International Media Group, S.à r.l., was announced.
- j) On 2 December 2015, the Company amortized 55,000,000 Euros of debt, face value with the funds obtained from the sale of its interests in DTS (20% of which were deferred according to the sale and purchase agreement).

## 15. Appointment of an auditor other than the auditor of the Company

Finally, it is noted that, in accordance with the provisions of article 414.2 of the Spanish Companies Act, the Commercial Registry will be asked to appoint an auditor other than the auditor of Prisa, to issue a report from an auditor other than the auditor of the Company in which, on the bases of this report, an opinion is expressed related to the matters stated in the aforementioned rules.

The referred report, together herewith will be made available to the shareholders upon the publication of the call to the General Meeting.

## V. Report purposes of article 286 of the Spanish Companies Act

In order to cover the conversion of the Bonds, it is proposed that the extraordinary General Meeting of Shareholders approves an increase of the capital of the Company in the amount necessary to cover conversion of the Bonds.

In accordance with the provisions of the preceding sections, in case that Tranche B of the Issue is fully subscribed, and unless there is any dilution event between the Closing Date and the Final Maturity Date or there is an early conversion, total or partial, of the Bonds, 15,790,140 newly-issued common shares of Prisa will be issued, at a par value of 3 Euros per share, plus an



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issue premium of 7 Euros per share, with the share capital being increased by a total amount of 47,370,420 Euros, with total issue premium, in this case, of 110,530,980 Euros.

The aforesaid capital increase will be implemented by the Board of Directors or, in the event of delegation, by any of its members, the Delegated Committee, the President and the Chief Executive Officer on the Final Maturity Date. Consistently with the foregoing, it is proposed that the General Meeting delegates the implementation of the capital increase resolution necessary to cover conversion of the Bonds on the Final Maturity Date or on the early conversion date to the Board of Directors (under article 297.1.a) of the Spanish Companies Act) with express authority to subdelegate. In addition, it is proposed to delegate the amendment of the text of article 6 of the bylaws to adapt it to the new capital figure resulting from implementation of the capital increase to cover conversion of the Bonds to the Board of Directors, with express authority to subdelegate, as well as the powers to define all the conditions of the capital increase regarding anything not covered by the resolution of the Meeting of Shareholders.

## VI. Report for purposes of article 301 of the Spanish Companies Act in relation to the Tranche A of the issue

The loans susceptible of exchange to subscribe the Bonds included in the Issue, the approval of which is proposed, are those referred to below, expressly indicating the creditors, the amounts and the dates granted, as this information appears in the company's accounting:

1. Nature of the credits to be exchanged, identity of the subscribers, number of bonds to be issued

### a) Credits to be exchanged.

The Bonds included in the Tranche A of the Issue may be paid for and subscribed by exchange of the following loans:

- Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit granted by HSBC Bank plc to the Company on 31 December 2014 for a total amount of 12,878,070 Euros.
- Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit granted by CaixaBank, S.A., to the Company on 31 December 2014 for a total amount of 9,610,500 Euros.



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- Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit owned by Títulos de Renta Fija, S.A., dated 31 December 2014 and for a total amount of 1,595,340 Euros.
- Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit owned by Suleyado 2003, S.L., dated 31 December 2014 and for a total amount of 1,595,340 Euros.
- Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit owned by Cantabra Inversiones, S.A., dated 31 December 2014 and for a total amount of 1,595,340 Euros.
- Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit owned by Cantabro Catalana de Inversiones, S.A., dated 31 December 2014 and for a total amount of 1,633,780 Euros.
- Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit owned by Fomento e Inversiones, S.A., dated 31 December 2014 and for a total amount of 1,595,340 Euros.
- Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit owned by Carpe Diem Salud, S.L., dated 31 December 2014 and for a total amount of 1,595,340 Euros.

This credits, in concordance with the conversion commitments given by their holders, will comply with the requirements of the capitalization of credits of article 301 of the Spanish Companies Act at the time of the approval of the object of this report by the Meeting of Shareholders of the Company and, therefore, at the time of the execution of the public deed regarding the Issue of the Bonds.

The Bonds included in the Tranche B of the Issue may be paid for and subscribed by exchange of the following loans of the Override Agreement:

- Tranche of the profit participating loan mandatory under the facility agreement entered into by the Company and several financial institutions as lenders and HSBC Bank plc as agent bank and security agent, on 11 December 2013.

Likewise, this credits, in concordance with the conversion commitments given by their holders, will comply with the requirements of the capitalization of credits of article 301 of the Spanish Companies Act at the time of the approval of the object of this report by the Meeting of



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Shareholders of the Company and, therefore, at the time of the execution of the public deed regarding the Issue of the Bonds.

b) Identity of subscribers of the bonds and number of bonds to be issued

The Bonds included in the Tranche A of the Issue will be exclusively subscribed by HSBC, the Funds linked to Banco Santander and CaixaBank, which will subscribe a total of 3,209,905 Bonds of Tranche A, respectively. The number of Bonds of Tranche A will be increase by the amount of payable interests accrued by the loans exchanged for the issue until the Closing Date. The Bonds included in the Tranche B of the Issue will be exclusively subscribed by the creditor financial institutions of the Company by virtue of the Override Agreement, which have been offered the subscription of the Bonds as set out below:

- AVENUE CREDIT STRATEGIES FUND
- BANCO GRUPO CAJATRES S.A.
- BANCO POPULAR ESPANOL, S.A
- BARCLAYS BANK PLC
- BARENDINA SA
- BLACK DIAMOND ARBITRAGE OFFSHORE LTD
- BLACK DIAMOND OFFSHORE LTD
- BNP PARIBAS FORTIS S.A.N.V, SURCUSAL EN ESPANA
- BNP PARIBAS FORTIS SA/NV
- BURLINGTON LOAN MANAGEMENT LIMITED
- Bank of America Merrill Lynch International Limited
- CITIGROUP FINANCIAL PRODUCTS INC
- CREDIT SUISSE INTERNATIONAL
- CVC EUROPEAN CREDIT OPPORTUNITIES (NO 8) S A R L
- CVC EUROPEAN CREDIT OPPORTUNITIES (NO.49) S.A.R.L.
- CVC EUROPEAN CREDIT OPPORTUNITIES S.A.R.L. ACTING IN RESPECT OF ITS COMPARTMENT B
- CVC EUROPEAN CREDIT OPPORTUNITIES SARL ACTING IN RESPECT OF ITS COPARTMENT A
- DEUTSCHE BANK AG
- DOUBLE BLACK DIAMOND OFFSHORE LTD
- EIFFEL CREDIT OPPORTUNITIES, A SUB-FUND OF EIFFEL DIVERSIFIED FCP-SIF
- EIFFEL CREDIT VALUE MASTER FUND



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- EUROPEAN CREDIT OPPORTUNITIES PLATFORM B.V
- GL EUROPE ASRS INVESTMENTS SARL
- GL EUROPE LUXEMBOURG III (EUR) INVESTMENTS S.A.R.L
- GL EUROPE LUXEMBOURG III (US) INVESTMENTS S.A.R.L
- GL EUROPE LUXEMBOURG SARL
- GL US LUXEMBOURG SARL
- GOLDMAN SACHS INTERNATIONAL BANK
- HSBC BANK PLC - MADRID BRANCH
- HSBC LONDON
- IBERCAJA BANCO S.A.U
- JP MORGAN SECURITIES PLC
- KUTXABANK S.A.
- LTIC S.A.
- MAKURIA LUXEMBOURG II SARL
- MARINER GLEN OAKS LLC
- MORGAN STANLEY BANK INTERNATIONAL LTD
- NATIONAL WESTMINSTER BANK PLC
- OCP CREDIT STRATEGY FUND
- ONEX DEBT OPPORTUNITY FUND LTD
- SCIENS GROUP ALTERNATIVE STRATEGIES PPC LIMITED, ACTING ON RESPECT OF ITS BLUE GAMMA CELL
- SGI MANAGED ASSETS SPC LIMITED

The subscription of the maximum of 11,790,095 Bonds included in Tranche B has been offered to all the aforementioned entities. Nonetheless, the Company has received from HSBC a commitment to subscribe the Bonds of Tranche B for an amount of 63,086,000 Euros, subject to the conditions provided in Section IV.7 above. If other financial creditors part of the Override Agreement were interested in exchanging their respective profit participating loan credits in Tranche B of the Issue for an aggregated amount greater than 49,814,950 Euros, the amount to subscribe by HSBC will be reduced, distributing the issued Bonds within Tranche B among the applications presented by the subscribing entities proportionally to their corresponding percentage in the Override Agreement.

In the case that the amount of Tranche A is increased as a consequence of the accrual of interest, and as a consequence of such increase the aggregated amount of Tranche A and Tranche B



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exceeds 150,000,000 Euros, the amount of Tranche B will be reduced until the aggregated amount equals 150,000,000 Euros.

In the event of approval of the Issue by the General Shareholders Meeting of the Company, the loans susceptible of exchange that are listed in this section will meet the requirements established, by analogy, in article 301 of the Spanish Companies Act and, therefore, will be suitable for capitalisation on the date of implementation of the Issue.

## 2. Certification of the Company's auditor for purposes of article 301 of the Spanish Companies Act

It has been requested the required certification to be issued by Deloitte, S.L., in its capacity as the Company's auditor, under the provisions of article 301.3 of the Spanish Companies Act.

The aforesaid certification, which will be made available to the shareholders together with this report, must confirm that:

- (i) having reviewed the company's accounting, the information set forth in this report regarding the credits susceptible of exchange is accurate; and
- (ii) in accordance with the exchange commitments received from the holders of the credits and profit participating loans specified in Section VI.1 above, these credits will satisfy the requirements established in article 301 of the Spanish Companies Act for credits capitalisation at the time of approval by the General Meeting of the proposed resolution covered by this report and, therefore, on the date of execution of the public deed documenting the Issue.

Also, for the execution of the public deed documenting implementation of the Issue, it is contemplated that Deloitte, S.L., in its capacity as the Company's auditor, will issue a new certification to the effect that the full amount of the credits subject to exchange is net, due and payable at that date, and confirming that the maturities of the remaining amounts are not more than five years.

## VII. Delegation of authority

It is proposed to authorise the Board of Directors, with express authority to subdelegate in the Delegate Commission, the President and the Chief Executive Officer, to set any other condition not provided in the resolution of the Meeting of Shareholders, agree with the subscribers of the Bonds on the final terms and conditions of the Bonds, adapt, if applicable, the Regulations of the Syndicate of Bondholders for the 2016 Convertible Bond Issue of Promotora de



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Informaciones, S.A., implement the capital increase resolution of the Company by issuing and placing in circulation, on one or more occasions, the shares representatives thereof that are necessary to carry out the conversion of the Bonds and the payment of the accrued interests with newly-issued common shares of Prisa, and to redraft the article of the regulations related to capital, leaving the part of that capital increase that is not necessary for the conversion into common shares of Prisa with no effect, and to apply for admission to trading of the newly-issued common shares of Prisa on the Madrid, Barcelona, Valencia and Bilbao Stock Exchanges, through the Exchange Interconnection System (Continuous Market), and take such other actions as are set forth in the resolution covered by this report.

## VIII. Proposed resolution to be submitted to General Meeting

Based on all of the foregoing the following proposal is presented to the General Shareholders' Meeting:

**“Issue of mandatorily convertible bonds in new shares of Promotora de Informaciones, S.A., by exchange of loans. Capital increase to cover the conversion.**

A. Issue of bonds mandatorily convertible into new shares of Promotora de Informaciones, S.A.

It is resolved to issue bonds mandatorily convertible into newly-issued common shares of Promotora de Informaciones, S.A. (“Prisa” or the “Company”) (the “Bonds”), without pre-emption rights, to be carried out in two tranches (the “Issue”) in accordance with the terms and conditions and subject to the bases for and forms of conversion indicated below.

### 1.1. Issue

The Issue will be carried out in two tranches.

- (a) Amount of the Tranche A of the Issue. The amount of the Tranche A of the Issue amounts to 32,099,050 Euros. This tranche is aimed to HSBC Bank plc (“HSBC”), Títulos de Renta Fija, S.A., Suleyado 2003, S.L., Cantabra de Inversiones, S.A., Cantabro Catalana de Inversiones, S.A., Fomento e Inversiones, S.A., y Carpe Diem Salud, S.L. (“Funds linked to Banco Santander”) and CaixaBank, S.A. (“CaixaBank”), financial creditors of the Company (jointly, the “Creditor Institutions”). The amount of Tranche A will be increased by the amount of the payable interests accrued by the loans exchanged for the issue until the Closing Date (as defined below).





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- (b) Amount of the Tranche B of the Issue. The amount of the Tranche B of the Issue amounts to a maximum of 117,900,950 Euros. This tranche is aimed to all the creditors of the Company in accordance with the restructuring agreement called "Override Agreement" subject to English law entered into by Prisa and a syndicate of credit entities on 11 December 2013, of which HSBC acts as agent bank, and that jointly hold profit participating loans (the "**Override Agreement**").

## 1.2. Subscription and payment

- (a) Subscription and payment of the Tranche A of the Issue. The Bonds that constitute the Tranche A of the Issue will be subscribed by the Creditor Institutions through the capitalization of credits. HSBC, CaixaBank and the Funds linked to Banco Santander have committed to subscribe the amount of 32,009,050 Euros, in accordance with the following distribution:

- HSBC: 12,878,070 Euros
- CaixaBank: 9,610,500 Euros
- Títulos de Renta Fija, S.A.: 1,595,340 Euros
- Suleyando 2003, S.L.: 1,595,340 Euros
- Cantabra de Inversiones, S.A.: 1,595,340 Euros
- Cantabro Catalana de Inversiones, S.A.: 1,633,780 Euros
- Fomento e Inversiones, S.A.: 1,595,340 Euros
- Carpe Diem Salud, S.L.: 1,595,340 Euros

- (b) Subscription and payment of the Tranche B of the Issue. The Bonds that constitute the Tranche B of the Issue could be subscribed through the capitalization of credits exclusively by the creditors of the Company in accordance with the Override Agreement. The Company has received the commitment of HSBC to subscribe 68,086,000 Euros out of the total amount of 117,900,950 Euros that constitute the Tranche B of the Issue. If other financial creditors part of the Override Agreement were interested in exchanging their respective profit participating loans in Tranche B of the Issue for an aggregated amount greater than 49,814,950 Euros, the amount to subscribe by HSBC will be reduced, distributing the issued Bonds within Tranche B among the



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applications presented by the subscribing entities proportionally to their corresponding percentage in the Override Agreement.

The commitments to subscribe the total amount of Tranche A by the Creditor Institutions, as well as the 68,086,00 Euros of Tranche B by HSBC, are subject to:

- (i) the procurement of the mandatory reports issued by the auditor of the Company and an auditor appointed by the Commercial Registry.
- (ii) the authorization of the Issue by the syndicate of credit entities of Prisa in concordance with the Override Agreement and with the majorities described in such agreement.
- (iii) the approval of the final terms and conditions of the Issue by the General Shareholders' Meeting of the Company.
- (iv) if applicable, the consent of any third party required under the existent financial indebtedness of Prisa in order to allow the subscribers of the Bonds to declare that their respective percentage of the credits to be capitalized are liquid, due and payable at the Closing Date for the purposes of the conversion into shares.
- (v) the non-occurrence of any material adverse change in the financial condition of the Company, and the non-existence of any suspension or material limitation in trading securities on any of the Spanish Stock Exchanges, the London Stock Exchange or the New York Stock Exchange.

The subscription of the Bonds that constitute the Issue will occur on the date on which the aforementioned conditions are met and the public deed regarding the Issue —which will be registered in the Commercial Registry— is executed (“**Closing Date**”).

The Creditor Institutions and the other creditors that apply for the subscription of the Bonds that constitute Tranche A and/or Tranche B may pay for and subscribe the Bonds by exchange of the following profit participating loans:

- (A) Regarding Tranche A
  - Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit granted by HSBC Bank plc to the Company on 31 December 2014 for a total amount of 12,878,070 Euros.



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- Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit granted by CaixaBank, S.A., to the Company on 31 December 2014 for a total amount of 9,610,500 Euros.
- Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit owned by Títulos de Renta Fija, S.A., dated 31 December 2014 and for a total amount of 1,595,340 Euros.
- Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit owned by Suleyado 2003, S.L., dated 31 December 2014 and for a total amount of 1,595,340 Euros.
- Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit owned by Cantabra Inversiones, S.A., dated 31 December 2014 and for a total amount of 1,595,340 Euros.
- Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit owned by Cantabro Catalana de Inversiones, S.A., dated 31 December 2014 and for a total amount of 1,633,780 Euros.
- Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit owned by Fomento e Inversiones, S.A., dated 31 December 2014 and for a total amount of 1,595,340 Euros.
- Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit owned by Carpe Diem Salud, S.L., dated 31 December 2014 and for a total amount of 1,595,340 Euros.

## (B) Regarding Tranche B

- Tranche of the profit participating loan mandatory under the facility agreement entered into by the Company and several financial institutions as lenders and HSBC Bank plc as agent bank and security agent, on 11 December 2013.

These credits, in the amounts their holders agree to use for subscription, will satisfy in the moment of their exchange the requirements established in article 301 of the Spanish Companies Act, as shown on the report prepared by the Board of Directors for that purpose. The compliance with the requirement of article 301 for the capitalisation of credits will be confirmed by the certificate issued in the form of a special report before the call of the General Shareholders' Meeting by the Company's auditor, Deloitte, S.L., a Spanish entity with registered



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office at Pablo Ruiz Picasso 1, Torre Picasso, 28020, with tax identification number (NIF) number B-79104469, which will be completed by an additional certificate that will be issued when the referred requirements are fully met.

The report made by the Board of Directors has been issued in accordance with the following provisions of the Spanish Companies Act:

- article 414.2, regarding the bases and forms of exchange into shares;
- article 286, regarding the corresponding amendment of the articles of incorporation of the Company, in connection with article 297.1.a), regarding the delegation in the Board of Directors of the power to set the date and conditions of the agreed capital increase; and
- article 301, applicable by way of analogy with regards to the subscription of the Bonds through the capitalization of credits.

Notwithstanding, it is provided the incomplete subscription of both tranches. Consequently, the Issue will be limited to the amount corresponding with the face value of the bonds effectively subscribed and paid by the investors, having no effects for the rest.

- 1.3. Issue price, face value and representation. The Bonds are issued at par, are in registered form, and have a unit face value of 10 Euros. The Bonds are of a single series and will be represented by registered nominative certificates.
- 1.4. Interest rate. The Bonds accrue an annual interest of 2.60% —corresponding with the applicable interest rate under the Override Agreement— from the date of their issue and by reference to the face value of the Bonds, payable at the Final Closing Date— except for cases of anticipated conversion, which will be payable at the conversion date— and in newly-issued common shares of Prisa.
- 1.5. Maturity date. The Bonds will have a term of 2 years, for which reason they will mature on the date two years after the Closing Date (“Final Closing Date”).

When the final maturity date arrives, the Bonds which have not been converted before will be converted mandatorily into newly-issued common shares of Prisa.

- 1.6. Bases for and forms of conversion of the Bonds
  - (a) Conversion of the Bonds. The Bonds are necessarily convertible after two years from the Closing Date. However, Prisa may request the early conversion of the Bonds, totally



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or partially, at any time after 12 months from the Closing Date, provided that the Company notifies the Commissionaire 15 days in advance. In this case, the Company shall issue the new shares of Prisa resulting from the Conversion Price, taking into account the accrued interests corresponding to the bondholders until the date in which the early conversion was requested, within the month following the request of early conversion.

Likewise, the bondholders will be able to individually request the early conversion of the bonds, totally or partially, if during the 12 months following the Closing Date (i) the Company issues or undertakes to issue new common shares or convertible bonds into common shares to be subscribed through monetary contributions and with pre-emptive rights; (ii) the Spanish Securities Market Regulator (*Comisión Nacional del Mercado de Valores*) authorizes a takeover bid over the shares of the Company; or (iii) the Company is declared in Bankruptcy. In these cases, the Company will issue the new common shares of Prisa resulting from the Conversion Price within the next month following the early conversion request, taking into account the accrued interests until the date in which the early conversion was requested, with enough time to participate, with regards to case (i), in the General Shareholders' Meeting that in such case intends to approve the issue and, in any case, when the issue is subject to the approval of the Board of Directors, for the purposes of participating in the aforementioned issue.

After the 12 months following the Closing Date, the bondholders will be entitled to the same early conversion right, including in this case, for the purpose of the early conversion, the accrued interest until the date in which the early conversion was requested.

- (b) Conversion Price. The price of the Prisa shares for purposes of conversion will be 10 Euros ("**Conversion Price**").

The Conversion Price will be adjusted, in the following circumstances, according to market standards and taking into account the economic effect that such circumstances may have to the value of the Bonds:

- (i) Free allocation of shares or warrants to the shareholders of the Company.
- (ii) Shares' split or reverse split transactions.
- (iii) Capital increases by way of capitalisation of reserves, profits or issue premium through an increase in the par value of the shares.



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- (iv) Distribution of reserves or issue premium, in cash or in kind.
- (v) Absorption, merger, spinoff or split-up.

Likewise, in the event that, during the 12 months following the Closing Date, (i) the Company executes a capital increase or an issue of convertible bonds into new common shares with pre-emptive rights, or (ii) the Company issues or commits to issue new common shares or convertible bonds into new common shares to subscribe through monetary contributions and excluding pre-emption rights, in both cases with an issue or conversion price lower than the Conversion Price, the Conversion Price will be automatically adjusted to the price of this newly-issued common shares or convertible bonds.

For clarification purposes, the adjustment established in this subparagraph b) will not be applicable to the resolutions adopted in the General Meeting of Shareholders and to the issue of shares resulting from the exercise of the warrants approved by the General Meeting of Shareholders of Prisa that took place on 10 December 2013.

(c) Conversion Rate.

The number of newly-issued common shares of Prisa that will be delivered to the bondholders will be determined by dividing the face value of the Bonds and the accrued interest by the Conversion Price on the conversion date. Thus, the conversion rate will be one newly-issued common share per Bond, plus the number of shares corresponding to the accrued interests, which will depend on the date of the conversion.

The share capital that would be needed to meet the needs of the conversion of all the Bonds, assuming that Tranche B is fully subscribed and that all the Bonds are converted into newly-issued common shares of Prisa on the Final Closing Date, together with the accrued interests, amounts to 47,370,420 Euros, corresponding to the face value and the number of newly-issued common shares will be 15,790,140. In this case, the part of the capital contributions of the bondholders that corresponds with the premium would rise to 110,530,980 Euros.

1.7. Other terms and conditions

- (a) Security. The Issue is secured by the property of the Company, not being specially secured by any third party guarantee.



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- (b) Rules governing priority. The Bonds are direct and unconditional obligations, contractually subordinated to the Company's bank syndicated indebtedness derived from the Override Agreement and otherwise unsubordinated and ranking pari-passu and pro-rata, without any preference, among them or with regards to other existing or future unsecured and unsubordinated debts of the Company, except for, in the case of bankruptcy, those debts that may enjoy a priority as provided in mandatory laws of general application.
- (c) Transferability and admission to trading. The Bonds will only be freely transferable after 12 months of the Closing Date. Admission to trading of the Bonds will not be sought on any secondary market.

## 1.8. Syndicate of Bondholders and Commissioner

A Syndicate of Bondholders is formed under the name "**Syndicate of Bondholders for the 2016 Convertible Bond Issue of Promotora de Informaciones, S.A.**", which will act in accordance with its Regulations and the Spanish Companies Act. Fernando Martínez Albacete is appointed as temporary Commissioner. The content of the regulations will be substantially as attached to these resolutions as **Annex 1**, notwithstanding what provided in articles 419 et seq. of Spanish Companies Act.

## B. Absence of pre-emption rights

There will be no pre-emption rights, in accordance with article 416.2 in connection with article 304 of the Spanish Companies Act, which specifies that only in capital increases—in this case, issue of convertible bonds—with newly-issued shares with charge to monetary contributions are the shareholders entitled to subscribe a number of newly-issued shares in proportion to the face value of the shares they already own. Therefore, being this the case of a capital increase through the capitalization of credits set out in article 301 of the Spanish Companies Act and, consequently, not being there any monetary contribution, there will be no pre-emption rights in favour of the shareholders.

## C. Resolution to increase capital as necessary to cover conversion of the Bonds

In accordance with the provisions of article 414 of the Spanish Companies Act, it is resolved to increase the Company's capital by the amount necessary to cover such conversion of Bonds up to an initially contemplated maximum of 15,790,140 newly-issued common shares of Prisa, corresponding to the maximum number of shares to be issued by the Company based on the



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Conversion Price, but subject to such possible changes as may occur as a result of adjustments of the Conversion Price as set forth in this agreement and the total subscription of the Bonds Issue.

The aforesaid capital increase will be implemented by the Board of Directors or, in the event of delegation, by any of its members, Delegate Commission, the President and the Chief Executive Officer, by issuing new common shares having the same par value and the same rights as the outstanding common shares on the date of implementation of the corresponding resolution increasing capital. When the Board of Directors so implements this resolution it will redraft the article of the Bylaws related to capital.

The final number of newly-issued common shares that will be issued upon exercise of the conversion right will be determined by dividing the face amount of the subscribed Bonds and the accrued interests by the Conversion Price in effect on the pertinent conversion date.

In accordance with the provisions of article 304.2. of the Spanish Companies Act, the shareholders of the Company will have no pre-emption right as regards the capital increases resulting from conversion of the Bonds into shares of Prisa.

It is resolved to apply for admission to trading of the newly-issued common shares on the Madrid, Barcelona, Bilbao and Valencia stock exchanges through the Exchange Interconnection System (Continuous Market). The Board of Directors is authorised in turn to delegate to the Delegate Commission, the President and the Chief Executive Officer so that any of them, without distinction, may make the corresponding applications, prepare and present all appropriate documents on the terms they deem to be appropriate and take such actions as may be necessary to that end.

## D. Reports and Terms and Conditions

From the time of the publication of the notice of call to the General Meeting the corresponding proposed text of the resolution has been made available to the Company's shareholders, as have, for the purposes contemplated in article 286 in relation to the articles 297.1.a), 414 and 301 of the Spanish Companies Act, the explanatory report of the proposed resolution issued by the Board of Directors, the certification issued as special report by the Company's auditor for the purposes of the article 301 of the Spanish Companies Act and the required report of the Auditor other than the Company's auditor appointed by the Commercial Registry.





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## E. Delegation of authority

Without prejudice to the specific delegations of authority set forth in the preceding sections, it is resolved to authorise the Board of Directors as broadly as required by law, with express authority to sub-delegate to the Delegate Commission, the President and the Chief Executive Officer so that any of them, without distinction, may implement this resolution, in particular, by way of illustration and not limitation, being authorised:

- (a) to determine the date or dates of issue; the subscription procedure; to develop the bases for and forms of conversion and, in general, to set any other condition of the Issue, specifying all issues non covered herein (in particular, agree with the Creditor Institutions and the other creditors that are part of the Override Agreement on the final terms and conditions of the Bonds and adapt, if applicable, the Regulations of the Syndicate of Bondholders for the 2016 Convertible Bond Issue of Promotora de Informaciones, S.A.); to adopt the decisions to be made by the Company pursuant to the Issue over the terms thereof;
- (b) to implement the resolution to increase the Company's capital by issuing and placing in circulation, on one or more occasions, the common shares of Prisa representative thereof that are necessary to carry out the conversion of the Bonds, and to redraft the article of the regulations related to capital, leaving the part of that capital increase that is not necessary for the conversion into common shares of Prisa with no effect, and to apply for admission to trading of the common shares of Prisa so issued on the Madrid, Barcelona, Valencia and Bilbao Stock Exchanges, through the Exchange Interconnection System (Continuous Market);
- (c) to publish the notices related to the Issue, if applicable, to appear before a notary and execute the corresponding public deed of issue of the Bonds covered by this resolution, as well as the notarial certification of subscription and closing of the Issue, if the subscription is documented separately, and to request registration of the aforesaid public deed and notarial certification, if any, in the Commercial Registry. Also, to draft and file any notice or documentation that is necessary or required in respect of the Bonds with any agency, management centre or authority;
- (d) to negotiate and sign or, if applicable, countersign or acknowledge, on the terms it deems to be most appropriate, such contracts as may be required with the financial institutions, if any, participating in the issue and placement of the Bonds;



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- (e) on behalf of Prisa to execute such public or private documents as may be necessary or appropriate for the issue of the Bonds covered by this resolution and, in general, to take such actions as may be necessary for implementation of this resolution and effective placement of the Bonds; and
- (f) to correct, clarify, interpret, specify or supplement the resolutions adopted by the General Shareholders Meeting, in such deeds or documents as may be executed in implementation thereof and, in particular, such defects, omissions or errors, substantive or formal, as may prevent entry of the resolutions and the consequences thereof in the Commercial Registry, Official Registries of the National Securities Market Commission, or any others.”

Annex 1 (“Regulations of the syndicate of bondholders”) is attached as Annex 1 of this report and Annex 2 (“Report of the auditor appointed by the Commercial Registry regarding article 414 of the Spanish Companies Act (it will be attached when obtained”) will be attached to the documentation when it is obtained.

Based on the foregoing, the shareholders are asked to approve the proposal made,  
Madrid, 29 January 2016”

Which I certify in Madrid, on February 22, 2016.

[SIGNATURE FOLLOWS]

[SIGNATURE FOLLOWS]

CHAIRMAN’S APPROVAL  
Mr. Juan Luis Cebrián Echarri

THE SECRETARY  
Mr. Antonio García-Mon Marañés



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## ANNEX I

### BYLAWS OF THE SYNDICATE OF BONDHOLDERS FOR THE 2016 CONVERTIBLE BOND ISSUE OF PROMOTORA DE INFORMACIONES, S.A.



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

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## REGULATIONS OF THE SYNDICATE OF BONDHOLDERS *ISSUE OF MANDATORILY CONVERTIBLE BONDS*

### **TITLE I: INCORPORATION, NAME, PURPOSE, ADDRESS AND DURATION OF THE SYNDICATE OF BONDHOLDERS**

#### **Article 1** Incorporation

The syndicate of Bondholders of the issue of mandatorily convertible bonds into new common shares of Promotora de Informaciones, S.A. (hereinafter, the “**Bonds**” and the “**Company**”) shall be incorporated, once the Public Deed of the Issue has been filed, among the subscribers of the Bonds as the new titles are received.

The Syndicate of Bondholders shall be governed by these Regulations and by the consolidated version of the Capital Companies Act and other applicable legislation.

#### **Article 2** Name

The syndicate shall be named “Syndicate of Bondholders of the Issue of Convertibles and/or Exchangeable Bonds of Promotora de Informaciones, S.A. 2016”.

#### **Article 3** Purposes

The Syndicate of Bondholders is formed for the purpose of protecting the lawful interest of Bondholders vis-à-vis the Company, by means of the exercise of the rights granted by the applicable laws and the present Regulations.

#### **Article 4** Address

The address of the Syndicated shall be located at Gran Vía 32, 28013, Madrid, Madrid.

#### **Article 5** Duration

The Syndicate of Bondholders will last until the maturity date of the Bonds, i.e. 2 years since the subscription date, unless if the early conversion of all the bonds takes place, in such case the Syndicate will expire at the date it took place.

#### **Article 6** Syndicate management bodies

The management bodies of the Syndicate are:

- a) The General Meeting of Bondholders; and
- b) The Commissary.

### **TITLE II.- THE GENERAL MEETING OF BONDHOLDERS**

#### **Article 7** Legal nature

The General Meeting of Bondholders, duly called and constituted, is the body of expression of the Bondholders’ will and its resolutions are binding for all the Bondholders in the way legally stated.

#### **Article 8** Calling

The General Meeting shall be convened by the Board of Directors of the Company or by the Commissary, when they may deem it convenient.

Nevertheless, the Commissary shall convene a General Meeting when Bondholders holding at least the twentieth of the bonds in circulation so request it in writing, expressly indicating the purpose of the calling. In such case, the meeting shall be held in the following month of the receipt of the written notice by the Commissary.



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## **Article 9** Procedure for convening meetings

The General Meeting of Bondholders shall be convened by an individual written communication to each of the Bondholders, at least one month before the date set for the meeting and by notice published, likewise, at least a month before the date set for the meeting, in the web site of the Company. The notice shall state the place and the date for the meeting, the agenda for the meeting and the way in which ownership of Bonds shall be proved in order to have the right to attend the meeting.

## **Article 10** Right to attend meetings

Bondholders who have acquired this condition not less than 5 trading days prior to the date of the general meeting shall be entitled to attend such meeting. The members of the Board of Directors of the Company shall have the right to attend the meeting even if they have not been requested to attend. The Commissary shall attend the meeting even if he did not convene the meeting.

## **Article 11** Proxies

All Bondholders with a right to attend General Meetings shall be entitled to delegate their representation to any other Bondholder. The right to represent shall be conferred in writing for each meeting. Under no circumstances will the Bondholders be allowed to delegate their representation to a member of the Board of Directors, even if they are Bondholders.

## **Article 12** Voting rights

Each Bond entitles its owner to one voting right in proportion to the unamortized face value of the Bonds he or she holds.

## **Article 13** Approval of resolutions

Resolutions shall be approved by the absolute majority of the issued votes. Exceptionally, amendments regarding the maturity of the Bonds, the conditions governing the reimbursement of the face value or the conversion will require the favorable vote of two thirds of the outstanding Bonds.

The resolutions approved by the General Meeting of Bondholders are binding for all the Bondholders, including nonconforming Bondholders and those that did not attend the meeting.

## **Article 14** Challenging of resolutions

The resolutions approved by the General Meeting of Bondholders may be challenged by the Bondholders in accordance with the rules for challenging corporate resolutions established by the law.

## **Article 15** President of the General Meeting

The Commissary shall be the president of the General Meeting and shall chair the discussions and shall have the right to bring the discussions to an end when he considers it convenient and shall put matters to the vote.

## **Article 16** Attendance list

Before entering the agenda for the meeting, the Commissary shall form the attendance list, stating the representation of each of them and, if applicable, the number of Bonds at the meeting both directly owned and/or represented.



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## **Article 17** Powers of the General Meeting

The General Meeting may pass resolutions necessary:

- a) For the best protection of Bondholders' lawful interest vis-à-vis the Company;
- b) To dismiss or appoint the Commissary and, if applicable, the deputy Commissary;
- c) To exercise, when appropriate, the corresponding legal claims; and
- d) To approve the expenses caused by the defense of the Bondholder's interest.

## **Article 18** Minutes

The minutes of the General Meeting of Bondholders may be approved by the general meeting after the meeting has been held, or, failing this, and within a fifteen days term, by the Commissary and two Bondholders appointed for such purpose by the general meeting.

## **Article 19** Certificates

The certificates of the minutes shall be issued by the Commissary or its substitute.

## **Article 20** Individual exercise of actions

The Bondholders will only be entitled to individually exercise judicial or extrajudicial claims when such claims do not contradict the resolutions adopted by the Syndicate within its powers and are compatible with the powers conferred upon the Syndicate.

## **Article 21** Collective exercise of actions

The procedures or actions affecting the general interest of the Bondholders may only be addressed on behalf of the Syndicate under an authorization of the General Meeting of Bondholders, and shall compel all the Bondholders, without distinction, except for the right to challenge the General Meeting resolutions established by law.

Any Bondholder willing to promote a claim of this nature, must submit it to the Commissary of the Bondholders, who shall convene the General Meeting, if he estimates the claim based.

If the General Meeting rejects the proposition of the Bondholder, no other Bondholder could file the claim, in particular interest, to the Courts of Justice, unless there is a clear contradiction with the resolutions and the Regulations of the Syndicate.

## **TITLE III.- COMMISSARY**

### **Article 22** Nature of the Commissary

The Commissary is the representative of the Syndicate and shall be the body for liaison between the Syndicate and the Company, in accordance with the law.

### **Article 23** Regime applicable to the Commissary

The issuing company will determine the retribution of the Commissary.

The Commissary will protect the common interests of the Bondholders and, besides the powers to which he or she is entitled by virtue of the Deed of Issue or by law, the Commissary will have the powers attributed by the General Meeting of Bondholders.

### **Article 24** Powers

The Commissary shall have the following powers:

- (a) To attend, where appropriate, to the granting of the resolution of issue and subscription on behalf of the Bondholders and to protect their common interest;
- (b) To convene and chair the General Meeting of Bondholders;



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- (c) To inform the Company of the resolutions passed by the Syndicate;
- (d) To control the payment of the remuneration, as well as any payment shall be made to the Bondholders by any concept;
- (e) To execute the resolutions of the General Meeting of Bondholders;
- (f) To exercise the actions corresponding to the Syndicate; and
- (g) In general, the ones granted to him in the Law and the present Regulations.

## **Article 25** Deputy Commissary

The General Meeting may appoint a Deputy Commissary that shall replace the Commissary in the absence of performance of its function.

The Company may appoint provisionally a Deputy Commissary at the time to adopt the resolution for the issue of Bonds, which may be ratified by the General Meeting of Bondholders.

## **TITLE IV.- JURISDICTION**

### **Article 26** Jurisdiction

For any dispute relating with the Syndicate that may be raised, the Bondholders shall submit to the courts and tribunals of the city of Madrid, with express waiver of their own forum. This submission is without prejudice to the imperative forum that may be applicable in accordance with current legislation.





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

Special Report on the issuance of convertible bonds pursuant to Article 414 of the Spanish Companies Act





*This version of our Report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our Report takes precedence over this translation.*

**SPECIAL REPORT ON THE ISSUANCE OF CONVERTIBLE BONDS PURSUANT TO  
ARTICLE 414 OF THE SPANISH COMPANIES ACT**

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

For the purposes of Article 414 of the Spanish Companies Act, we issue the present Special Report on the proposed issuance of convertible bonds into shares that the Directors present for your approval according to their report dated January 29, 2016. The purpose of our work is not to certify the price of issuance or conversion of the bonds, but solely to assert, through the application of the procedures established in the Technical Rules on the preparation of special reports on the issuance of convertible bonds pursuant to Article 414 of the Spanish Companies Act, whether the report drawn up by the Directors of Promotora de Informaciones, S.A. contains the required information, indicated in said Rule, including the explanations of the basis and procedures of the conversion.

Based on the work carried out within the scope described above, the accompanying report, prepared by the Directors of Promotora de Informaciones, S.A., on the issuance of convertible bonds, contains the information required, indicated in the aforementioned Rule.

This Special Report was prepared solely for the purposes envisaged in Article 414 of the Spanish Companies Act and should therefore not be used for any other purpose.

PricewaterhouseCoopers Auditores, S.L.

(Original signed in Spanish)  
Antonio Vázquez

February 26, 2016

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

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MR. ANTONIO GARCIA-MON MARAÑES, Secretary of the Board of Directors of **PROMOTORA DE INFORMACIONES, S.A.**, that is chaired by MR. JUAN LUIS CEBRIAN ECHARRI,

## **CERTIFIES:**

That PROMOTORA DE INFORMACIONES, S.A.'s board of directors, has approved, on January 29, 2016, to propose to the General Meeting the issuance of mandatory convertible bonds convertible in newly issued shares of PROMOTORA DE INFORMACIONES, S.A. and subscription by offsetting credits. Capital increase to cover the conversion, all the former in the terms appearing in section IV of the report which is transcribed below.

In relation to this resolution, the board of directors approved also unanimously, the corresponding report that is transcribed below drafted in compliance of the provisions of articles 414.2, 286 in relation with 297.1.a) and 301 of the Spanish Companies' Act,

**“REPORT OF THE BOARD OF DIRECTORS OF PROMOTORA DE INFORMACIONES, S.A., REGARDING THE PROPOSED RESOLUTION FOR THE ISSUE OF SUBORDINATED BONDS MANDATORILY CONVERTIBLE INTO NEWLY-ISSUED SHARES OF PROMOTORA DE INFORMACIONES, S.A., AND SUBSCRIPTION THROUGH THE CAPITALIZATION OF CREDITS, TO BE INCLUDED IN THE EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS CALLED TO BE HELD ON 31 MARCH 2016, ON FIRST CALL, AND ON 1 APRIL 2016 ON SECOND CALL.**

## **I. Introduction**

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The present report is prepared in relation with the proposed resolution for the issue of subordinated bonds mandatorily convertible into newly-issued shares of Promotora de Informaciones, S.A. (“Prisa” or the “Company”), without pre-emption rights and subscription by way of exchange of loans, which shall be called the Mandatory Convertible Bonds Issue (the “Bonds”), and which will be subject to the consideration of the extraordinary Meeting of Shareholders of Prisa called for 31 March 2016, on first call, and on 1 April 2016 on second call.

## **II. Object of the report. Description of the transaction**

The proposed resolution refers to the issue of Bonds mandatorily convertible into newly-issued shares of Prisa in two tranches, Tranche A in an amount of 32,099,050 Euros and Tranche B in a maximum amount of 117,900,950 Euros, without pre-emption rights and subscription by way of exchange, (i) in case of Tranche A, of loans held by HSBC Bank plc (“HSBC”), Títulos de

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Renta Fija, S.A., Suleyado 2003, S.L., Cantabra de Inversiones, S.A., Cantabro Catalana de Inversiones, S.A., Fomento e Inversiones, S.A., y Carpe Diem Salud, S.L. (“**Funds linked to Banco Santander**”) and CaixaBank, S.A. (“**CaixaBank**”), financial creditors of the Company (jointly, the “**Creditor Institutions**”) and (ii), in the case of Tranche B, of profit participating loans held by credit entities by virtue of the restructuring agreement subject to English law entered into by Prisa and a syndicate of credit entities on 11 December 2013, of which HSBC acts as agent bank (the “**Override Agreement**”) (the “**Issue**”).

The referred proposed resolution will be submitted to the approval, under item of the extraordinary General Meeting of shareholders to be held on 31 March 2016 on first call, or, if no quorum is present, on 1 April 2016 on second call.

This report is prepared by the Board of Directors of Prisa in compliance with the provisions of the following articles of the Consolidated Text of the Spanish Companies Act, approved by the Royal Legislative Decree 1/2010, of 2 July (the “**Spanish Companies Act**”):

- article 414.2, regarding the bases for and forms of conversion into shares;
- article 286, regarding the corresponding articles amendment in connection with article 297.1.a), regarding the delegation to the Board of Directors of the authority to determine the date and condition of the approved capital increase; and
- article 301, applicable by analogy for purposes of subscription of Bonds by way of exchange of loans.

In order to be in a position to cover conversions of the Bonds, the proposed resolution submitted to the extraordinary General Meeting also includes a proposed capital increase, in the necessary amount, with delegation of implementation to the Board of Directors in concordance with the provisions of articles 297.1.a) of the Spanish Companies Act.

Given the characteristics of the Issue and the capital increase, explained in detail below, and pursuant to article 304 of the Spanish Companies Act, there will be no pre-emption rights in favour of the Shareholders in the Bonds Issue.

An explanation of the transaction proposed to the General Meeting and the reasons justifying the Issue is first set forth below for the shareholders. Thereafter the reports contemplated in the Spanish Companies Act for purposes of articles 414.2, 286 in connection with 297.1.a) and 301 are issued jointly, albeit stated in separate sections. Finally, the final section sets forth the proposed resolution for the Issue that will be submitted for approval of the extraordinary General Meeting.

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## III. Description, context of the Issue and reasons for the transaction

The subscription and payment of the capital increase of Prisa by International Media Group, S.à r.l., for an amount of 64,000,000 Euros, executed on 2 December 2015, considerably benefited Prisa and, consequently, its shareholders, given the reinforcement of the financial and capital structure of the Company, as well as of its equity.

Nevertheless, with the aim of continuing with the strengthening of the capital structure of Prisa, the Board of Directors has reached an agreement with the Creditor Institutions that will contribute to the improvement of the capital ratios of the Company. Therefore, after the appropriate analysis of the financial structure of the Company, it has been deemed appropriate to continue with the adoption of measures to improve Prisa's solvency and strengthen its economic stability, and to that end it is necessary to adopt resolutions that make it possible to:

- (i) Reduce the cash needs for debt service and improve the ratio of indebtedness to net worth.
- (ii) Strengthen net worth.
- (iii) Improve the schedule for principal and interest payments on financial indebtedness.
- (iv) Facilitate the entry of new investors.

In this regard, in view of the interest shown by certain creditors of the Company in subscribing the Bonds, and ultimately, becoming shareholders, it is believed that it is appropriate to propose the approval of the Issue to the General Shareholders' Meeting.

In particular, the Company has received from HSBC, CaixaBank and the Funds linked to Banco Santander commitments to subscribe the Bonds included in the Tranche A of the Issue, subject to the conditions described on section IV.7 below, for the entire amount of the aforementioned tranche, this is, 32,099,050 Euros, in accordance with the following distribution:

- HSBC: 12,878,070 Euros
- CaixaBank: 9,610,500 Euros
- Títulos de Renta Fija, S.A.: 1,595,340 Euros
- Suleyando 2003, S.L.: 1,595,340 Euros
- Cantabra de Inversiones, S.A.: 1,595,340 Euros
- Cantabro Catalana de Inversiones, S.A.: 1,633,780 Euros

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- Fomento e Inversiones, S.A.: 1,595,340 Euros
- Carpe Diem Salud, S.L.: 1,595,340 Euros

Likewise, the Company has received from HSBC the commitment to subscribe 68,086,000 Euros out of the 117,900,950 Euros that comprise Tranche B of the Issue, also subject to the conditions explained on Section IV.7 below. Notwithstanding the foregoing, Tranche B of the Issue will be offered to other financial creditors of the Company that hold profit participating loans (*Mandatory PPL*) by virtue of the Override Agreement. If other financial creditors part of the Override Agreement were interested in exchanging their respective profit participating loan credits in Tranche B of the Issue for an aggregated amount greater than 49,814,950 Euros, the amount to subscribe by HSBC will be reduced, distributing the issued Bonds within Tranche B among the applications presented by the subscribing entities proportionally to their corresponding percentage in the Override Agreement.

Moreover, pursuant to article 304 of the Spanish Companies Act, there will be no pre-emption rights in the Issue in favour of the shareholder of the Company.

Finally, the Board of Directors believes that the aforesaid transaction is consistent with the corporate interest of the Company, and ensures achieving the objectives pursued, for the following reasons:

- (i) In the first place, given the fact that the Bonds are convertible at any time after 12 months from the Closing Date by request of the Company (as explained below) and mandatorily convertible on the Final Maturity Date, they will result, from the date of the Issue, in a reduction of indebtedness in the amount of the credits and profit participating loans exchanged and improvement of the ratio of indebtedness to net worth.
- (ii) In the second place, the Issue will allow Prisa to significantly increase its equity and to strengthen its balance sheet.
- (iii) In the third place, the costs associated with this transaction, aimed at previously identified creditors, are lower than those of transactions that require an allocation process, since no coordinating, book-running or underwriting commissions are paid.
- (iv) In the fourth place, a different structure to the one proposed in this report, such as a convertible bonds issue with pre-emption rights or an accelerated bookbuild offering, would delay the deleveraging and debt reduction process.

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- (v) Finally, this transaction will involve an improvement in the market's perception of the group of the Company, because the entry of capital into the Company, which is guaranteed by the mandatory convertible character of the Bonds, and the capital entries that took place on July 2014 and December 2015, demonstrate an improvement in the growth perspectives of Grupo Prisa and an increase of trust in its strategy and in the measures adopted within the debt reduction process, always pursuing the continuity of the business of the group.

## IV. Report for purposes of article 414.2 of the Spanish Companies Act

To achieve the stated objectives, an agreement to issue the Bonds has been entered into with the Creditor Institutions and, where appropriate, with other financial institutions part of the Override Agreement, the essential terms of which, including the bases for and forms of conversion of the Bonds, are set forth below:

### 1. Information of the issuer entity

The issuer is Promotora de Información, S.A.; of Spanish nationality and with registered office at Madrid, calle de Gran Vía, number 32.

The share capital amounts to 235,007,874 Euros, fully subscribed and paid-up. The share capital is divided into 78,335,958 common shares, with a nominal value of three Euros each, and numbered from 1 to 78,335,958.

Prisa's corporate purpose consists in:

- a) Management and operating all types of owned or third-party news and social communications media, regardless of format, including the publication of printed newspapers, among others.
- b) Promoting, planning and executing, on behalf of the Company or for other entities, either directly or through third parties, of all types of communications media, industrial, commercial and of services projects, transactions or business.
- c) Incorporating business or companies, participating in already existing companies, even with a controlling interest, and enter into association with third parties in transactions and business through collaboration arrangements.
- d) Acquisition, holding either direct or indirectly, leasing or any otherwise exploiting and disposing of all types of real property and rights therein.

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- e) Contracting and providing advisory, acquisition and management services, either through intermediation, representation or any other type of collaboration method on the Company's behalf or for third parties.
- f) Involvement in capital and money markets through the management, purchase and sale of fix-income or equity securities or any other type of securities on behalf of the Company.

## 2. Amount of the Issue

The Issue will be made in two tranches:

- a) Amount of the Tranche A of the Issue. The amount of the Tranche A of the Issue will total 32,099,050 Euros and will be subscribed by the Creditor Institutions. The amount of Tranche A will be increased by the amount of the payable interests accrued by the loans exchanged for the issue until the Closing Date (as defined below).
- b) Amount of the Tranche B of the Issue. The amount of the Tranche B of the Issue will amount to a maximum of 117,090,950 Euros, out of which HSBC has committed to subscribe 68,086,000 Euros. Notwithstanding the foregoing, Tranche B of the Issue will be offered to all the financial creditors of the Company that hold profit participating loans (*Mandatory PPLs*) by virtue of the Override Agreement. If other financial creditors part of the Override Agreement were interested in exchanging their respective profit participating loan credits in Tranche B of the Issue for an aggregated amount greater than 49,814,950 Euros, the amount to subscribe by HSBC will be reduced, distributing the issued Bonds within Tranche B among the applications presented by the subscribing entities proportionally to their corresponding percentage in the Override Agreement. Furthermore, in the case that the amount of Tranche A is increased as a consequence of the accrual of interest as described on the previous letter a), and as a consequence of such increase the aggregated amount of Tranche A and Tranche B exceeds 150,000,000 Euros, the amount of Tranche B will be reduced until the aggregated amount equals 150,000,000 Euros.

The issue will be governed by the provisions of the Spanish Companies Act and the Bylaws of the Company.

According to the article 407 of the Companies Capital Law, the Bonds Issue shall be in public deed with the following provisions:

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- a) Name, corporate purpose and share capital of the issuer, stating if it has been fully paid. If there were outstanding bonds or debentures, those pending total or partial amortization, conversion or exchange shall be stated, expressing their amount.
- b) The statement of the corporate body that resolved on the Bonds Issue and the date on which the resolution was taken.
- c) The total amount of the Issue and the number of Bonds that comprise it, specifying if they are represented in registered form or in book-entry form.
- d) The face value of the issued Bonds, as well as the accrued interests or the formula for determining the interest rate, premiums, batches and any other benefit, if any.
- e) The regulations on the organization and functioning of the syndicate of bondholders and its relations with the issuer.
- f) The amortization regime of the Bonds, specifying the conditions and the terms in which the amortization will take place.

### 3. Subscription and payment

- a) Subscription and payment of the Tranche A of the Issue. The Bonds that constitute the Tranche A of the Issue will be subscribed by HSBC, CaixaBank and the Funds linked to Banco Santander when the conditions of the Section IV.7. below have been met and the public deed—which will be registered in the Commercial Registry— has been granted (“**Closing Date**”).

As previously explained, the Company has received from HSBC, CaixaBank and the Funds linked to Banco Santander commitments to subscribe the Bonds for the entire amount of Tranche A, subject to the conditions included in Section IV.7 below. The amount of Tranche A will be increased by an the amount of the payable interests accrued by the loans exchanged for the issue until the Closing Date.

The subscription of the total amount of the Tranche A of the Issue, this is 32,099,050 Euros, will be allocated among HSBC, CaixaBank and the Funds linked Banco Santander as follows:

- HSBC: 12,878,070 Euros
- CaixaBank: 9,610,500 Euros
- Títulos de Renta Fija, S.A.: 1,595,340 Euros



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- Suleyando 2003, S.L.: 1,595,340 Euros
- Cantabra de Inversiones, S.A.: 1,595,340 Euros
- Cantabro Catalana de Inversiones, S.A.: 1,633,780 Euros
- Fomento e Inversiones, S.A.: 1,595,340 Euros
- Carpe Diem Salud, S.L.: 1,595,340 Euros

- b) Subscription and payment of the Tranche B of the Issue. The Bonds that constitute the Tranche B of the Issue are aimed to all the financial creditors of the Company that hold profit participating loans (*Mandatory PPLs*) by virtue of the Override Agreement and will be subscribe on the Closing Date. As previously explained, the amount of the Tranche B of the Issue will amount to a maximum of 117,900,950 Euros, out of which HSBC has committed to subscribe 68,086,000 Euros. If other financial creditors part of the Override Agreement were interested in exchanging their respective profit participating loan credits in Tranche B of the Issue for an aggregated amount greater than 49,814,950 Euros, the amount to subscribe by HSBC will be reduced, distributing the issued Bonds within Tranche B among the applications presented by the subscribing entities proportionally to their corresponding percentage in the Override Agreement. Furthermore, in the case that the amount of Tranche A is increased as a consequence of the accrual of interest as described on the previous letter a), and as a consequence of such increase the aggregated amount of Tranche A and Tranche B exceeds 150,000,000 Euros, the amount of Tranche B will be reduced until the aggregated amount equals 150,000,000 Euros.

The possibility of incomplete subscription of both tranches of the Issue is expressly provided. As a result, the Issue will be limited to the amount corresponding to the face value of the Bonds effectively subscribed and paid for by the investors to which it is addressed, being of no effect as regards the remainder.

#### 4. Absence of pre-emption rights

There will be no pre-emption rights, in accordance with article 416.2 in connection with article 304 of the Spanish Companies Act, which specifies that only in capital increases—in this case, issue of convertible bonds—with newly-issued shares with charge to monetary contributions are the shareholders entitled to subscribe a number of newly-issued shares in proportion to the nominal value of the shares they already own. Therefore, being this the case of a capital increase

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through the capitalization of credits set out in article 301 of the Spanish Companies Act and, consequently, not being there any monetary contribution, there will be no pre-emption rights in favour of the shareholders.

## 5. Issue price, face value and representation

The Bonds will be issued at par, in registered form, and have a unit face value of 10 Euros.

## 6. Interest rate

It is proposed that the Bonds accrue an annual interest of 2.60% —corresponding with the applicable interest rate under the Override Agreement— from the date of their issue and by reference to the face value of the Bonds, payable at the Final Closing Date —except for cases of anticipated conversion, which will be payable at the conversion date— and in newly-issued common shares of Prisa.

## 7. Conditions for the Issue

The Issue is subject to the following conditions:

- (i) the procurement of the mandatory reports issued by the auditor of the Company and an auditor appointed by the Commercial Registry.
- (ii) the authorization of the Issue by the syndicate of credit entities of Prisa in concordance with the Override Agreement and with the majorities described in such agreement.
- (iii) the approval of the final terms and conditions of the Issue by the General Shareholders' Meeting of the Company.
- (iv) if applicable, the consent of any third party required under the existent financial indebtedness of Prisa in order to allow the subscribers of the Bonds to declare that their respective percentage of the credits to be capitalized are liquid, due and payable at the Closing Date for the purposes of the conversion into shares.
- (v) the non-occurrence of any material adverse change in the financial condition of the Company, and the non-existence of any suspension or material limitation in trading securities on any of the Spanish Stock Exchanges, the London Stock Exchange or the New York Stock Exchange.

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## 8. Final Maturity Date

The Bonds will have a term of 2 years, for which reason they will mature on the date two years after the Closing Date (“**Final Closing Date**”).

On the Final Maturity Date, the Bonds that have not been converted before will be necessarily converted into newly-issued common shares of Prisa.

## 9. Security

The Issue will be secured by the property of the Company, not being specially secured by any third party guarantee.

## 10. Rules governing priority

The Bonds are direct and unconditional obligations, contractually subordinated to the Company's bank syndicated indebtedness derived from the Override Agreement and otherwise unsubordinated and ranking *pari-passu* and *pro-rata*, without any preference, among them or with regards to other existing or future unsecured and unsubordinated debts of the Company, except for, in the case of bankruptcy, those debts that may enjoy a priority as provided in mandatory laws of general application.

## 11. Transferability and admission to trading

The Bonds will only be freely transferable after 12 months of the Closing Date. Admission to trading of the Bonds will not be sought on any secondary market.

## 12. Syndicate of Bondholders and Commissioner

A Syndicate of Bondholders is formed under the name "Syndicate of Bondholders for the 2016 Convertible Bond Issue of Promotora de Informaciones, S.A.", which will act in accordance with its Regulations and the Spanish Companies Act. Fernando Martínez Albacete is appointed as temporary Commissioner. The content of the regulations will be substantially as attached to these resolutions as **Annex 1**, notwithstanding what provided in articles 419 et seq. of Spanish Companies Act.

## 13. Bases for and forms of conversion of the Bonds

The bases for and forms of conversion of the Bonds are explained below:

- a) **Conversion of the Bonds.** The Bonds are necessarily convertible after two years from the Closing Date. However, Prisa may request the early conversion of the Bonds, totally or partially, at any time after 12 months from the Closing Date, provided that the

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Company notifies the Commissionaire 15 days in advance. In this case, the Company shall issue the new shares of Prisa resulting from the Conversion Price, taking into account the accrued interests corresponding to the bondholders until the date in which the early conversion was requested, within the month following the request of early conversion.

Likewise, the bondholders will be able to individually request the early conversion of the bonds, totally or partially, if during the 12 months following the Closing Date (i) the Company issues or undertakes to issue new common shares or convertible bonds into common shares to be subscribed through monetary contributions and with pre-emptive rights; (ii) the Spanish Securities Market Regulator (Comisión Nacional del Mercado de Valores) authorizes a takeover bid regarding the shares of the Company; or (iii) the Company is declared in Bankruptcy. In these cases, the Company will issue the new common shares of Prisa resulting from the Conversion Price within the next month following the early conversion request, taking into account the accrued interests until the date in which the early conversion was requested, with enough time to participate, with regards to case (i), in the General Shareholders' Meeting that in such case intends to approve the issue and, in any case, when the issue is subject to the approval of the Board of Directors, for the purposes of participating in the aforementioned issue. After the 12 months following the Closing Date, the bondholders will be entitled to the same early conversion right, including in this case, for the purpose of the early conversion, the accrued interest until the date in which the early conversion was requested.

- b) Conversion Price. The price of the shares of Prisa for purposes of conversion will be 10 Euros (the “**Conversion Price**”).

The Conversion Price will be adjusted, in the following circumstances, according to procedures commonly used in similar issues and taking into the economic effect that such circumstances may have over the value of the Bonds:

- (i) Free allocation of shares or warrants to the shareholders of the Company.
- (ii) Shares split or reverse split transactions.
- (iii) Capital increases by way of capitalisation of reserves, profits or issue premium through an increase in the par value of the shares.

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(iv) Distribution of reserves or issue premium, in cash or in kind.

(v) Absorption, merger, spinoff or split-up.

Likewise, in the event that, during the 12 months following the Closing Date, (i) the Company executes a capital increase or an issue of convertible bonds into new common shares with pre-emptive rights, or (ii) the Company issues or commits to issue new common shares or convertible bonds into new common shares to subscribe through monetary contributions and excluding pre-emption rights, in both cases with an issue or conversion price lower than the Conversion Price, the Conversion Price will be automatically adjusted to the price of this newly-issued common shares or convertible bonds.

For clarification purposes, the adjustment established in this subparagraph b) will not be applicable to the resolutions adopted in the General Meeting of Shareholders and to the issue of shares resulting from the exercise of the warrants approved by the General Meeting of Shareholders of Prisa that took place on 10 December 2013.

c) Conversion Rate. The number of newly-issued common shares of Prisa that will be delivered to the bondholders will be determined by dividing the face value of the Bonds and the accrued interest by the Conversion Price on the conversion date. Thus, the conversion rate will be one newly-issued common share per Bond, plus the number of shares corresponding to the accrued interests, which will depend on the date of the conversion.

The share capital that would be needed to meet the needs of the conversion of all the Bonds, assuming that Tranche B is fully subscribed and that all the Bonds are converted into newly-issued common shares of Prisa on the Final Closing Date, together with the accrued interests, amounts to 47,370,420 Euros, corresponding to the nominal value and the number of newly-issued common shares will be 15,790,140. In this case, the part of the capital contributions of the bondholders that corresponds with the premium would rise to 110,530,980 Euros.

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14. Relevant events that have taken place since the closing of the annual consolidated financial statements of the Company corresponding to the financial year ended 31 December 2014

It is hereby informed that the following significant events have taken place after the closing of the annual consolidated financial statements of the Company corresponding to the financial year ended 31 December 2014 and until the date of this report:

- a) On 26 February 2015, the reverse auction addressed to the creditors of Prisa was closed, having the Company agreed to the buyback of a total of 63,067,601 Euros of debt, with an average discount of 0.25 Euros per euro (this is, an average price of 75%).
- b) On 20 April 2015, the ordinary Meeting of Shareholders of the Company was held and, among others, the following resolutions were approved: (i) the elimination of the Class A shares because, after the mandatory conversion of the nonvoting Class B shares, there is only one class of common share (which was registered in the Commercial Registry on 12 May 2015), and (ii) the carrying out of a reverse stock split, transforming 30 outstanding common shares, with a nominal value of ten cents each, into a new common share of three-euro nominal value (with effects from 22 May 2015).
- c) On 28 April 2015, the Company agreed to buyback a total of 58,540,619.38 Euros of debt, with an average discount of 0.195 Euros per euro (this is, an average price of 80.5%).
- d) On 30 April 2015, the sale of the shares of DTS, Distribuidora de Televisión Digital, S.A. (“DTS”) was executed, through which Prisa transferred all of its shares of DTS to Telefónica de Contenidos, S.A.U., representing 56% of the share capital of DTS, once the pertinent regulatory authorizations were obtained and for a price, after the corresponding adjustments, of 688,211,085 Euros. There are two adjustments over which Telefónica and Prisa have agreed a resolution procedure that could entail a higher price for Prisa of up to 36,343,354.6 Euros more (this is, the maximum price of the sale could amount to 724,554,439.60 Euros).
- e) On 13 May 2015, as continuation to the closing of the sale of Prisa’s shares in DTS, the amount of 385,541,859.96 Euros was paid, corresponding to the *new money* that was obtained from a number of institutional investors on December 2013.

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- f) On 3 June 2015, the Company amortized 84,000,000 Euros of debt, face value, with the funds obtained from the sale of its interests in DTS.
- g) On 20 July 2015, the Company agreed to buyback a total of 90,421,775.27 Euros of debt, with an average discount of 0.12 Euros per euro (this is, an average price of 88%) and a total discount of 10,850,613.27 Euros.
- h) On 1 October 2015, the Company agreed to buyback a total of 85,279,266.12 Euros of debt, with an average discount of 0.1307 Euros per euro (this is, an average price of 86.93%) and a total discount of 11,146,000.08 Euros.
- i) On 2 December 2015, the execution of the public deed of capital increase for a total amount of 64,000,000 Euros, fully subscribed and paid by International Media Group, S.à r.l., was announced.
- j) On 2 December 2015, the Company amortized 55,000,000 Euros of debt, face value with the funds obtained from the sale of its interests in DTS (20% of which were deferred according to the sale and purchase agreement).

## 15. Appointment of an auditor other than the auditor of the Company

Finally, it is noted that, in accordance with the provisions of article 414.2 of the Spanish Companies Act, the Commercial Registry will be asked to appoint an auditor other than the auditor of Prisa, to issue a report from an auditor other than the auditor of the Company in which, on the bases of this report, an opinion is expressed related to the matters stated in the aforementioned rules.

The referred report, together herewith will be made available to the shareholders upon the publication of the call to the General Meeting.

## V. Report purposes of article 286 of the Spanish Companies Act

In order to cover the conversion of the Bonds, it is proposed that the extraordinary General Meeting of Shareholders approves an increase of the capital of the Company in the amount necessary to cover conversion of the Bonds.

In accordance with the provisions of the preceding sections, in case that Tranche B of the Issue is fully subscribed, and unless there is any dilution event between the Closing Date and the Final Maturity Date or there is an early conversion, total or partial, of the Bonds, 15,790,140 newly-issued common shares of Prisa will be issued, at a par value of 3 Euros per share, plus an

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issue premium of 7 Euros per share, with the share capital being increased by a total amount of 47,370,420 Euros, with total issue premium, in this case, of 110,530,980 Euros.

The aforesaid capital increase will be implemented by the Board of Directors or, in the event of delegation, by any of its members, the Delegated Committee, the President and the Chief Executive Officer on the Final Maturity Date. Consistently with the foregoing, it is proposed that the General Meeting delegates the implementation of the capital increase resolution necessary to cover conversion of the Bonds on the Final Maturity Date or on the early conversion date to the Board of Directors (under article 297.1.a) of the Spanish Companies Act) with express authority to subdelegate. In addition, it is proposed to delegate the amendment of the text of article 6 of the bylaws to adapt it to the new capital figure resulting from implementation of the capital increase to cover conversion of the Bonds to the Board of Directors, with express authority to subdelegate, as well as the powers to define all the conditions of the capital increase regarding anything not covered by the resolution of the Meeting of Shareholders.

## VI. Report for purposes of article 301 of the Spanish Companies Act in relation to the Tranche A of the issue

The loans susceptible of exchange to subscribe the Bonds included in the Issue, the approval of which is proposed, are those referred to below, expressly indicating the creditors, the amounts and the dates granted, as this information appears in the company's accounting:

1. Nature of the credits to be exchanged, identity of the subscribers, number of bonds to be issued
  - a) Credits to be exchanged.

The Bonds included in the Tranche A of the Issue may be paid for and subscribed by exchange of the following loans:

- Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit granted by HSBC Bank plc to the Company on 31 December 2014 for a total amount of 12,878,070 Euros.
- Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit granted by CaixaBank, S.A., to the Company on 31 December 2014 for a total amount of 9,610,500 Euros.



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- Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit owned by Títulos de Renta Fija, S.A., dated 31 December 2014 and for a total amount of 1,595,340 Euros.
- Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit owned by Suleyado 2003, S.L., dated 31 December 2014 and for a total amount of 1,595,340 Euros.
- Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit owned by Cantabra Inversiones, S.A., dated 31 December 2014 and for a total amount of 1,595,340 Euros.
- Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit owned by Cantabro Catalana de Inversiones, S.A., dated 31 December 2014 and for a total amount of 1,633,780 Euros.
- Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit owned by Fomento e Inversiones, S.A., dated 31 December 2014 and for a total amount of 1,595,340 Euros.
- Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit owned by Carpe Diem Salud, S.L., dated 31 December 2014 and for a total amount of 1,595,340 Euros.

This credits, in concordance with the conversion commitments given by their holders, will comply with the requirements of the capitalization of credits of article 301 of the Spanish Companies Act at the time of the approval of the object of this report by the Meeting of Shareholders of the Company and, therefore, at the time of the execution of the public deed regarding the Issue of the Bonds.

The Bonds included in the Tranche B of the Issue may be paid for and subscribed by exchange of the following loans of the Override Agreement:

- Tranche of the profit participating loan mandatory under the facility agreement entered into by the Company and several financial institutions as lenders and HSBC Bank plc as agent bank and security agent, on 11 December 2013.

Likewise, this credits, in concordance with the conversion commitments given by their holders, will comply with the requirements of the capitalization of credits of article 301 of the Spanish Companies Act at the time of the approval of the object of this report by the Meeting of

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Shareholders of the Company and, therefore, at the time of the execution of the public deed regarding the Issue of the Bonds.

b) Identity of subscribers of the bonds and number of bonds to be issued

The Bonds included in the Tranche A of the Issue will be exclusively subscribed by HSBC, the Funds linked to Banco Santander and CaixaBank, which will subscribe a total of 3,209,905 Bonds of Tranche A, respectively. The number of Bonds of Tranche A will be increase by the amount of payable interests accrued by the loans exchanged for the issue until the Closing Date. The Bonds included in the Tranche B of the Issue will be exclusively subscribed by the creditor financial institutions of the Company by virtue of the Override Agreement, which have been offered the subscription of the Bonds as set out below:

- AVENUE CREDIT STRATEGIES FUND
- BANCO GRUPO CAJATRES S.A.
- BANCO POPULAR ESPANOL, S.A
- BARCLAYS BANK PLC
- BARENDINA SA
- BLACK DIAMOND ARBITRAGE OFFSHORE LTD
- BLACK DIAMOND OFFSHORE LTD
- BNP PARIBAS FORTIS S.A.N.V, SURCUSAL EN ESPANA
- BNP PARIBAS FORTIS SA/NV
- BURLINGTON LOAN MANAGEMENT LIMITED
- Bank of America Merrill Lynch International Limited
- CITIGROUP FINANCIAL PRODUCTS INC
- CREDIT SUISSE INTERNATIONAL
- CVC EUROPEAN CREDIT OPPORTUNITIES (NO 8) S A R L
- CVC EUROPEAN CREDIT OPPORTUNITIES (NO.49) S.A.R.L.
- CVC EUROPEAN CREDIT OPPORTUNITIES S.A.R.L. ACTING IN RESPECT OF ITS COMPARTMENT B
- CVC EUROPEAN CREDIT OPPORTUNITIES SARL ACTING IN RESPECT OF ITS COPARTMENT A
- DEUTSCHE BANK AG
- DOUBLE BLACK DIAMOND OFFSHORE LTD
- EIFFEL CREDIT OPPORTUNITIES, A SUB-FUND OF EIFFEL DIVERSIFIED FCP-SIF
- EIFFEL CREDIT VALUE MASTER FUND

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- EUROPEAN CREDIT OPPORTUNITIES PLATFORM B.V
- GL EUROPE ASRS INVESTMENTS SARL
- GL EUROPE LUXEMBOURG III (EUR) INVESTMENTS S.A.R.L
- GL EUROPE LUXEMBOURG III (US) INVESTMENTS S.A.R.L
- GL EUROPE LUXEMBOURG SARL
- GL US LUXEMBOURG SARL
- GOLDMAN SACHS INTERNATIONAL BANK
- HSBC BANK PLC - MADRID BRANCH
- HSBC LONDON
- IBERCAJA BANCO S.A.U
- JP MORGAN SECURITIES PLC
- KUTXABANK S.A.
- LTIC S.A.
- MAKURIA LUXEMBOURG II SARL
- MARINER GLEN OAKS LLC
- MORGAN STANLEY BANK INTERNATIONAL LTD
- NATIONAL WESTMINSTER BANK PLC
- OCP CREDIT STRATEGY FUND
- ONEX DEBT OPPORTUNITY FUND LTD
- SCIENS GROUP ALTERNATIVE STRATEGIES PPC LIMITED, ACTING ON RESPECT OF ITS BLUE GAMMA CELL
- SGI MANAGED ASSETS SPC LIMITED

The subscription of the maximum of 11,790,095 Bonds included in Tranche B has been offered to all the aforementioned entities. Nonetheless, the Company has received from HSBC a commitment to subscribe the Bonds of Tranche B for an amount of 68,086,000 Euros, subject to the conditions provided in Section IV.7 above. If other financial creditors part of the Override Agreement were interested in exchanging their respective profit participating loan credits in Tranche B of the Issue for an aggregated amount greater than 49,814,950 Euros, the amount to subscribe by HSBC will be reduced, distributing the issued Bonds within Tranche B among the applications presented by the subscribing entities proportionally to their corresponding percentage in the Override Agreement.

In the case that the amount of Tranche A is increased as a consequence of the accrual of interest, and as a consequence of such increase the aggregated amount of Tranche A and Tranche B

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exceeds 150,000,000 Euros, the amount of Tranche B will be reduced until the aggregated amount equals 150,000,000 Euros.

In the event of approval of the Issue by the General Shareholders Meeting of the Company, the loans susceptible of exchange that are listed in this section will meet the requirements established, by analogy, in article 301 of the Spanish Companies Act and, therefore, will be suitable for capitalisation on the date of implementation of the Issue.

## 2. Certification of the Company's auditor for purposes of article 301 of the Spanish Companies Act

It has been requested the required certification to be issued by Deloitte, S.L., in its capacity as the Company's auditor, under the provisions of article 301.3 of the Spanish Companies Act.

The aforesaid certification, which will be made available to the shareholders together with this report, must confirm that:

- (i) having reviewed the company's accounting, the information set forth in this report regarding the credits susceptible of exchange is accurate; and
- (ii) in accordance with the exchange commitments received from the holders of the credits and profit participating loans specified in Section VI.1 above, these credits will satisfy the requirements established in article 301 of the Spanish Companies Act for credits capitalisation at the time of approval by the General Meeting of the proposed resolution covered by this report and, therefore, on the date of execution of the public deed documenting the Issue.

Also, for the execution of the public deed documenting implementation of the Issue, it is contemplated that Deloitte, S.L., in its capacity as the Company's auditor, will issue a new certification to the effect that the full amount of the credits subject to exchange is net, due and payable at that date, and confirming that the maturities of the remaining amounts are not more than five years.

## VII. Delegation of authority

It is proposed to authorise the Board of Directors, with express authority to subdelegate in the Delegate Commission, the President and the Chief Executive Officer, to set any other condition not provided in the resolution of the Meeting of Shareholders, agree with the subscribers of the Bonds on the final terms and conditions of the Bonds, adapt, if applicable, the Regulations of the Syndicate of Bondholders for the 2016 Convertible Bond Issue of Promotora de

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Informaciones, S.A., implement the capital increase resolution of the Company by issuing and placing in circulation, on one or more occasions, the shares representatives thereof that are necessary to carry out the conversion of the Bonds and the payment of the accrued interests with newly-issued common shares of Prisa, and to redraft the article of the regulations related to capital, leaving the part of that capital increase that is not necessary for the conversion into common shares of Prisa with no effect, and to apply for admission to trading of the newly-issued common shares of Prisa on the Madrid, Barcelona, Valencia and Bilbao Stock Exchanges, through the Exchange Interconnection System (Continuous Market), and take such other actions as are set forth in the resolution covered by this report.

## VIII. Proposed resolution to be submitted to General Meeting

Based on all of the foregoing the following proposal is presented to the General Shareholders' Meeting:

**“Issue of mandatorily convertible bonds in new shares of Promotora de Informaciones, S.A., by exchange of loans. Capital increase to cover the conversion.**

A. Issue of bonds mandatorily convertible into new shares of Promotora de Informaciones, S.A.

It is resolved to issue bonds mandatorily convertible into newly-issued common shares of Promotora de Informaciones, S.A. (“Prisa” or the “Company”) (the “Bonds”), without pre-emption rights, to be carried out in two tranches (the “Issue”) in accordance with the terms and conditions and subject to the bases for and forms of conversion indicated below.

### 1.1. Issue

The Issue will be carried out in two tranches.

(a) Amount of the Tranche A of the Issue. The amount of the Tranche A of the Issue amounts to 32,099,050 Euros. This tranche is aimed to HSBC Bank plc (“HSBC”), Títulos de Renta Fija, S.A., Suleyado 2003, S.L., Cantabra de Inversiones, S.A., Cantabro Catalana de Inversiones, S.A., Fomento e Inversiones, S.A., y Carpe Diem Salud, S.L. (“Funds linked to Banco Santander”) and CaixaBank, S.A. (“CaixaBank”), financial creditors of the Company (jointly, the “Creditor Institutions”). The amount of Tranche A will be increased by the amount of the payable interests accrued by the loans exchanged for the issue until the Closing Date (as defined below).

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- (b) Amount of the Tranche B of the Issue. The amount of the Tranche B of the Issue amounts to a maximum of 117,900,950 Euros. This tranche is aimed to all the creditors of the Company in accordance with the restructuring agreement called “Override Agreement” subject to English law entered into by Prisa and a syndicate of credit entities on 11 December 2013, of which HSBC acts as agent bank, and that jointly hold profit participating loans (the “**Override Agreement**”).

## 1.2. Subscription and payment

- (a) Subscription and payment of the Tranche A of the Issue. The Bonds that constitute the Tranche A of the Issue will be subscribed by the Creditor Institutions through the capitalization of credits. HSBC, CaixaBank and the Funds linked to Banco Santander have committed to subscribe the amount of 32,099,050 Euros, in accordance with the following distribution:

- HSBC: 12,878,070 Euros
- CaixaBank: 9,610,500 Euros
- Títulos de Renta Fija, S.A.: 1,595,340 Euros
- Suleyando 2003, S.L.: 1,595,340 Euros
- Cantabra de Inversiones, S.A.: 1,595,340 Euros
- Cantabro Catalana de Inversiones, S.A.: 1,633,780 Euros
- Fomento e Inversiones, S.A.: 1,595,340 Euros
- Carpe Diem Salud, S.L.: 1,595,340 Euros

- (b) Subscription and payment of the Tranche B of the Issue. The Bonds that constitute the Tranche B of the Issue could be subscribed through the capitalization of credits exclusively by the creditors of the Company in accordance with the Override Agreement. The Company has received the commitment of HSBC to subscribe 68,086,000 Euros out of the total amount of 117,900,950 Euros that constitute the Tranche B of the Issue. If other financial creditors part of the Override Agreement were interested in exchanging their respective profit participating loans in Tranche B of the Issue for an aggregated amount greater than 49,814,950 Euros, the amount to subscribe by HSBC will be reduced, distributing the issued Bonds within Tranche B among the

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applications presented by the subscribing entities proportionally to their corresponding percentage in the Override Agreement.

The commitments to subscribe the total amount of Tranche A by the Creditor Institutions, as well as the 68,086,000 Euros of Tranche B by HSBC, are subject to:

- (i) the procurement of the mandatory reports issued by the auditor of the Company and an auditor appointed by the Commercial Registry.
- (ii) the authorization of the Issue by the syndicate of credit entities of Prisa in concordance with the Override Agreement and with the majorities described in such agreement.
- (iii) the approval of the final terms and conditions of the Issue by the General Shareholders' Meeting of the Company.
- (iv) if applicable, the consent of any third party required under the existent financial indebtedness of Prisa in order to allow the subscribers of the Bonds to declare that their respective percentage of the credits to be capitalized are liquid, due and payable at the Closing Date for the purposes of the conversion into shares.
- (v) the non-occurrence of any material adverse change in the financial condition of the Company, and the non-existence of any suspension or material limitation in trading securities on any of the Spanish Stock Exchanges, the London Stock Exchange or the New York Stock Exchange.

The subscription of the Bonds that constitute the Issue will occur on the date on which the aforementioned conditions are met and the public deed regarding the Issue —which will be registered in the Commercial Registry— is executed (“**Closing Date**”).

The Creditor Institutions and the other creditors that apply for the subscription of the Bonds that constitute Tranche A and/or Tranche B may pay for and subscribe the Bonds by exchange of the following profit participating loans:

- (A) Regarding Tranche A
  - Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit granted by HSBC Bank plc to the Company on 31 December 2014 for a total amount of 12,878,070 Euros.

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- Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit granted by CaixaBank, S.A., to the Company on 31 December 2014 for a total amount of 9,610,500 Euros.
  - Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit owned by Títulos de Renta Fija, S.A., dated 31 December 2014 and for a total amount of 1,595,340 Euros.
  - Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit owned by Suleyado 2003, S.L., dated 31 December 2014 and for a total amount of 1,595,340 Euros.
  - Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit owned by Cantabra Inversiones, S.A., dated 31 December 2014 and for a total amount of 1,595,340 Euros.
  - Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit owned by Cantabro Catalana de Inversiones, S.A., dated 31 December 2014 and for a total amount of 1,633,780 Euros.
  - Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit owned by Fomento e Inversiones, S.A., dated 31 December 2014 and for a total amount of 1,595,340 Euros.
  - Capitalized debt agreement (known as PIK debt agreement), through the total exchange of the credit owned by Carpe Diem Salud, S.L., dated 31 December 2014 and for a total amount of 1,595,340 Euros.
- (B) Regarding Tranche B
- Tranche of the profit participating loan mandatory under the facility agreement entered into by the Company and several financial institutions as lenders and HSBC Bank plc as agent bank and security agent, on 11 December 2013.

These credits, in the amounts their holders agree to use for subscription, will satisfy in the moment of their exchange the requirements established in article 301 of the Spanish Companies Act, as shown on the report prepared by the Board of Directors for that purpose. The compliance with the requirement of article 301 for the capitalisation of credits will be confirmed by the certificate issued in the form of a special report before the call of the General Shareholders' Meeting by the Company's auditor, Deloitte, S.L., a Spanish entity with registered



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office at Pablo Ruiz Picasso 1, Torre Picasso, 28020, with tax identification number (NIF) number B-79104469, which will be completed by an additional certificate that will be issued when the referred requirements are fully met.

The report made by the Board of Directors has been issued in accordance with the following provisions of the Spanish Companies Act:

- article 414.2, regarding the bases and forms of exchange into shares;
- article 286, regarding the corresponding amendment of the articles of incorporation of the Company, in connection with article 297.1.a), regarding the delegation in the Board of Directors of the power to set the date and conditions of the agreed capital increase; and
- article 301, applicable by way of analogy with regards to the subscription of the Bonds through the capitalization of credits.

Notwithstanding, it is provided the incomplete subscription of both tranches. Consequently, the Issue will be limited to the amount corresponding with the face value of the bonds effectively subscribed and paid by the investors, having no effects for the rest.

- 1.3. Issue price, face value and representation. The Bonds are issued at par, are in registered form, and have a unit face value of 10 Euros. The Bonds are of a single series and will be represented by registered nominative certificates.
- 1.4. Interest rate. The Bonds accrue an annual interest of 2.60% —corresponding with the applicable interest rate under the Override Agreement— from the date of their issue and by reference to the face value of the Bonds, payable at the Final Closing Date— except for cases of anticipated conversion, which will be payable at the conversion date— and in newly-issued common shares of Prisa.
- 1.5. Maturity date. The Bonds will have a term of 2 years, for which reason they will mature on the date two years after the Closing Date (“Final Closing Date”).  
  
When the final maturity date arrives, the Bonds which have not been converted before will be converted mandatorily into newly-issued common shares of Prisa.
- 1.6. Bases for and forms of conversion of the Bonds
  - (a) Conversion of the Bonds. The Bonds are necessarily convertible after two years from the Closing Date. However, Prisa may request the early conversion of the Bonds, totally

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or partially, at any time after 12 months from the Closing Date, provided that the Company notifies the Commissionaire 15 days in advance. In this case, the Company shall issue the new shares of Prisa resulting from the Conversion Price, taking into account the accrued interests corresponding to the bondholders until the date in which the early conversion was requested, within the month following the request of early conversion.

Likewise, the bondholders will be able to individually request the early conversion of the bonds, totally or partially, if during the 12 months following the Closing Date (i) the Company issues or undertakes to issue new common shares or convertible bonds into common shares to be subscribed through monetary contributions and with pre-emptive rights; (ii) the Spanish Securities Market Regulator (*Comisión Nacional del Mercado de Valores*) authorizes a takeover bid over the shares of the Company; or (iii) the Company is declared in Bankruptcy. In these cases, the Company will issue the new common shares of Prisa resulting from the Conversion Price within the next month following the early conversion request, taking into account the accrued interests until the date in which the early conversion was requested, with enough time to participate, with regards to case (i), in the General Shareholders' Meeting that in such case intends to approve the issue and, in any case, when the issue is subject to the approval of the Board of Directors, for the purposes of participating in the aforementioned issue.

After the 12 months following the Closing Date, the bondholders will be entitled to the same early conversion right, including in this case, for the purpose of the early conversion, the accrued interest until the date in which the early conversion was requested.

- (b) Conversion Price. The price of the Prisa shares for purposes of conversion will be 10 Euros (“**Conversion Price**”).

The Conversion Price will be adjusted, in the following circumstances, according to market standards and taking into account the economic effect that such circumstances may have to the value of the Bonds:

- (i) Free allocation of shares or warrants to the shareholders of the Company.
- (ii) Shares' split or reverse split transactions.
- (iii) Capital increases by way of capitalisation of reserves, profits or issue premium through an increase in the par value of the shares.

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- (iv) Distribution of reserves or issue premium, in cash or in kind.
- (v) Absorption, merger, spinoff or split-up.

Likewise, in the event that, during the 12 months following the Closing Date, (i) the Company executes a capital increase or an issue of convertible bonds into new common shares with pre-emptive rights, or (ii) the Company issues or commits to issue new common shares or convertible bonds into new common shares to subscribe through monetary contributions and excluding pre-emption rights, in both cases with an issue or conversion price lower than the Conversion Price, the Conversion Price will be automatically adjusted to the price of this newly-issued common shares or convertible bonds.

For clarification purposes, the adjustment established in this subparagraph b) will not be applicable to the resolutions adopted in the General Meeting of Shareholders and to the issue of shares resulting from the exercise of the warrants approved by the General Meeting of Shareholders of Prisa that took place on 10 December 2013.

(c) Conversion Rate.

The number of newly-issued common shares of Prisa that will be delivered to the bondholders will be determined by dividing the face value of the Bonds and the accrued interest by the Conversion Price on the conversion date. Thus, the conversion rate will be one newly-issued common share per Bond, plus the number of shares corresponding to the accrued interests, which will depend on the date of the conversion.

The share capital that would be needed to meet the needs of the conversion of all the Bonds, assuming that Tranche B is fully subscribed and that all the Bonds are converted into newly-issued common shares of Prisa on the Final Closing Date, together with the accrued interests, amounts to 47,370,420 Euros, corresponding to the face value and the number of newly-issued common shares will be 15,790,140. In this case, the part of the capital contributions of the bondholders that corresponds with the premium would rise to 110,530,980 Euros.

1.7. Other terms and conditions

- (a) Security. The Issue is secured by the property of the Company, not being specially secured by any third party guarantee.

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- (b) Rules governing priority. The Bonds are direct and unconditional obligations, contractually subordinated to the Company's bank syndicated indebtedness derived from the Override Agreement and otherwise unsubordinated and ranking pari-passu and pro-rata, without any preference, among them or with regards to other existing or future unsecured and unsubordinated debts of the Company, except for, in the case of bankruptcy, those debts that may enjoy a priority as provided in mandatory laws of general application.
- (c) Transferability and admission to trading. The Bonds will only be freely transferable after 12 months of the Closing Date. Admission to trading of the Bonds will not be sought on any secondary market.

## 1.8. Syndicate of Bondholders and Commissioner

A Syndicate of Bondholders is formed under the name "**Syndicate of Bondholders for the 2016 Convertible Bond Issue of Promotora de Informaciones, S.A.**", which will act in accordance with its Regulations and the Spanish Companies Act. Fernando Martínez Albacete is appointed as temporary Commissioner. The content of the regulations will be substantially as attached to these resolutions as **Annex 1**, notwithstanding what provided in articles 419 et seq. of Spanish Companies Act.

## B. Absence of pre-emption rights

There will be no pre-emption rights, in accordance with article 416.2 in connection with article 304 of the Spanish Companies Act, which specifies that only in capital increases—in this case, issue of convertible bonds—with newly-issued shares with charge to monetary contributions are the shareholders entitled to subscribe a number of newly-issued shares in proportion to the face value of the shares they already own. Therefore, being this the case of a capital increase through the capitalization of credits set out in article 301 of the Spanish Companies Act and, consequently, not being there any monetary contribution, there will be no pre-emption rights in favour of the shareholders.

## C. Resolution to increase capital as necessary to cover conversion of the Bonds

In accordance with the provisions of article 414 of the Spanish Companies Act, it is resolved to increase the Company's capital by the amount necessary to cover such conversion of Bonds up to an initially contemplated maximum of 15,790,140 newly-issued common shares of Prisa, corresponding to the maximum number of shares to be issued by the Company based on the

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

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Conversion Price, but subject to such possible changes as may occur as a result of adjustments of the Conversion Price as set forth in this agreement and the total subscription of the Bonds Issue.

The aforesaid capital increase will be implemented by the Board of Directors or, in the event of delegation, by any of its members, Delegate Commission, the President and the Chief Executive Officer, by issuing new common shares having the same par value and the same rights as the outstanding common shares on the date of implementation of the corresponding resolution increasing capital. When the Board of Directors so implements this resolution it will redraft the article of the Bylaws related to capital.

The final number of newly-issued common shares that will be issued upon exercise of the conversion right will be determined by dividing the face amount of the subscribed Bonds and the accrued interests by the Conversion Price in effect on the pertinent conversion date.

In accordance with the provisions of article 304.2. of the Spanish Companies Act, the shareholders of the Company will have no pre-emption right as regards the capital increases resulting from conversion of the Bonds into shares of Prisa.

It is resolved to apply for admission to trading of the newly-issued common shares on the Madrid, Barcelona, Bilbao and Valencia stock exchanges through the Exchange Interconnection System (Continuous Market). The Board of Directors is authorised in turn to delegate to the Delegate Commission, the President and the Chief Executive Officer so that any of them, without distinction, may make the corresponding applications, prepare and present all appropriate documents on the terms they deem to be appropriate and take such actions as may be necessary to that end.

## D. Reports and Terms and Conditions

From the time of the publication of the notice of call to the General Meeting the corresponding proposed text of the resolution has been made available to the Company's shareholders, as have, for the purposes contemplated in article 286 in relation to the articles 297.1.a), 414 and 301 of the Spanish Companies Act, the explanatory report of the proposed resolution issued by the Board of Directors, the certification issued as special report by the Company's auditor for the purposes of the article 301 of the Spanish Companies Act and the required report of the Auditor other than the Company's auditor appointed by the Commercial Registry.

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

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## E. Delegation of authority

Without prejudice to the specific delegations of authority set forth in the preceding sections, it is resolved to authorise the Board of Directors as broadly as required by law, with express authority to sub-delegate to the Delegate Commission, the President and the Chief Executive Officer so that any of them, without distinction, may implement this resolution, in particular, by way of illustration and not limitation, being authorised:

- (a) to determine the date or dates of issue; the subscription procedure; to develop the bases for and forms of conversion and, in general, to set any other condition of the Issue, specifying all issues non covered herein (in particular, agree with the Creditor Institutions and the other creditors that are part of the Override Agreement on the final terms and conditions of the Bonds and adapt, if applicable, the Regulations of the Syndicate of Bondholders for the 2016 Convertible Bond Issue of Promotora de Informaciones, S.A.); to adopt the decisions to be made by the Company pursuant to the Issue over the terms thereof;
- (b) to implement the resolution to increase the Company's capital by issuing and placing in circulation, on one or more occasions, the common shares of Prisa representative thereof that are necessary to carry out the conversion of the Bonds, and to redraft the article of the regulations related to capital, leaving the part of that capital increase that is not necessary for the conversion into common shares of Prisa with no effect, and to apply for admission to trading of the common shares of Prisa so issued on the Madrid, Barcelona, Valencia and Bilbao Stock Exchanges, through the Exchange Interconnection System (Continuous Market);
- (c) to publish the notices related to the Issue, if applicable, to appear before a notary and execute the corresponding public deed of issue of the Bonds covered by this resolution, as well as the notarial certification of subscription and closing of the Issue, if the subscription is documented separately, and to request registration of the aforesaid public deed and notarial certification, if any, in the Commercial Registry. Also, to draft and file any notice or documentation that is necessary or required in respect of the Bonds with any agency, management centre or authority;
- (d) to negotiate and sign or, if applicable, countersign or acknowledge, on the terms it deems to be most appropriate, such contracts as may be required with the financial institutions, if any, participating in the issue and placement of the Bonds;

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- (e) on behalf of Prisa to execute such public or private documents as may be necessary or appropriate for the issue of the Bonds covered by this resolution and, in general, to take such actions as may be necessary for implementation of this resolution and effective placement of the Bonds; and
- (f) to correct, clarify, interpret, specify or supplement the resolutions adopted by the General Shareholders Meeting, in such deeds or documents as may be executed in implementation thereof and, in particular, such defects, omissions or errors, substantive or formal, as may prevent entry of the resolutions and the consequences thereof in the Commercial Registry, Official Registries of the National Securities Market Commission, or any others.”

Annex 1 (“Regulations of the syndicate of bondholders”) is attached as Annex 1 of this report and Annex 2 (“Report of the auditor appointed by the Commercial Registry regarding article 414 of the Spanish Companies Act (it will be attached when obtained”) will be attached to the documentation when it is obtained.

Based on the foregoing, the shareholders are asked to approve the proposal made.

Madrid, 29 January 2016”

Which I certify in Madrid, on February 22, 2016.

[SIGNATURE FOLLOWS]

[SIGNATURE FOLLOWS]

CHAIRMAN’S APPROVAL  
Mr. Juan Luis Cebrián Echarri

THE SECRETARY  
Mr. Antonio García-Mon Marañés

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

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## **ANNEX I**

### **BYLAWS OF THE SYNDICATE OF BONDHOLDERS FOR THE 2016 CONVERTIBLE BOND ISSUE OF PROMOTORA DE INFORMACIONES, S.A.**



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

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## REGULATIONS OF THE SYNDICATE OF BONDHOLDERS

### ISSUE OF MANDATORILY CONVERTIBLE BONDS

#### **TITLE I: INCORPORATION, NAME, PURPOSE, ADDRESS AND DURATION OF THE SYNDICATE OF BONDHOLDERS**

##### **Article 1** Incorporation

The syndicate of Bondholders of the issue of mandatorily convertible bonds into new common shares of Promotora de Informaciones, S.A. (hereinafter, the “**Bonds**” and the “**Company**”) shall be incorporated, once the Public Deed of the Issue has been filed, among the subscribers of the Bonds as the new titles are received.

The Syndicate of Bondholders shall be governed by these Regulations and by the consolidated version of the Capital Companies Act and other applicable legislation.

##### **Article 2** Name

The syndicate shall be named “Syndicate of Bondholders of the Issue of Convertibles and/or Exchangeable Bonds of Promotora de Informaciones, S.A. 2016”.

##### **Article 3** Purposes

The Syndicate of Bondholders is formed for the purpose of protecting the lawful interest of Bondholders vis-à-vis the Company, by means of the exercise of the rights granted by the applicable laws and the present Regulations.

##### **Article 4** Address

The address of the Syndicated shall be located at Gran Vía 32, 28013, Madrid, Madrid.

##### **Article 5** Duration

The Syndicate of Bondholders will last until the maturity date of the Bonds, i.e. 2 years since the subscription date, unless if the early conversion of all the bonds takes place, in such case the Syndicate will expire at the date it took place.

##### **Article 6** Syndicate management bodies

The management bodies of the Syndicate are:

- a) The General Meeting of Bondholders; and
- b) The Commissary.

#### **TITLE II.- THE GENERAL MEETING OF BONDHOLDERS**

##### **Article 7** Legal nature

The General Meeting of Bondholders, duly called and constituted, is the body of expression of the Bondholders’ will and its resolutions are binding for all the Bondholders in the way legally stated.

##### **Article 8** Calling

The General Meeting shall be convened by the Board of Directors of the Company or by the Commissary, when they may deem it convenient.

Nevertheless, the Commissary shall convene a General Meeting when Bondholders holding at least the twentieth of the bonds in circulation so request it in writing, expressly indicating the purpose of the calling. In such case, the meeting shall be held in the following month of the receipt of the written notice by the Commissary.

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

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## **Article 9** Procedure for convening meetings

The General Meeting of Bondholders shall be convened by an individual written communication to each of the Bondholders, at least one month before the date set for the meeting and by notice published, likewise, at least a month before the date set for the meeting, in the web site of the Company. The notice shall state the place and the date for the meeting, the agenda for the meeting and the way in which ownership of Bonds shall be proved in order to have the right to attend the meeting.

## **Article 10** Right to attend meetings

Bondholders who have acquired this condition not less than 5 trading days prior to the date of the general meeting shall be entitled to attend such meeting. The members of the Board of Directors of the Company shall have the right to attend the meeting even if they have not been requested to attend. The Commissary shall attend the meeting even if he did not convene the meeting.

## **Article 11** Proxies

All Bondholders with a right to attend General Meetings shall be entitled to delegate their representation to any other Bondholder. The right to represent shall be conferred in writing for each meeting. Under no circumstances will the Bondholders be allowed to delegate their representation to a member of the Board of Directors, even if they are Bondholders.

## **Article 12** Voting rights

Each Bond entitles its owner to one voting right in proportion to the unamortized face value of the Bonds he or she holds.

## **Article 13** Approval of resolutions

Resolutions shall be approved by the absolute majority of the issued votes. Exceptionally, amendments regarding the maturity of the Bonds, the conditions governing the reimbursement of the face value or the conversion will require the favorable vote of two thirds of the outstanding Bonds.

The resolutions approved by the General Meeting of Bondholders are binding for all the Bondholders, including nonconforming Bondholders and those that did not attend the meeting.

## **Article 14** Challenging of resolutions

The resolutions approved by the General Meeting of Bondholders may be challenged by the Bondholders in accordance with the rules for challenging corporate resolutions established by the law.

## **Article 15** President of the General Meeting

The Commissary shall be the president of the General Meeting and shall chair the discussions and shall have the right to bring the discussions to an end when he considers it convenient and shall put matters to the vote.

## **Article 16** Attendance list

Before entering the agenda for the meeting, the Commissary shall form the attendance list, stating the representation of each of them and, if applicable, the number of Bonds at the meeting both directly owned and/or represented.

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

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## **Article 17** Powers of the General Meeting

The General Meeting may pass resolutions necessary:

- a) For the best protection of Bondholders' lawful interest vis-à-vis the Company;
- b) To dismiss or appoint the Commissary and, if applicable, the deputy Commissary;
- c) To exercise, when appropriate, the corresponding legal claims; and
- d) To approve the expenses caused by the defense of the Bondholder's interest.

## **Article 18** Minutes

The minutes of the General Meeting of Bondholders may be approved by the general meeting after the meeting has been held, or, failing this, and within a fifteen days term, by the Commissary and two Bondholders appointed for such purpose by the general meeting.

## **Article 19** Certificates

The certificates of the minutes shall be issued by the Commissary or its substitute.

## **Article 20** Individual exercise of actions

The Bondholders will only be entitled to individually exercise judicial or extrajudicial claims when such claims do not contradict the resolutions adopted by the Syndicate within its powers and are compatible with the powers conferred upon the Syndicate.

## **Article 21** Collective exercise of actions

The procedures or actions affecting the general interest of the Bondholders may only be addressed on behalf of the Syndicate under an authorization of the General Meeting of Bondholders, and shall compel all the Bondholders, without distinction, except for the right to challenge the General Meeting resolutions established by law.

Any Bondholder willing to promote a claim of this nature, must submit it to the Commissary of the Bondholders, who shall convene the General Meeting, if he estimates the claim based. If the General Meeting rejects the proposition of the Bondholder, no other Bondholder could file the claim, in particular interest, to the Courts of Justice, unless there is a clear contradiction with the resolutions and the Regulations of the Syndicate.

## **TITLE III.- COMMISSARY**

### **Article 22** Nature of the Commissary

The Commissary is the representative of the Syndicate and shall be the body for liaison between the Syndicate and the Company, in accordance with the law.

### **Article 23** Regime applicable to the Commissary

The issuing company will determine the retribution of the Commissary.

The Commissary will protect the common interests of the Bondholders and, besides the powers to which he or she is entitled by virtue of the Deed of Issue or by law, the Commissary will have the powers attributed by the General Meeting of Bondholders.

### **Article 24** Powers

The Commissary shall have the following powers:

- (a) To attend, where appropriate, to the granting of the resolution of issue and subscription on behalf of the Bondholders and to protect their common interest;
- (b) To convene and chair the General Meeting of Bondholders;

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- (c) To inform the Company of the resolutions passed by the Syndicate;
- (d) To control the payment of the remuneration, as well as any payment shall be made to the Bondholders by any concept;
- (e) To execute the resolutions of the General Meeting of Bondholders;
- (f) To exercise the actions corresponding to the Syndicate; and
- (g) In general, the ones granted to him in the Law and the present Regulations.

## **Article 25** Deputy Commissary

The General Meeting may appoint a Deputy Commissary that shall replace the Commissary in the absence of performance of its function.

The Company may appoint provisionally a Deputy Commissary at the time to adopt the resolution for the issue of Bonds, which may be ratified by the General Meeting of Bondholders.

## **TITLE IV.- JURISDICTION**

### **Article 26** Jurisdiction

For any dispute relating with the Syndicate that may be raised, the Bondholders shall submit to the courts and tribunals of the city of Madrid, with express waiver of their own forum. This submission is without prejudice to the imperative forum that may be applicable in accordance with current legislation.

**BYLAWS OF THE SYNDICATE OF BONDHOLDERS FOR THE 2016  
CONVERTIBLE BOND ISSUE OF PROMOTORA DE INFORMACIONES, S.A.  
REGULATIONS OF THE SYNDICATE OF BONDHOLDERS**

*ISSUE OF MANDATORILY CONVERTIBLE BONDS*

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DURATION OF THE SYNDICATE OF BONDHOLDERS**

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The Syndicate of Bondholders shall be governed by these Regulations and by the consolidated version of the Capital Companies Act and other applicable legislation.

**Article 2. Name**

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Nevertheless, the Commissary shall convene a General Meeting when Bondholders holding at least the twentieth of the bonds in circulation so request it in writing, expressly indicating the purpose of the calling. In such case, the meeting shall be held in the following month of the receipt of the written notice by the Commissary.

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The resolutions approved by the General Meeting of Bondholders may be challenged by the Bondholders in accordance with the rules for challenging corporate resolutions established by the law.

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The certificates of the minutes shall be issued by the Commissary or its substitute.

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The procedures or actions affecting the general interest of the Bondholders may only be addressed on behalf of the Syndicate under an authorization of the General Meeting of Bondholders, and shall compel all the Bondholders, without distinction, except for the right to challenge the General Meeting resolutions established by law.

Any Bondholder willing to promote a claim of this nature, must submit it to the Commissary of the Bondholders, who shall convene the General Meeting, if he estimates the claim based.

If the General Meeting rejects the proposition of the Bondholder, no other Bondholder could file the claim, in particular interest, to the Courts of Justice, unless there is a clear contradiction with the resolutions and the Regulations of the Syndicate.

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### **Article 22. Nature of the Commissary**

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### **Article 24. Powers**

The Commissary shall have the following powers:

- (a) To attend, where appropriate, to the granting of the resolution of issue and subscription on behalf of the Bondholders and to protect their common interest;
- (b) To convene and chair the General Meeting of Bondholders;
- (c) To inform the Company of the resolutions passed by the Syndicate;
- (d) To control the payment of the remuneration, as well as any payment shall be made to the Bondholders by any concept;
- (e) To execute the resolutions of the General Meeting of Bondholders;
- (f) To exercise the actions corresponding to the Syndicate; and
- (g) In general, the ones granted to him in the Law and the present Regulations.

### **Article 25. Deputy Commissary**

The General Meeting may appoint a Deputy Commissary that shall replace the Commissary in the absence of performance of its function.

The Company may appoint provisionally a Deputy Commissary at the time to adopt the resolution for the issue of Bonds, which may be ratified by the General Meeting of Bondholders.



## **TITLE IV.- JURISDICTION**

### **Article 26. Jurisdiction**

For any dispute relating with the Syndicate that may be raised, the Bondholders shall submit to the courts and tribunals of the city of Madrid, with express waiver of their own forum. This submission is without prejudice to the imperative forum that may be applicable in accordance with current legislation.





**REPORT PREPARED BY THE BOARD OF DIRECTORS OF PROMOTORA DE INFORMACIONES, S.A. ON PROPOSED RESOLUTIONS OF RATIFICATION, REELECTION AND APPOINTMENT OF DIRECTORS INCLUDED IN POINTS 5.2 TO 5.14 OF THE AGENDA OF THE ORDINARY GENERAL SHAREHOLDERS MEETING CALLED TO BE HELD ON 31 MARCH AND 1 APRIL, ON 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 5.2 to 5.14 of the Agenda for the next Ordinary General Shareholders Meeting called for 31 March on first call or, if the necessary quorum is not achieved on that call, on 1 April, in the same place, on second call:

- 5.2. Ratification of the appointment by co-option and election of the director Mr. Khalid Bin Thani Bin Abdullah Al Thani
- 5.3. Ratification of the appointment by co-option and election of the director Mr. Joseph Oughourlian.
- 5.4. Re-election of Mr. Juan Luis Cebrián Echarri as a director.
- 5.5. Re-election of Mr. Manuel Polanco Moreno as a director.
- 5.6. Re-election of Mr. Gregorio Marañón y Bertran de Lis as a director.
- 5.7. Re-election of Mr. Alain Minc as a director.
- 5.8. Re-election of Mr. Ernesto Zedillo y Ponce de León as a director.
- 5.9. Appointment of Mr. Glen Moreno as a director.
- 5.10. Appointment of Ms. Elena Pisonero Ruiz as a director
- 5.11. Appointment of Ms. Blanca Hernandez Rodríguez as a director.
- 5.12. Appointment of Mr. Alfonso Ruiz de Assin Chico de Guzmán as a director.

## 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/re-election and appointment 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 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 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:

i) 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. Khalid Bin Thani Bin Abdullah Al Thani and Mr. Joseph Oughourlianin the category of proprietary directors.

ii) The proposals of re-election as directors of Mr. Alain Minc and Mr. Ernesto Zedillo y Ponce de León and the proposals of appointment as directors of Mr. Glen Moreno, Ms. Elena Pisonero Ruiz, Ms. Blanca Hernandez Rodríguez and Mr Alfonso Ruiz de Assin Chico de Guzmán, who must be included in the category of independent directors, are submitted to the General Shareholders Meeting on proposal of the Appointments and Remuneration Committee, after a report from the Corporate Governance Committee.

iii) The proposals for re-election as directors of Mr. Juan Luis Cebrián Echarri and Mr. Manuel Polanco, both in the category of executive directors, and of Mr. Gregorio Marañón y Bertrán de Lis, in the category of an other external director, are submitted to the General Shareholders Meeting after a report from the Appointments and Remuneration Committee.

The classification of the candidates in the various categories of executive, proprietary, independent and other external directors, 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.

2. Term of office: It is proposed that the terms of office of all of the directors the ratification, appointment or re-election of which is proposed be the maximum legally contemplated of four years (article 529 undecies 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 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 assesses the competence, experience and merits of the proposed candidates jointly and, thereafter, there are individual reports for each of the candidates to be ratified, re-elected and/or appointed as directors, including the experience and professional ability of each of them.

## II. Explanation of the proposals as a whole

In the first place the Board of Directors has analysed its needs, taking account of: (i) the number of executive directors it has, (ii) the current shareholding structure of the Company and its appropriate representation on the Board and (iii) the diversity of the activities of its business group, concluding that it is appropriate to propose to the Shareholders Meeting an increase in the number of directors from sixteen to seventeen (point 5.1. of the agenda for the Meeting), which is the maximum number permitted in the bylaws.

In the preparation of the proposals for ratification, re-election and/or appointment of directors, the Board of Directors took account of the principles and objectives set forth in the Director Selection Policy that was approved by the Company on 18 December 2015.

The purpose of achieving an appropriate balance on the Board of Directors as a whole has guided the process for selection and re-election of directors. Candidates have been sought having high qualification and personal and professional integrity, favouring diversity of knowledge, experience, background and gender on the Board of Directors, also meeting the necessary conditions of capacity and compatibility.

Finally, it considered the fit of the professional profiles of the candidates with the particularities of the business engaged in by the Company and its group and the sectors in which it operates and its international character.

The Board of Directors believes that, in order to be in a position to appropriately exercise its function of supervision and control, its members as a whole must appropriately combine sufficient capacities and competence in, inter alia, the following areas:

- a) knowledge of the sectors in which the Company and its group of companies operate (that is, education, radio, the press and audio-visual);
- b) experience and knowledge in economic and financial matters, in management of human resources and in digital development;
- c) international experience; and
- d) experience and expertise in management, leadership and business strategy.

In this regard, the professional profile of the candidates the ratification, re-election and/or appointment of which is submitted to the General Shareholders Meeting, as appears from the proposals and reports of the Appointments and Remuneration Committee, which the Board adopts, demonstrates their professional competence, their merits to occupy positions as directors, their extensive experience in sectors relevant to the Company and the group and their profound knowledge of multiple fields of business, which ensures the provision of multiple points of view in the debate of matters on the Board of Directors.

In short, the proposals for ratification, appointment and/or re-election of the external directors that are submitted to the General Shareholders Meeting contribute to the maintenance of a high percentage of independent directors in the composition of the Board of Directors in line with the current recommendations regarding corporate governance, both domestic and international, and imply a significant qualitative improvement of its structure.

In the proposals of resolutions submitted for deliberation to the next General Shareholders Meeting, a composition of the Board of Directors including a bigger proportion of independent directors is proposed: half of all members of the Board shall be independent. The proposals of resolutions also enable to ascertain the presence in the Board of Directors of proprietary directors appointed on the proposal of the principal shareholders of the Company, this being essential in order to align the decisions of the Board of Directors with the interests of the shareholders, taking into account the diversified capital structure of the Company, mentioned structure also presenting the concentration of a high percentage of the share capital in the hands of a handful of shareholders owning an important participation in the Company. Furthermore, the necessary turnover of the members of the Board of Directors has to go together with the preservation of executive profiles and of other directors with broad experience in the Company, that deeply know it and its business, with the ultimate purpose to contribute to the continuous adaptation of the Company to the environment in which it develops its activities. To conclude, the proposals submitted shall enable the Company to count on a balanced, independent, experienced and with understanding of the Company Board of Directors and with a majority representation of the interests of both the minority and majority shareholders. Such a Board of Directors will be in harmony with the highest standards of corporate governance.

In Madrid, 26 February 2016

**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. KHALID BIN THANI BIN ABDULLAH AL THANI INCLUDED IN POINT 5.2 OF THE AGENDA OF THE ORDINARY GENERAL SHAREHOLDERS MEETING CALLED TO BE HELD ON 31 MARCH AND 1 APRIL, 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. Khalid Bin Thani Bin Abdullah Al Thani and his election.

This proposal in turn is a part of the proposed ratification, re-election and appointment of other directors of the Company, which has been collectively evaluated in a master report. In this report the professional profile of the candidate is evaluated individually.

**II. Background. Appointment by co-option**

Under the provisions of articles 244 and 529 decies of the Capital Companies Act, Mr. Khalid Bin Thani Bin Abdullah Al Thani was appointed as a proprietary director in representation of the Company shareholder International Media Group, S.à.r.l., by co-option, at the Board of Directors meeting of 18 December 2015.

The Board of Directors resolution is submitted to the General Shareholders Meeting after a favourable report from the Appointments and Remuneration Committee.

**III. Experience and professional ability of Mr. Khalid Bin Thani Bin Abdullah Al Thani.**

Mr. Khalid Bin Thani Bin Abdullah Al Thani is a prominent Qatar businessman with various interests in banking, real estate, insurance, financial securities, health, telecommunications, communications media, information technology, humanitarian services, education and tourism.

He is the chairman of various listed companies in Qatar, the cofounder and benefactor of various non-profit organisations and business associations. In addition to his business activity he is a great sports fan and key benefactor of sporting events and sports associations, domestic and international.

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

It is proposed that Mr. Khalid Bin Thani Bin Abdullah Al Thani be a proprietary director of the Company, based on the criteria established by article 529 duodecies of the Capital Companies Act for classification of directors, on proposal of the Company's Appointments and Remuneration Committee.

#### **V. Proposed resolution submitted to approval of general shareholders meeting**

*"After a report from the Appointments and Remuneration Committee the Board of Directors proposes ratification of the appointment by co-option of Mr. Khalid Bin Thani Bin Abdullah Al Thani made by the Board of Directors meeting of 18 December 2015, to fill one of the vacancies on the Board after the resignation of Mr. Fernando Abril-Martorell Hernández and, on proposal of that committee, his appointment as a proprietary director of the Company, for the purposes of article 529 duodecies of the Capital Companies Act.*

*It is resolved to ratify the appointment by co-option of Mr. Khalid Bin Thani Bin Abdullah Al Thani, made by the Board of Directors meeting of 18 December 2015, and it is resolved to elect him as a director of the Company for the legal and bylaws term of four years, effective from the date of adoption of this resolution."*

In Madrid, 26 February 2016



# **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. JOSEPH OUGHOURLIAN INCLUDED IN POINT 5.3 OF THE AGENDA OF THE ORDINARY GENERAL SHAREHOLDERS MEETING CALLED TO BE HELD ON 31 MARCH AND 1 APRIL, 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. Joseph Oughourlian and his election.

This proposal in turn is a part of the proposed ratification, re-election and appointment of other directors of the Company, which has been collectively evaluated in a master report. In this report the professional profile of the candidate is evaluated individually.

## **II. Background. Appointment by co-option**

Under the provisions of articles 244 and 529 decies of the Capital Companies Act, Mr. Joseph Oughourlian was appointed a proprietary director in representation of the Company shareholder Amber Active Investors Limited, by co-option, at the Board of Directors meeting of 18 December 2015.

The Board of Directors resolution is submitted to the General Shareholders Meeting after a favourable report from the Appointments and Remuneration Committee.

## **III. Experience and professional ability of Mr. Joseph Oughourlian**

Mr. Oughourlian is the founder of Amber Capital, and the sole administrator of the Amber Global Opportunities Fund. He began his career with Société Générale in Paris in 1994, and soon thereafter was transferred to New York to the United States capital derivatives division. In 1997 he began to manage direct interests of Société Générale in New York, which led him to create Amber Fund in October 2001 with initial capital from the Bank. In November of 2005 he cofounded Amber Capital in New York, which grew and achieved a strong presence in Europe, with offices in London and Milan. Oughourlian is a graduate of the HEC business school and of IEP (Sciences-Po), both in Paris, and obtained his graduate degree in Economics from the Sorbonne. He is a member of the boards of Cofide SpA (a Benedetti family holding), Sorgente SpA (hydroelectric company in Padua, Italy) and AGBU (the largest Armenian charitable organisation in the world, with headquarters in New York).

Mr. Joseph Oughourlian has broad experience in the financial sector.

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

It is proposed that Mr. Joseph Oughourlian be a proprietary director of the Company, based on the criteria established by article 529 duodecies of the Capital Companies Act for classification of directors, and the proposal of the Company's Appointments and Remuneration Committee.

#### **V. Proposed resolution submitted to approval of general shareholders meeting**

*"After a report from the Appointments and Remuneration Committee the Board of Directors proposes ratification of the appointment by co-option of Mr. Joseph Oughourlian made by the Board of Directors meeting of 18 December 2015, to fill one of the vacancies on the Board after the resignation of Mr. Emmanuel Román and, on proposal of that committee, his appointment as a proprietary director of the Company, for the purposes of article 529 duodecies of the Capital Companies Act.*

*It is resolved to ratify the appointment by co-option of Mr. Joseph Oughourlian made by the Board of Directors meeting of 18 December 2015, and it is resolved to elect him as a director of the Company for the legal and bylaws term of four years, effective from the date of adoption of this resolution."*

In Madrid, 26 February 2016

**INDIVIDUAL REPORT PREPARED BY THE BOARD OF DIRECTORS OF PROMOTORA DE INFORMACIONES, S.A. ON THE PROPOSED RESOLUTION FOR REELECTION OF MR. JUAN LUIS CEBRIÁN ECHARRI INCLUDED IN POINT 5.4 OF THE AGENDA OF THE ORDINARY GENERAL SHAREHOLDERS MEETING CALLED TO BE HELD ON 31 MARCH AND 1 APRIL, 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 re-election of Mr. Juan Luis Cebrián Echarri.

This proposal in turn is a part of the proposed ratification, re-election and appointment of other directors of the Company, which has been collectively evaluated in a master report. In this report the professional profile of the candidate is evaluated individually.

Mr. Cebrián has been a director of the Company since June of 1983, and was last appointed as a director at the Shareholders Meeting of the Company held on 27 November 2015, for a term of five years. In accordance with article 222 of the Capital Companies Act, the appointment of directors will lapse when, the term having concluded, a general meeting has been held or the term for holding the meeting that is to resolve regarding approval of the accounts of the prior financial year has passed. It is for this reason that the Board of Directors proposes to the General Shareholders Meeting the re-election as a director of Mr. Cebrián.

**II. Background. Procedure used to prepare this re-election proposal**

The services agreement signed in December 2013 with Mr. Cebrián provides that the term of the agreement will be until 31 December 2018, and that during the first two years (the 2014 and 2015 financial years) Mr. Juan Luis Cebrián will serve as the Executive Chairman of the Company. That agreement contemplated the possibility of: (i) extending the executive authority of the Chairman before the expiration of that initial term of two years and (ii) extending the term of the agreement with minimum advance notice of three months before the agreed date of maturity.

For the preparation of the proposal for re-election of Mr. Juan Luis Cebrián Echarri as an executive director of the Company the following procedure was followed:

- a) The initiative of the process was headed by the Appointments and Remuneration Committee.
- b) In the development thereof, the Appointments and Remuneration Committee sought the views of all of the directors, including the independent directors, which were

favourable to extension of the executive function of the Chairmanship of Mr. Cebrián and of his contract.

- c) The Appointments and Remuneration Committee discussed the proposed renewal of the contract of the executive chairman at its meeting of 18 December 2015.
- d) In view of the unanimous favourable opinion of all directors, including the independent directors, and the favourable report of the Appointments and Remuneration Committee, the Board of Directors, at the meeting held on 18 December 2015 attended by all of the directors, including the independent directors with the exception of Ms. Arianna Huffington and Mr. José Luis Leal Maldonado, whose non-attendance was excused, and in the absence of the Chairman Mr. Juan Luis Cebrián Echarri, unanimously resolved, based on the work performed by Mr. Juan Luis Cebrián Echarri in his position: (i) to extend the executive function of the Chairmanship of Mr. Cebrián for a term of three years, that is, until 31 December 2018 and (ii) to extend the contract of Mr. Cebrián for two additional years, until 31 December 2020, during which period Mr. Cebrián will be a non-executive (external) director.

The foregoing was resolved in order to give greater stability and continuity to the management of the company, which is (i) fully engaged in implementation of its refinancing plan and (ii) at a key time for adoption of strategic decisions of great importance for its medium and long-term future.

- e) Since all of the foregoing is conditioned on re-election of Mr. Juan Luis Cebrián Echarri as a director by the General Shareholders Meeting, the Board of Directors also resolved to prepare this explanatory report and submit the resulting proposal for re-election of Mr. Juan Luis Cebrián Echarri as an executive director of the Company.
- f) The Board of Directors resolution is submitted to the General Shareholders Meeting after a favourable report from the Appointments and Remuneration Committee.

### **III. Experience and professional ability of Mr. Juan Luis Cebrián Echarri**

Mr. Cebrián is a Spanish journalist and writer. He is Executive Chairman of Prisa, a leading information, education and entertainment group in the Spanish and Portuguese speaking countries. He also is chairman of the newspaper El País (a global Spanish daily) and a member of the Conseil de Surveillance of the French newspaper Le Monde. He is the author of many books, and a member of the Real Academia Española. He studied Philosophy at the Universidad Complutense de Madrid, from which he has a degree in Information Sciences, being a graduate of the Escuela Oficial de Periodismo (1963).

He was a founding director of the newspaper El País in 1976, and earlier was a member of the group founding the magazine Cuadernos para el Diálogo (1963). From 1963 to 1975 he acted as editor-in-chief and deputy director of the newspapers Pueblo and Informaciones de Madrid, and as director of Information Services of Televisión Española, owned by the Spanish state.

Cebrián led El País from its first appearance (May 1976) until November 1988, when he was appointed editor of the newspaper and managing director of it and of Prisa. From 1986 to 1988 he served in the position of chairman of the International Press Institute (IPI).

He was managing director of Sogecable, the Prisa company dedicated to television, from its founding in 1989 until 1999. In 2004, he held the chairmanship of the Asociación de Editores de Diarios Españoles (AEDE).

As the head of El País he had an important role in the process of Spanish political transition from dictatorship to democracy. With more than fifty years in the journalism profession, among the many journalism awards he has it is worth noting: "International Editor of the Year", granted by the World Press Review publication of New York (1980); the Spanish National Journalism Award (1983); the Freedom of Speech Medal of the F. D. Roosevelt Four Freedoms Foundation and the Medal of Honour of the University of Missouri (1986); Premio Internacional Trento de Periodismo y Comunicación (1987); and in Chile, Premio Joaquín Chamorro a la Libertad de Expresión.

In 1986 he was awarded the University of Missouri (USA) Medal for Distinguished Service in Journalism and in 1988 he was named an honorary professor of the Universidad Iberoamericana de Santo Domingo (Dominican Republic). In 2003 he was an honoured visitor at the Universidad de La Plata (Argentina) and was awarded the Medal of Merit of the Universidad Veracruzana (Mexico) for his contribution to critical thought; he is patron of the Alfonso Reyes chair of the Instituto Tecnológico de Monterrey (Mexico) and received the rector's medal from the Universidad de Chile (2001). He is a member of the advisory board of the Department of Spanish and Portuguese Languages and Cultures of Princeton University (USA) and of the consultative council for the journalism degree of the Humanities Faculty of the Universidad de Coimbra (Portugal).

Cebrián throughout his professional life has been intensely engaged as a columnist and lecturer and is the author of many books of essays on journalism and political sociology, novels and essays in compilations.

In 1996 he became a member of the Real Academia Española de la Lengua and he has been a Knight of Arts and Letters of France since 1989.

In January 2014 he was awarded the Orden de Bernardo O'Higgins, at the level of Gran Oficial, the highest distinction the government of Chile grants to prominent foreign citizens in recognition of their contribution to the strengthening of the ties between the two countries.

In May, he became a member of the Academia Chilena de la Lengua based on his work to improve and protect the quality of the language, and in Washington received the First Amendment Award, granted by the Spanish Association of Eisenhower Fellows, for his work promoting freedom of the press."

## IV. Description of the proposal

### IV.1. Evaluation of the directors

All of the directors of the Company, in the absence of the executive chairman, unanimously stated their opinion favourable to the proposed re-election of Mr. Juan Luis Cebrián Echarri as an executive director of the Company.

### IV.2. Report of the Appointments and Remuneration Committee

As established in article 529 decies of the Capital Companies Act, the Appointments and Remuneration Committee is to report to the Board of Directors on proposed re-election of directors other than independent directors. In relation to the proposal on the re-election of Mr. Juan Luis Cebrián Echarri, the Appointments and Remuneration Committee verified that he satisfies the requirements of suitability, solvency, competence, experience, qualification, training, availability and commitment to the functions inherent in the position, and that he is not affected, directly or indirectly, by any of the grounds of incompatibility, prohibition, conflict or opposition of interests with the company's interest as set forth in the provisions of a general nature.

In addition, in its report on the proposed re-election of Mr. Juan Luis Cebrián Echarri, the Appointments and Remuneration Committee emphasises his actions during the term of office now ending, the fit of his professional profile with the current issues that the PRISA group faces, his knowledge of the sectors in which it operates and its international nature, appropriately combining the capacity and skills necessary to lead the management functions of the Board of Directors.

### IV.3. Proposal of the Board of Directors.

In view of the reports received, the Board of Directors of the Company has concluded, in order to propose the re-election of Mr. Juan Luis Cebrián Echarri as an executive director, that:

- a) The existence of an executive chairman is the alternative it believes to be most appropriate and effective for successful development of the future strategy of the Company, and for implementation of its refinancing plan at a key time for the adoption of strategic decisions that are important for its medium and long-term future, in which deep involvement, knowledge and dedication to the taking of high-level strategic decisions is a key factor.
- b) The counterweighting system configured by PRISA is in line with those required by investors, ensuring the balance of power and efficient allocation of authority, allowing the coexistence of strong leadership and coordination of all of the businesses of the Group, in all territories in which it operates, with effective separation of the powers of management and supervision.
- c) The counterweights recently have been strengthened on the initiative of the chairman of the Board of Directors himself, with measures such as:

- A greater presence of independent directors in the composition of the Board of Directors. After the approval, if applicable, of the new composition of the board of directors proposed to the Ordinary General Shareholders Meeting, at least half of all directors will be independent.
- The strengthening of the position of the lead independent director, who has more authority than legally required, under the provisions of the Company's Board of Directors Regulations.
- Compliance with the corporate governance recommendations as regards the independence of the Audit and Appointments and Remuneration Committees, to be chaired by and majority comprised of independent directors.
- Also, the functions of the managing director are different from those of the executive chairman. Thus, the Chairman is responsible for the functions of organisation of the Board, reporting to the Board on fulfilment of the objectives set by it, promoting good governance of the Company, supervision and definition of the corporate strategy, the Company's general governance and organisation and top-level oversight of the Company. The Managing Director in turn is the principal collaborator of the Executive Chairman, is responsible for ordinary management of business, day-to-day implementation of the strategy and leading the business units. The Executive Chairman meets with the Managing Director and, when he deems it to be appropriate, with senior management, keeping abreast of the progress of the business. For his part the Managing Director chairs a committee comprised of the principal executives of the Corporate Centre and the managing directors of the business units. This committee meets fortnightly regarding the ordinary and effective management of the Group.

This diversity and separation of functions ensures an appropriate balance of power and mitigates the risk of concentration of power in a single person.

- Without prejudice to the foregoing, the existence of chief executives in each of the business units of the group, directing and supervising the businesses on an independent basis, ensures that there is no concentration of powers in the executive chairman.
  - It is contemplated that the executive status of the chairman's position will be limited to 3 years, at the end of which the chairman's position will become non-executive.
- d) The performance of the Board of Directors has been approved by an immense majority at the most recent General Shareholders Meetings. Votes against were only 0.0035% in 2015, 0.010% in 2013 and 0.184% in 2012.

## **V. Category of director to which he is to be assigned**

In view of the executive functions performed by Mr. Cebrián as Executive Chairman of PRISA, it is proposed that he be an executive director of the Company, based on the criteria established by article 529 duodecies of the Capital Companies Act for the classification of directors, and the proposal of the Company's Appointments and Remuneration Committee.

## **VI. Proposed resolution submitted to approval of general shareholders meeting**

*After a report from the Appointments and Remuneration Committee, and the term having elapsed for which he was appointed as a director in accordance with article 222 of the Capital Companies Act, the Board of Directors proposes to re-elect Mr. Juan Luis Cebrián Echarri as a director of the Company and, on proposal of that Committee, with the classification of an executive director of the Company, for purposes of article 529 duodecies of the Capital Companies Act.*

*It is resolved to re-elect Mr. Juan Luis Cebrián Echarri as a director of the Company for the legal and bylaws term of four years".*

In Madrid, 26 February 2016



# **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. MANUEL POLANCO MORENO INCLUDED IN POINT 5.5 OF THE AGENDA OF THE ORDINARY GENERAL SHAREHOLDERS MEETING CALLED TO BE HELD ON 31 MARCH AND 1 APRIL, 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 re-election of Mr. Manuel Polanco Moreno.

This proposal in turn is a part of the proposed ratification, re-election and appointment of other directors of the Company, which has been collectively evaluated in a master report. In this report the professional profile of the candidate is evaluated individually.

Mr. Manuel Polanco Moreno was appointed a director of the Company for the first time in 2001, and most recently at the Company's Shareholders Meeting held on 27 November 2010, for a term of five years. In accordance with article 222 of the Capital Companies Act, the appointment of directors will lapse when, the term having concluded, a general meeting has been held or the term for holding the meeting that is to resolve regarding approval of the accounts of the prior financial year has passed. It is for this reason that the Board of Directors proposes to the General Shareholders Meeting the re-election as a director of Mr. Polanco.

Mr. Manuel Polanco also represents Rucandio, S.A., significant shareholder of the Company.

The Board of Directors resolution is submitted to the General Shareholders Meeting after a favourable report from the Appointments and Remuneration Committee.

## **II. Experience and professional ability of Mr. Manuel Polanco Moreno**

Mr. Manuel Polanco holds a degree in Economics and Business from the Universidad Autónoma de Madrid. His entire professional career has been with Prisa. From 1991 to 1983 he managed Santillana in Chile and Peru. In 1993 he took charge of the general management of the newspaper La Prensa and launched the American edition of El País in Mexico City. In 1996, from Miami, he assumed international management of Santillana in the Americas. Returning to Spain in 1999, he was named chairman of GDM (Media Management) and GMI (regional and specialised newspapers). From 2001 he was deputy director of the Spanish Media Unit. In 2005 he transferred to Portugal as Managing Director of Media Capital, and at the beginning of 2009 was appointed general manager of Prisa. He was Chairman of Prisa TV y DTS from October 2010 until the sale of DTS to Telefónica de Contenidos in April 2015.

Mr. Manuel Polanco has been a director of Prisa since 2001 and a member of its delegated committee (comisión delegada) since 2008. Currently he is Chairman of PRISA Audiovisual, the new group created to organise the audio-visual production and video activities.

Notable during his work as an executive director of PRISA is the role of Mr. Manuel Polanco in the orderly exit of the DTS group from the Prisa perimeter. As the Chairman of DTS and the head of the group's audio-visual area. Manuel Polanco achieved cooperation of the teams in the interim period between the time the sale of DTS was agreed and the time the transfer to Telefónica ultimately was executed.

In addition, Mr. Manuel Polanco established the basis for a new audio-visual division within the group, very concentrated on video activities, but also able to take advantage of opportunities arising in the domestic and international television market.

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

In view of the executive functions performed by Mr. Polanco within the PRISA group, it is proposed that he be an executive director of the Company, based on the criteria established by article 529 duodecies of the Capital Companies Act for the classification of directors, and the proposal of the Appointments and Remuneration Committee.

### **IV. Proposed resolution submitted to approval of general shareholders meeting**

*After a report from the Appointments and Remuneration Committee, and the term having elapsed for which he was appointed as a director in accordance with article 222 of the Capital Companies Act, the Board of Directors proposes to re-elect Mr. Manuel Polanco Moreno as a director of the Company and, on proposal of that Committee, with the classification of an executive director of the Company, for purposes of article 529 duodecies of the Capital Companies Act.*

*It is resolved to re-elect Mr. Manuel Polanco Moreno as a director of the Company for the legal and bylaws term of four years".*

In Madrid, 26 February 2016

**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. GREGORIO MARAÑÓN Y BERTRAN DE LIS INCLUDED IN POINT 5.6 OF THE AGENDA OF THE ORDINARY GENERAL SHAREHOLDERS MEETING CALLED TO BE HELD ON 31 MARCH AND 1 APRIL, 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 re-election of Mr. Gregorio Marañón y Bertran de Lis.

This proposal in turn is a part of the proposed ratification, re-election and appointment of other directors of the Company, which has been collectively evaluated in a master report. In this report the professional profile of the candidate is evaluated individually.

**II. Background.**

Mr. Gregorio Marañón y Bertran de Lis was appointed a director of the Company for the first time in 1983, and most recently at the Company's Shareholders Meeting held on 27 November 2010, for a term of five years. In accordance with article 222 of the Capital Companies Act, the appointment of directors will lapse when, the term having concluded, a general meeting has been held or the term for holding the meeting that is to resolve regarding approval of the accounts of the prior financial year has passed. It is for this reason that the Board of Directors proposes to the General Shareholders Meeting the re-election as a director of Mr. Marañón.

The Board of Directors resolution is submitted to the General Shareholders Meeting after a favourable report from the Appointments and Remuneration Committee.

**III. Experience and professional ability of Mr. Gregorio Marañón y Bertran de Lis**

Mr. Gregorio Marañón y Bertran de Lis has a law degree from the Universidad Complutense de Madrid and participated in the Senior Management Programme of the IESE.

He has broad experience in the practice of law and in the financial sector, having been General Manager of Banco Urquijo (1975/1982), Chairman of Banif (1982/1984), a director of Argentaria and a director of BBVA.

Currently he is Chairman of Logista, Roche Farma, and Universal Music Spain, as well as a member of the Advisory Board of Aguirre & Newman, and an advisor of Viscofan.

In the cultural area he also is a permanent member of the Real Academia de Bellas Artes de San Fernando, an honorary member of the Real Academia de Bellas Artes y Ciencias Históricas de Toledo; a member of the Academia Europea de las Ciencias, las Letras y las Artes; chairman of the Teatro Real, and of the Teatro de la Abadía; Honorary Chairman of the Real Fundación de Toledo; Vice Chairman of the Fundación Ortega-Marañón; Patron of the Museo del Ejército, Biblioteca Nacional, Real Fábrica de Tapices, Fundación Santillana, Fundación Altadis, and Centro Internacional de Toledo para la Paz.

He holds the Gran Cruz de Alfonso X el Sabio, is an officer of the French Legion of Honour and Commander of the Order of the Star of the Italian Republic.

He has been a director of Prisa since 1983, a member of its Delegated Committee and chairman of the Appointments and Remuneration Committee.

Mr. Gregorio Marañón y Bertran de Lis has a broad legal and financial experience and has a deep knowledge of the Company and its business units.

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

It is proposed that Mr. Gregorio Marañón y Beltrán be an other external director of the Company, based on the criteria established by article 529 duodecies of the Capital Companies Act for classification of directors, and the proposal of the Company's Appointments and Remuneration Committee.

#### **V. Proposed resolution submitted to approval of general shareholders meeting**

*After a report from the Appointments and Remuneration Committee, and the term having elapsed for which he was appointed as a director in accordance with article 222 of the Capital Companies Act, the Board of Directors proposes to re-elect Mr. Gregorio Marañón y Bertrán de Lis as a director of the Company and, on proposal of that Committee, with the classification of an other external director of the Company, for purposes of article 529 duodecies of the Capital Companies Act.*

*It is resolved to re-elect Mr. Gregorio Marañón y Bertrán de Lis as a director of the Company for the legal and bylaws term of four years".*

In Madrid, 26 February 2016

# **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. ALAIN MINC INCLUDED IN POINT 5.7 OF THE AGENDA OF THE ORDINARY GENERAL SHAREHOLDERS MEETING CALLED TO BE HELD ON 31 MARCH AND 1 APRIL, 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 re-election of Mr. Alain Minc.

This proposal in turn is a part of the proposed ratification, re-election and appointment of other directors of the Company, which has been collectively evaluated in a master report. In this report the professional profile of the candidate is evaluated individually.

## **II. Background.**

Mr. Alain Minc was appointed as a director the Company at the Shareholders Meeting of the Company held on 27 November 2010, for a term of five years. In accordance with article 222 of the Capital Companies Act, the appointment of directors will lapse when, the term having concluded, a general meeting has been held or the term for holding the meeting that is to resolve regarding approval of the accounts of the prior financial year has passed. It is for this reason that the Board of Directors proposes to the General Shareholders Meeting the re-election as a director of Mr. Minc.

The Board of Directors resolution is submitted to the General Shareholders Meeting on proposal of the Appointments and Remuneration Committee, after a report from the Corporate Governance Committee

## **III. Experience and professional ability of Mr. Alain Minc**

He is an independent director of Prisa, a member of the Delegated Committee and Chairman of the Audit Committee. Mr. Minc was born in Paris on 15 April 1949 Minc is a graduate of the Ecole des Mines de Paris and the Ecole Nationale D' Administration (ENA).

After working as a tax auditor, he joined Compagnie de Saint-Gobain in 1979 as chief financial officer. In 1986 he was appointed Vice Chairman of CIR International (Compagnie Industriale Riunite International) and general manager of Cerus (Compagnies Européennes Réunies). In 1991 Minc founded his own consulting firm, AM Conseil. He has been a director of many companies and chairman of the Supervisory Board of Le Monde (1994 to 2008). Minc has been a director and member of the Audit Committee of CaixaBank since 2007. He has been Chairman of SANEF since December 2011, Commandeur de la Légion

d'Honneur, Commander of the British Empire and Gran Cruz de la Orden del Mérito Civil. Alain Minc has written more than 30 books since 1978.

Mr. Alain Minc is a member of the Delegated Committee and Chairman of the Audit Committee of Prisa.

Mr. Alain Minc has broad experience in the financial and political sectors, as well as business strategy.

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

It is proposed that Mr. Alain Minc be an independent director of the Company, based on the criteria established by article 529 duodecies of the Capital Companies Act for classification of directors, and the proposal of the Company's Appointments and Remuneration Committee.

#### **V. Proposed resolution submitted to approval of general shareholders meeting**

*"On proposal of the Appointments and Remuneration Committee after a report from the Corporate Governance Committee, and the term having elapsed for which he was appointed as a director in accordance with article 222 of the Capital Companies Act, the Board of Directors proposes to re-elect Mr. Alain Minc as a director of the Company and, on proposal of the Appointments and Remuneration Committee, with the classification of an independent director of the Company, for purposes of article 529 duodecies of the Capital Companies Act.*

*It is resolved to re-elect Mr. Alain Minc as a director of the Company for the legal and bylaws term of four years".*

In Madrid, 26 February 2016

# **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. ERNESTO ZEDILLO PONCE DE LEÓN INCLUDED IN POINT 5.8 OF THE AGENDA OF THE ORDINARY GENERAL SHAREHOLDERS MEETING CALLED TO BE HELD ON 31 MARCH AND 1 APRIL, 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 re-election of Mr. Ernesto Zedillo Ponce de León.

This proposal in turn is a part of the proposed ratification, re-election and appointment of other directors of the Company, which has been collectively evaluated in a master report. In this report the professional profile of the candidate is evaluated individually.

## **II. Background.**

Mr. Ernesto Zedillo Ponce de León was appointed as a director the Company at the Shareholders Meeting of the Company held on 27 November 2010, for a term of five years. In accordance with article 222 of the Capital Companies Act, the appointment of directors will lapse when, the term having concluded, a general meeting has been held or the term for holding the meeting that is to resolve regarding approval of the accounts of the prior financial year has passed. It is for this reason that the Board of Directors proposes to the General Shareholders Meeting the re-election as a director of Mr. Zedillo.

The Board of Directors resolution is submitted to the General Shareholders Meeting on proposal of the Appointments and Remuneration Committee, after a report from the Corporate Governance Committee

## **III. Experience and professional ability of Mr. Ernesto Zedillo Ponce de León**

After the end of his mandate as President of Mexico, in which office he served from 1 December 1994 to 30 November 2000, Zedillo has dedicated himself to the academic life, combined with international public service and various activities for global companies.

He has been Director of the Centre for Studies of Globalisation and Professor of Economics and International Policy at Yale University in the United States since July 2002. He is the co-author of various books on international economics matters, and editor of the volumes *Global Warming: Looking Beyond Kyoto*; *The Future of Globalisation: Explorations in Light of Recent Turbulence*; and *Africa at a Fork in the Road: Taking Off or Disappointment Once Again?*

He has chaired or been a member of many international commissions dealing with global matters, inter alia the International Commission for the Financing of Development of the UN (2001), the International Commission for Global Public Assets (2004-2007), the Growth and Development Commission (2007-2008), the International Commission on the Future of the International Atomic Energy Agency (2008), the International Commission for the Reform of World Banking (2008-2009), the International Commission for Nuclear Weapons Nonproliferation and Disarmament (2008-2010), the Global Commission on Elections, Democracy and Security (2012), and the Global Commission on Drug Policy (2011-).

Currently he is the Chairman of the Board of the Natural Resources Governance Institute and Co-chairman of the Inter-American Dialogue Council.

He is a member of the Boards of Directors of Procter and Gamble, ALCOA and CITIGROUP, and a member of the advisory boards of other global companies.

Mr. Ernesto Zedillo Ponce de León is the Chairman of the Prisa Corporate Governance Committee.

Mr. Ernesto Zedillo has broad experience in questions of corporate governance.

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

It is proposed that Mr. Ernesto Zedillo Ponce de León be an independent director of the Company, based on the criteria established by article 529 duodecies of the Capital Companies Act for classification of directors, and the proposal of the Company's Appointments and Remuneration Committee.

#### **V. Proposed resolution submitted to approval of general shareholders meeting**

"On proposal of the Appointments and Remuneration Committee after a report from the Corporate Governance Committee, and the term having elapsed for which he was appointed as a director in accordance with article 222 of the Capital Companies Act, the Board of Directors proposes to re-elect Mr. Ernesto Zedillo y Ponce de León as a director of the Company and, on proposal of the Appointments and Remuneration Committee, with the classification of an independent director of the Company, for purposes of article 529 duodecies of the Capital Companies Act.

It is resolved to re-elect Mr. Ernesto Zedillo y Ponce de León as a director of the Company for the legal and bylaws term of four years".

In Madrid, 26 February 2016



**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. GLEN MORENO INCLUDED IN POINT 5.9 OF THE AGENDA OF THE ORDINARY GENERAL SHAREHOLDERS MEETING CALLED TO BE HELD ON 31 MARCH AND 1 APRIL, 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 re-election of Mr. Glen Moreno.

This proposal in turn is a part of the proposed ratification, re-election and appointment of other directors of the Company, which has been collectively evaluated in a master report. In this report the professional profile of the candidate is evaluated individually.

**II. Background.**

The appointment of Mr. Glen Moreno as a director of the Company is proposed for the first time to the Ordinary General Shareholders Meeting called to be held on 31 March and 1 April, on first and second call, respectively.

The Board of Directors resolution is submitted to the General Shareholders Meeting on proposal of the Appointments and Remuneration Committee, after a report from the Corporate Governance Committee

**III. Experience and professional ability of Mr. Glen Moreno**

Glen Moreno is chairman of Virgin Money plc, a director of Fidelity International and a senior advisor to HSBC.

From 2005 until the end of 2015 he was chairman of Pearson plc. Until April 2014 he was deputy chairman of the FRC. Until May 2012 he was deputy chairman and senior independent director of Lloyds Banking Group. He is a former senior independent director of Man Group plc and acting chairman of UKFI. From 1987 to 1991 he was chief executive of Fidelity International. Before that he was a group executive at Citigroup, where he spent 18 years in Europe and Asia.

He is a governor of the Ditchley Foundation and a director of the Royal Academy of Dramatic Art.

He holds a BA with distinction at Stanford University and a JD at Harvard Law School. He is also Rotary Foundation Fellow at the Delhi University.

Mr. Glen Moreno has broad experience in the financial and business sector.

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

It is proposed that Mr. Glen Moreno be an independent director of the Company, based on the criteria established by article 529 duodecies of the Capital Companies Act for classification of directors, and the proposal of the Company's Appointments and Remuneration Committee.

#### **V. Proposed resolution submitted to approval of general shareholders meeting**

*"On proposal of the Appointments and Remuneration Committee after a report from the Corporate Governance Committee, the Board of Directors proposes to appoint as a director of the Company Mr. Glen Moreno, on proposal of the Appointments and Remuneration Committee with the classification of an independent director of the Company, for the purposes of article 529 duodecies of the Capital Companies Act.*

*It is resolved to elect Mr. Glen Moreno as a director of the Company for the legal and bylaws term of four years".*

In Madrid, 26 February 2016

# **INDIVIDUAL REPORT PREPARED BY THE BOARD OF DIRECTORS OF PROMOTORA DE INFORMACIONES, S.A. ON THE PROPOSED RESOLUTION FOR RATIFICATION OF THE APPOINTMENT OF MS. ELENA PISONERO RUIZ INCLUDED IN POINT 5.10 OF THE AGENDA OF THE ORDINARY GENERAL SHAREHOLDERS MEETING CALLED TO BE HELD ON 31 MARCH AND 1 APRIL, 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 re-election of Ms. Elena Pisonero Ruiz.

This proposal in turn is a part of the proposed ratification, re-election and appointment of other directors of the Company, which has been collectively evaluated in a master report. In this report the professional profile of the candidate is evaluated individually.

## **II. Background.**

The appointment of Ms. Elena Pisonero Ruiz as a director of the Company is proposed for the first time to the Ordinary General Shareholders Meeting called to be held on 31 March and 1 April, on first and second calls, respectively.

The Board of Directors resolution is submitted to the General Shareholders Meeting on proposal of the Appointments and Remuneration Committee, after a report from the Corporate Governance Committee

## **III. Experience and professional ability of Ms. Elena Pisonero Ruiz**

With over 29 years experience in the public and private sector, Elena Pisonero has rendered services for Siemens, EY, Secretary of State for Commerce, Tourism and SMEs. She is a former ambassador of Spain to the OECD and partner of KPMG.

Currently she is Chairperson of Hispasat, a director of Hisdesat, an independent director of Catenon and chairperson of the Advisory Board of the strategic digital consultant RocaSalvatella.

Also, she volunteers in projects in the support of society. She is a member of the Scientific Board of the Real Instituto Elcano and manager of the Medium-Sized Enterprise Project of the Círculo de Empresarios.

In 2000 she received the Gran Cruz de la Orden de Isabel la Católica granted by His Majesty the King of Spain and the French Legion of Honour.

She holds a degree in Economics from the Universidad Autónoma (1986) and has taken management courses in prestigious international business schools such as

INSEAD (2013) Columbia (2011), Harvard (2009) and Stanford (2008). She speaks English and French and has extensive knowledge of Portuguese.

Ms. Elena Pisonero Ruiz has broad experience in both the public and private sectors and in the field of new technologies, specially in the digital field.

#### **IV. Category of director to which she is to be assigned**

It is proposed that Ms. Elena Pisonero Ruiz be an independent director of the Company, based on the criteria established by article 529 duodecies of the Capital Companies Act for classification of directors, and the proposal of the Company's Appointments and Remuneration Committee.

#### **V. Proposed resolution submitted to approval of general shareholders meeting**

*"On proposal of the Appointments and Remuneration Committee, after a report from the Corporate Governance Committee, the Board of Directors proposes the appointment of Ms. Elena Pisonero Ruiz as a director of the Company and, on proposal of the Appointments and Remuneration Committee, with the classification of an independent director of the Company, for purposes of article 529 duodecies of the Capital Companies Act.*

*It is resolved to elect Ms. Elena Pisonero Ruiz as a director of the Company for the legal and bylaws term of four years".*

In Madrid, 26 February 2016

# **INDIVIDUAL REPORT PREPARED BY THE BOARD OF DIRECTORS OF PROMOTORA DE INFORMACIONES, S.A. ON THE PROPOSED RESOLUTION TO RATIFY THE APPOINTMENT OF MS. BLANCA HERNÁNDEZ RODRÍGUEZ INCLUDED IN POINT 5.11 OF THE AGENDA OF THE GENERAL SHAREHOLDERS' MEETING CALLED FOR 31 MARCH AND 1 APRIL, AT FIRST AND SECOND CALL RESPECTIVELY**

## **I. Introduction**

This explanatory report has been prepared by the Board of Directors of Promotora de Informaciones, S.A. (the “Company”) in accordance with Article 529 decies of the Capital Companies Act in relation to the proposed appointment of Ms. Blanca Hernández Rodríguez.

In turn, this proposal forms part of the broader proposal to ratify, re-elect and appoint other Company directors, which has been jointly evaluated in a master report. In this report the professional profile of the candidate is evaluated individually.

## **II. Background**

The appointment of Ms. Blanca Hernández Rodríguez as a director of the Company is proposed for the first time to the General Shareholders' Meeting called for 31 March and 1 April, at first and second call respectively.

The resolution of the Board of Directors is being put to the General Shareholders' Meeting at the proposal of the Appointments and Remuneration Committee and based on the report of the Corporate Governance Committee.

## **III. Experience and professional ability of Ms. Blanca Hernández Rodríguez**

Ms. Blanca Hernández Rodríguez holds a degree in economics and business studies from the University of Seville. She also holds a humanities degree from the Universidad Europea de Madrid and a university master's degree in finance from CUNEF.

She is a member of the Board of Directors of Ebro Foods, the Selection and Remuneration Committee and the Audit Committee. She has been president of the Ebro Foods Foundation since 2006 as well as supporting the company's CSR activities.

She has more than 20 years' experience in the financial sector as well as an in-depth understanding of investing and listed markets. She began her career at the Arcalia group and subsequently launched and managed a family office (Grupo Hisparroz).

At present, she is CEO and founder of Magallanes Value Investors, SGIIC, S.A, an asset management firm that applies a long-term value investing philosophy with more than €500 million under management in various investment and pension funds.

She is also a patron of the Capacis Foundation, the Hombre de Sevilla project, the Seville food bank and the Emplea Foundation, among others. She is a member of the advisory board of Balia and BBVA (southern regions).

#### **IV. Category of director to which she is to be assigned**

Ms. Blanca Hernández Rodríguez is being proposed as an independent director of the Company based on the criteria established in Article 529 duodecies of the Capital Companies Act on the classification of directors and at the proposal of the Company's Appointments and Remuneration Committee.

#### **V. Proposed resolution submitted for approval to the General Shareholders' Meeting**

*“At the proposal of the Appointments and Remuneration Committee and following the report from the Corporate Governance Committee, the board of directors proposes to appoint Ms. Blanca Hernández Rodríguez as a director of the Company, with the status of independent director, for the purposes of Article 529 duodecies of the Capital Companies Act.*

*It is proposed to elect Ms. Blanca Hernández Rodríguez as a Company director for the legal and bylaws-mandated term of four years”.*

Madrid, 26 February 2016

# **INDIVIDUAL REPORT PREPARED BY THE BOARD OF DIRECTORS OF PROMOTORA DE INFORMACIONES, S.A. ON THE PROPOSED RESOLUTION TO RATIFY THE APPOINTMENT OF MR ALFONSO RUÍZ DE ASSIN CHICO DE GUZMÁN INCLUDED IN POINT 5.12 OF THE AGENDA OF THE GENERAL SHAREHOLDERS' MEETING CALLED FOR 31 MARCH AND 1 APRIL, AT FIRST AND SECOND CALL RESPECTIVELY**

## **I. Introduction**

This explanatory report has been prepared by the Board of Directors of Promotora de Informaciones, S.A. (the “Company”) in accordance with Article 529 decies of the Capital Companies Act in relation to the proposed appointment of Mr Alfonso Ruíz de Assin Chico de Guzmán.

In turn, this proposal forms part of the broader proposal to ratify, re-elect and appoint other Company directors, which has been jointly evaluated in a master report. In this report the professional profile of the candidate is evaluated individually.

## **II. Background**

The appointment of Mr Alfonso Ruíz de Assin Chico de Guzmán as a director of the Company is proposed for the first time to the General Shareholders' Meeting called for 31 March and 1 April, at first and second call respectively.

The resolution of the Board of Directors is being put to the General Shareholders' Meeting at the proposal of the Appointments and Remuneration Committee and based on the report of the Corporate Governance Committee.

## **III. Experience and professional ability of Mr Alfonso Ruíz de Assin Chico de Guzmán**

Mr Alfonso Ruíz de Assin Chico de Guzmán, a lawyer who has spent his career at Banco Urquijo, has also been Secretary General of the Spanish Commercial Radiobroadcasting Association for the last 29 years, which upholds the criteria and interests of nearly all of the 2,000 private and commercial radio broadcasters in Spain.

He founded the Association of European Radios 25 years ago in Brussels, which represents more than 5,000 privately-owned broadcasters from 13 European countries with the European Commission, Parliament and Council in matters such as policies on the radio spectrum, commercial policies, relationships with public broadcasters and intellectual property rights. During this period, he has been a member of the Executive Council as its vice-chairman as well as its chairman for

two terms, and upon retiring from the Spanish Association he was appointed honorary president of the Association of European Radios.

He has also been vice president of the International Association of Broadcasting for 29 years, including one term as president. This institution, which is based in Montevideo, represents more than 15,000 radio and television broadcasters in the Americas, including from the USA, Brazil, Colombia, Venezuelan, Chile, Mexico and Argentina, and defends freedom of speech as well as regulatory issues in the Americas for both radio and television.

Lastly, he has been a member of the Permanent Committee of the Telecommunications Advisory Council during the same period. He is currently an independent director of DTS-Movistar+ of the Telefónica group.

Mr. Ruíz de Assin has broad experience in the radio sector and in the legal field and corporate governance.

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

Mr Alfonso Ruíz de Assin Chico de Guzmán is proposed as an independent director of the Company based on the criteria established in Article 529 duodecies of the Capital Companies Act on the classification of directors and at the proposal of the Company's Appointments and Remuneration Committee.

#### **V. Proposed resolution submitted for approval to the General Shareholders' Meeting**

*“At the proposal of the Appointments and Remuneration Committee and following the report from the Corporate Governance Committee, the board of directors proposes to appoint Mr Alfonso Ruíz de Assin Chico de Guzmán as a director of the Company, with the status of independent director, for the purposes of Article 529 duodecies of the Capital Companies Act.*

*It is proposed to elect Mr Alfonso Ruíz de Assin Chico de Guzmán as a Company director for the legal and bylaws-mandated term of four years”.*

Madrid, 26 February 2016





## **REPORT OF THE BOARD OF DIRECTORS OF PROMOTORA DE INFORMACIONES, S.A. ON THE AMENDMENT OF THE BOARD OF DIRECTORS REGULATION.**

The Board of Directors of PRISA of PROMOTORA DE INFORMACIONES, S.A. (PRISA) issues this report in compliance with Article 528 of the Capital Companies Act [*Ley de Sociedades de Capital*], and with regard to item seven on the agenda of the General Ordinary Shareholders Meeting to be held on March 31, 2016 on the initial call or, in the event that a sufficient quorum is not obtained, on April 1, 2016, in the same place on the second call.

The Board of Directors of PRISA, following a report from the Corporate Governance Committee and the Audit Committee (with regard to matters affecting this Committee), in accordance with article 3 of the Board of Directors Regulation and article 528 of the Capital Companies Act [*Ley de Sociedades de Capital*], in its meeting held on 18 December 2015 resolved to approve the amendment of the following articles of the Board of Directors Regulation, to incorporate certain aspects contained in the recommendations of the Code of Good Governance for listed companies approved by the Comisión Nacional del Mercado de Valores (CNMV) in February 2015 (Code of Good Governance):

**Article 12 (Coordinating Director):** This article has been modified to give the following duties to the Coordinating Director, as provided for in recommendation 34 of the Code of Good Governance:

- i. Chair the board of directors in the absence of the chairman or vice chairmen, if any.
- ii. Give voice to the concerns of non-executive directors.
- iii. Coordinate the chairman's succession plan.

The wording of Article 12 is as follows:

*“Article 12 .- Coordinating Director.*

1. *If the Chairman is an executive Director, the Board of Directors, with the abstention of the executive Directors and on proposal of the Corporate Governance Committee, must appoint a Coordinating Director from among the independent Directors, who will be specifically empowered to:*

*(Free translation from the original in Spanish language)*

- i. *request a call of the Board of Directors or inclusion of new points on the agenda for a Meeting already called;*
  - ii. *chair the board of directors in the absence of the chairman or vice chairmen, if any;*
  - iii. *coordinate and meet with the non-executive Directors and give voice to the concerns of non-executive directors;*
  - iv. *if applicable, to lead the periodic evaluation of the Chairman of the Board of Directors;*
  - v. *coordinate the chairman's succession plan.*
2. *The position as Coordinating Director will be exercised for a maximum term of two years, with re-election permitted."*

**Article 24 (Removal of Directors):** The wording of this article has been adequate to the recommendation 22 of the Code of Good Governance, having provided that:

- i. In general terms, Directors must tender their resignation to the Board of Directors and, if the Board deems it to be appropriate, resign, in any circumstance that might harm the company's name or reputation and particularly when a director is indicted or tried for any of the offences stated in company legislation.
- ii. Notwithstanding the foregoing, Directors must to inform the board of any criminal charges brought against them and the progress of any subsequent trial.

The wording of article 24 is as follows:

*"Article 24.- Removal of Directors.*

1. *Directors will leave office at the end of the term for which they were appointed, or when so decided by the General Meeting in use of the authority granted to it by law or the Articles.*
2. *Directors must tender their resignation to the Board of Directors and, if the Board deems it to be appropriate, resign, in any circumstance that might harm the company's name or reputation and particularly in the following cases:*
  - 1) *When they are subject to any of the circumstances of incompatibility or prohibition or grounds for removal contemplated by law.*
  - 2) *When a a director is indicted or tried for any of the offences stated in company legislation .*

*(Free translation from the original in Spanish language)*

*Notwithstanding the foregoing, Directors must to inform the board of any criminal charges brought against them and the progress of any subsequent trial.*

- 3) When they are seriously admonished by the Board of Directors for violating their duties as Directors.*
  - 4) When the reasons for their appointment cease to exist or, in particular, an independent Director or a proprietary Director no longer qualifies as such.*
  - 5) When, in the course of one year, they fail to physically attend more than two (2) meetings of the Board of Directors, of the Delegated Commission or of the other Committees to which they belong, of which one necessarily must be of a Board meeting, without just cause in the judgment of the Board, the Delegated Commission or the other Committee to which they belong.*
  - 6) When their remaining on the Board, by reason of lack of suitability, on the terms described in article 38.4 this Regulation, may, directly, indirectly or through persons related thereto, put loyal and diligent exercise of their duties in accordance with the corporate interest at risk.*
- 3. The Board of Directors will not propose the removal of any independent Director prior to completion of the term of office specified in the Articles for which the director was appointed, except when the Board finds that there is just cause after a report from the Appointment and Remuneration Committee. In particular, just cause will be deemed to exist when the Director has breached the duties inherent in the position.*
- 4. Committee members will leave office when they leave office as Directors.”*

**Article 27 (Audit Committee):** This article has been modified to include, within the powers of the Audit Committee, the evaluation of all aspects of the non-financial risks the company is exposed to, including operational, technological, legal, social, environmental, political and reputational risks, in accordance with the recommendation 53 of Good Governance Code.

The amendment of this article was also informed by the Audit Committee, as its functions were affected.

The wording of article 27 is as follows:

*“Article 27.- Audit Committee.*

- 1. 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). All members of the Audit Committee will be non-executive Directors. At least two (2) of the members of the Committee will be independent, and at least one of them*

*(Free translation from the original in Spanish language)*

*must be appointed taking account of his knowledge and experience in accounting, auditing or both.*

- 2. The appointment and removal of Committee members will be carried out by the Board of Directors on proposal of the Chairman.*

*The members of the Committee will leave office when they leave office as Directors or when so resolved by the Board of Directors.*

*The Chairman of the Committee will be elected by the Board of Directors from among the members of the Committee that are independent Directors. 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.*

*The Secretary of the Board of Directors will act as Secretary of the Committee. In his absence, the Deputy Secretary, if any, will act, or in his absence the member of the Committee that it designates.*

- 3. The Audit Committee will have the competencies contained in the regulations applicable from time to time.*

*It will also be competence of the Audit Committee, to evaluate all aspects of the non-financial risks the company is exposed to, including operational, technological, legal, social, environmental, political and reputational risks.*

- 4. The Audit Committee will establish and supervise a mechanism allowing communication to the Audit Committee of irregularities of potential significance, particularly financial and accounting irregularities, discovered within the company. In the case of reports from employees of the Company or its Group, this mechanism will provide for confidentiality and, if deemed to be appropriate, anonymity of the reports.*

- 5. The Audit Committee will meet from time to time, as needed, but no less than four (4) times per year.*

- 6. Any member of the management team or employee of the company is required to attend the meetings of the committee, whenever requested to do so, to collaborate with it and provide access to any information it may have. The Committee may also require that the statutory auditors attend its meetings.”*

**Article 29 (Corporate Governance Committee):** This article has been modified to include the monitoring and evaluation of the company’s interaction with its stakeholder groups within the competences of the Corporate Governance Committee, in accordance with the recommendation 53 of the Code of Good Governance.

The wording of article 29 is as follows:

*“Article 29.- Corporate Governance Committee.*

*(Free translation from the original in Spanish language)*

1. *The Corporate Governance Committee will be comprised of a minimum of three (3) and a maximum of five (5) non-executive Directors. At least two (2) of them must be independent Directors.*
2. *The appointment and removal of Committee members will be carried out by the Board of Directors on proposal of the Chairman.*

*The members of the Corporate Governance Committee will leave office when they leave office as directors or when so resolved by the Board of Directors.*

*The Chairman of the Committee will be elected by the Board of Directors from among those members of the Committee that are independent.*

*The Secretary of the Board of Directors will act as Secretary of the Committee. In his absence, the Deputy Secretary, if any, will act, or in his absence the member of the Committee that it designates.*

3. *The Corporate Governance Committee will have the following basic authority:*
  - 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:*

*(Free translation from the original in Spanish language)*

- 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.*
4. *The Committee will meet whenever the Board of Directors of the Company or the Delegated Commission requests that it issue a report or approve proposals on matters*

*(Free translation from the original in Spanish language)*

*within the scope of the Committee's responsibilities, and whenever the Committee Chairman deems appropriate for the proper discharge of the Committee's duties.*

5. *For the fulfilment of its duties, the Committee may request attendance at its meetings of any member of the management team or personnel of the Company, and any worker of the Company or any of its subsidiaries, and will have access to all corporate information."*

The consolidated text of the Board of Directors Regulation which includes the above modifications is available on the corporate website [www.prisa.com](http://www.prisa.com)

26 February 2016

*(Free translation from the original in Spanish language)*







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## RIGHT TO INFORMATION CONDITIONS

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### ORDINARY SHAREHOLDERS MEETING PROMOTORA DE INFORMACIONES, S.A. April 1, 2016

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

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 up to five days prior to the holding of the Meeting, convened for March 31, 2016, on first call, and April 1, 2016, on second call (it being expected that will be held on second call) 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 20, 2015) 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](http://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 March 31, 2016, 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 April 1, 2016, on second call. **The General Shareholders Meeting is expected to be held on second call, that is, on April 1, 2016, 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 Board of Directors.
- 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	4º	5.1	5.2	5.3	5.4	5.5	5.6	5.7	5.8	5.9	5.10	5.11	5.12	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 expressly indicated voting instructions, it shall be understood that (i) the proxy refers to all the items on the Agenda of the General Shareholders Meeting and (ii) the 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 against any proposal on an off-agenda item, 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 \_\_\_\_\_ 2016

## Conflict of interest

For purposes of articles 523 and 526 of the Capital Companies Act, it is noted that if the Chairman as well as the other directors of the Company may have a conflict of interest regarding point 6º of the Agenda (Non-binding voting on the Annual Report on Remuneration of the Directors).

Likewise, the directors Mr. Khalid Bin Thani Bin Abdullah Al Thani, Mr. Joseph Oughourlian, Mr Juan Luis Cebrián Echarri, Mr Manuel Polanco Moreno, Mr Gregorio Marañón y Bertrán de Lis, Mr Alain Minc and Mr Ernesto Zedillo Ponce de León, have a conflict of interest regarding points 5.2, 5.3., 5.4., 5.5., 5.6., 5.7 and 5.8 of the Agenda, each of them with respect to the point of the Agenda in which the ratification of their appointment through co-optation or reelection 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.

## 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 2015 financial year, and the proposed distribution of profits.

2º.- Approval of the Board of Directors' management of the company in the 2015 financial year.

3º.- Adoption of the resolution for appointing the auditor of the company and its consolidated group for the 2016 financial year, pursuant to the provisions of Article 42 of the Commercial Code and Article 264 of the Companies Act.

4º.- Issue of mandatorily convertible bonds in new shares of Promotora de Informaciones, S.A., by exchange of loans. Capital increase to cover the conversion.

5º.- Fixing the number of Directors. Appointment of Directors.

5.1. Fixing the number of Directors.

5.2. Ratification of the appointment by cooptation and election of Director Mr Khalid Bin Thani Bin Abdullah Al Thani.

5.3. Ratification of the appointment by cooptation and election of Director Mr Joseph Oughourlian.

5.4. Reelection of Mr. Juan Luis Cebrián Echarri as director.

5.5. Reelection of Mr. Manuel Polanco Moreno as director.

5.6. Reelection of Mr. Gregorio Marañón y Bertran de Lis as director.

5.7. Reelection of Mr. Alain Minc as director.

5.8. Reelection of Mr. Ernesto Zedillo y Ponce de León as director.

5.9. Appointment of Mr Glen Moreno as director.

5.10. Appointment of Ms Elena Pisonero Ruiz as director.

5.11. Appointment of Ms Blanca Hernández Rodríguez as director.

5.12. Appointment of Mr Alfonso Ruiz de Assin Chico de Guzmán as director.

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

7º.- Information to the Shareholders on amendments to the Regulations of the Board of Directors.

8º.- Delegation of Powers.

## CONDITIONS FOR GRANTING PROXIES

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### PROMOTORA DE INFORMACIONES, S.A. ORDINARY SHAREHOLDERS MEETING April 1, 2016

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#### 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.

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 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 against any proposal thereto.

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](http://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 (April 1, 2016)**

**REMOTE VOTING**

Form for remote voting for Ordinary Meeting of PROMOTORA DE INFORMACIONES, S.A. to be held at 12:30 pm on March 31, 2016, 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 April 1, 2016, on second call. **The General Meeting is expected to be held on second call, that is, on April 1, 2016, 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.

Item of the Agenda	1º	2º	3º	4º	5.1	5.2	5.3	5.4	5.5	5.6	5.7	5.8	5.9	5.10	5.11	5.12	6º	7º	8º	
In favor																				
Against																				
Abstention																				

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.

<b>Shareholder Mr./Ms.</b> _____ <b>N.I.F./C.I.F.:</b> _____ <b>Depository Entity:</b> Code _____ Name _____ <b>Securities Account</b> (Branch + DC+ account number) _____ <b>Number of shares</b> _____ <b>Signature of shareholder voting remotely</b> <i>(signature authenticated by a notary or acknowledged by a custodian participating in Iberclear)</i>  <b>In</b> _____, <b>on</b> _____ <b>2016</b>
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**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 2015 financial year, and the proposed distribution of profits.

2º.- Approval of the Board of Directors' management of the company in the 2015 financial year.

3º.- Adoption of the resolution for appointing the auditor of the company and its consolidated group for the 2016 financial year, pursuant to the provisions of Article 42 of the Commercial Code and Article 264 of the Companies Act.

4º.- Issue of mandatorily convertible bonds in new shares of Promotora de Informaciones, S.A., by exchange of loans. Capital increase to cover the conversion.

5º.- Fixing the number of Directors. Appointment of Directors.

5.1. Fixing the number of Directors.

5.2. Ratification of the appointment by cooptation and election of Director Mr Khalid Bin Thani Bin Abdullah Al Thani.

5.3. Ratification of the appointment by cooptation and election of Director Mr Joseph Oughourlian.

5.4. Reelection of Mr. Juan Luis Cebrián Echarri as director.

5.5. Reelection of Mr. Manuel Polanco Moreno as director.

5.6. Reelection of Mr. Gregorio Marañón y Bertran de Lis as director.

5.7. Reelection of Mr. Alain Minc as director.

5.8. Reelection of Mr. Ernesto Zedillo y Ponce de León as director.

5.9. Appointment of Mr Glen Moreno as director.

5.10. Appointment of Ms Elena Pisonero Ruiz as director.

5.11. Appointment of Ms Blanca Hernández Rodríguez as director.

5.12. Appointment of Mr Alfonso Ruiz de Assin Chico de Guzmán as director.

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

7º.- Information to the Shareholders on amendments to the Regulations of the Board of Directors.

8º.- Delegation of Powers.



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## CONDITIONS FOR REMOTE VOTING

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### PROMOTORA DE INFORMACIONES, S.A. ORDINARY SHAREHOLDERS MEETING April 1, 2016

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#### 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](http://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  
2015**

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Madrid, February 2016

*(Free translation from the original in Spanish language)*

## **ANNUAL REPORT OF THE AUDIT COMMITTEE 2015**

### **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 2015 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. Alain Minc - Independent External Director

Members: Mr. Jose Luis Leal Maldonado – Independent External Director.  
Mr. Claudio Boada Pallerés- Other external Director.

During the 2015 financial year the Committee has reduced in size, going down from 5 to 3 members. The following changes have been made in the composition of this Committee:

- i. Mr. Fernando Abril-Martorell and Mr. Emmanuel Román resigned as directors, and therefore ceased to be part of the Audit Committee, in March 2015 and the same occurred with Mr. Juan Arena de la Mora in October 2015.
- ii. In December 2015 Mr. Jose Luis Leal Maldonado was appointed as a member of the Audit Committee, with a report in favour of the appointment from the Appointments and Remuneration Committee and the Corporate Governance Committee.

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**

The 2015 financial year saw the culmination of the process of reviewing the Company's internal corporate governance rules in order to adapt them to the reform of the Capital Companies Act that was approved in December 2014, and to the new recommendations in the CNMV's "Good Governance Code".

The functions of the Audit Committee have been reviewed in the context of the aforementioned reform and, 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 2015 the Committee met 7 times (on January 21, February 4 and 27, April 20, July 21, October 23 and December 18) 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 2014 financial year and the preparation of the periodic public reporting for 2015.

#### 2014 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 2014 fiscal year.

At the Audit Committee prior to the approval of the Group's accounts, the external auditor presented its conclusions regarding the audit of 2014 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.

#### 2015 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 reports, the results of which were presented to the Audit Committee at its meeting in July 2015.

Likewise the external auditor reported on the planning of the audit of PRISA Group for 2015.

Finally, during the final months of 2015 and during the beginning of 2016 the external auditor also met with the Committee to offer its first analysis of the accounts for the 2015 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 2015 fiscal year. The General Meeting of Shareholders approved that proposal.

Likewise, the Committee resolved to propose the appointment of the auditor, Deloitte, S.L., for the 2016 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 2015 the Committee, at its different meetings, has analysed 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 2015 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 of financial information**

The Committee has looked at the results of the evaluation of the internal control of the Group and at whether it complies with the Spanish legislation (System for Internal Control of Financial Information set out in the Sustainable Economy Act [*Ley de Economía Sostenible*]).

In particular, the Internal Audit Manager has reported on the scope of the Group's internal control system and its implementation in the 2015 financial year in the companies of Santillana in México devoted to the textbook business. She has also reported to the Committee on the results of the compliance tests on the internal control model by business unit and the external auditor has reported on the results of its evaluation of the Group's internal control system. As far as COSO 2013 is concerned, the Company has anticipated the impact of it and incorporated the recommendations.

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 analysed by the Committee.

The Committee has approved the paragraphs relating to the risk management systems and the System for Internal Control of Financial Information (SCIIF) in the Annual Corporate Governance Report corresponding to the 2015 fiscal year.

### **Internal audit projects**

The Internal Audit Manager has reported on the closing of 2014 internal audit projects and has also presented the 2015 Internal Audit Plan to the Committee. She has also reported at the various meetings held during the year on the degree of progress of the Plan and on the results of work undertaken by her department.

### **Treasury Shares Policy**

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

### **Related operations**

As a result of the changes made to the Board of Directors Regulation and due to it being a legal requirement (article 529 quaterdecies 4.g.3 of the Capital Companies Act), the Committee has to give the Board of Directors advance notice of operations with related parties, something which has come within the competence of the Company's Corporate Governance Committee.

During the 2015 fiscal year the Committee has reported on certain operations with related parties.

## **Other matters**

Compliance Unit: As a result of the reforms to the Criminal Code [*Código Penal*] coming into force in July 2015, PRISA has set up a Compliance Unit (made up of the Secretary General of Grupo PRISA, PRISA's Internal Audit Manager and PRISA's Human Resources Manager). It has autonomous powers and control and comes under this Audit Committee, to which it reports.

In addition, compliance units have been set up in the sub-holding companies of the main business units of Grupo PRISA.

This Audit Committee, along with the Corporate Governance Committee, has encouraged the setting up of the Compliance Unit and the Committees have played an active part in its configuration and in the design of its operating rules.

The Compliance Unit is responsible for supervising the operation of and compliance with the Company's crime prevention model, although its functions are not limited to the prevention of criminal risks. It also has to encourage ethical behaviour by employees and ensure compliance with the current legislation applicable to the activities of Grupo PRISA and with the organisation's internal rules and regulations. An Operating Regulation to govern the Unit's functions and activities has been approved.

Complaints Channel: The Internal Audit Manager has reported periodically on the operation of the complaints channel. This enables employees and/or third parties to make claims and complaints.

From when it was first set up the complaints received in this channel were handled by the Audit Committee. Since November 2015, following a resolution of this Committee, the complaints handling has passed over to PRISA's Compliance Unit, which reports periodically to the Audit Committee.

Refinancing Agreements: The Committee has analysed various matters and measures in relation to the Company's current refinancing agreements.

Equity and capital increase: The Committee has analysed the Company's equity position, along with the capital increase that took place during the financial year.

Sale of DTS shares: The Committee has considered various accounting aspects resulting from the sale of PRISA's shares in DTS, Distribuidora de Televisión Digital, S.A. to Telefónica de Contenidos, S.A.U.

Act 22/2015 of 20 July 2015, the Accounts Audit Act [*Ley de Auditoría de Cuentas*]: The Committee has analysed this Act and the impact it will have on the Company internally (rotation and independence of the auditor, competences of the Committee...).

Report of the Audit Committee: The Audit Committee Report for the 2014 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 20, 2015 passed a resolution to appoint that firm to audit the financial statements corresponding to the 2015 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 2015, 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 2015 provided to GRUPO PRISA companies and other affiliates by Deloitte, SL and by other related entities amounted to 1,530 thousand euros, of which 180 thousand euros corresponds to Prisa.

Likewise, the fees paid to other auditors that in 2015 provided auditing services to Group companies, amounted to 343 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):

	2015	
	Principal Auditors	Other Auditors
Other verification services	548	98
Tax advisory services	396	362
Other services	102	306
<b>Total other professional services</b>	<b>1.046</b>	766

The foregoing information concerning professional fees shall be included in PRISA's individual and consolidated annual reports for the 2015 fiscal year.

### 5.2. External Audit Reports

#### **Auditors' report on the system of internal control of financial reporting for 2014.**

During the 2014 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 March 2, 2015, in 2014 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 2014**

The external auditors presented their conclusions on the audit of the individual and consolidated financial statements of Promotora de Informaciones, S.A. for 2014, 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, 2015**

In 2015 Deloitte conducted a limited review of the abridged interim financial statements of the Group.

In the opinion of the auditor, issued on July 22, 2015, its review did not highlight anything which would lead it to conclude that the interim financial statements at June 30, 2015 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 2015 and on the system for internal control of financial information for the 2015 fiscal year**

At the meeting of the Committee held on February 26, 2016, 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.

The external auditor also presented the results of the audit of the Group's system for internal control of financial information for the 2015 fiscal year. In the opinion of the external auditor, Prisa maintained effective internal control over the financial information in all material respects during the 2015 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, 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. In compliance with recommendation 6 of the CNMV's Unified Good Governance Code, the Company will publish this Report on its website sufficiently in advance of the annual general 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 current accounting legislation and norms.
- 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 that are consistent with the goals defined by the Organization.

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 2015 financial year include:

- a. Supervision of the design of the internal control model for financial information of Grupo Prisa, based on the general framework laid down by COSO.
- b. Evaluation of the performance of the control activities defined in the Group's internal control model for the Group's financial information in order to certify its effectiveness.
- c. Coordination and supervision of the implementation of the internal control model for financial information in the companies carrying out the textbook

business that are part of the Santillana group in Mexico and operating review of the performance of the control activities defined.

- d. Review of the level of compliance with the rules and regulations on valuation and accounting records laid down by the Group and evaluation of the level of adequacy and effectiveness of the internal control environment operating in the companies of Grupo Santillana located in Chile, Costa Rica and Mexico and in the company carrying out the education systems business in Brazil.
- e. Review of the reliability and integrity of the financial information reported to Grupo Prisa and the effectiveness of the internal control system in the companies carrying out the radio business in Mexico and the musical business in Spain.

Review of the reasonableness of the financial information reported by the companies carrying out the Group's audio-visual production in Portugal and Spain and the companies involved in the production of the El País newspaper in Spain, Mexico and Brazil.

The Internal Audit Manager attended all of the Committee's meetings in 2015, 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  
2015**

Madrid, February 2016.

## **CORPORATE GOVERNANCE COMMITTEE ANNUAL REPORT**

**2015**

### **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 2015 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 2015 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. Both the Company By-laws and this Regulation have been reviewed and modified during 2015 in order to adapt them to the provisions of Law 31/2014, of 3 December, through which the Corporation Law is amended in order to improve corporate governance", such that certain recommendations from the Code of Good Governance for listed companies may be concluded, adopted by the CNMV in February 2015 (hereinafter "CNMV Good Governance Code") and also to implement certain improvements.

### **II.- COMPOSITION**

On December 31, 2015, the composition of the Committee was as follows:

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

Members:

Ms. Arianna Huffington.- External Independent Director.

Mr. Jose Luis Leal.- External Independent Director.

Ms. Agnès Noguera Borel.- External Director (representing significant shareholdings)

During the year 2015 there were no changes in the composition 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 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 2015**

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 2015 the Committee has met on five occasions and provided periodic updates to the Board regarding its deliberations and actions.

The following are the issues discussed during 2015 in subject areas pertaining to this Committee:

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

**i) Qualitative composition of the Board of Directors:**

Law 31/2014, amending the Corporation Law in order to improve corporate governance, introduced, among other new items, the definition of the different categories of Directors in its Article 529, which to date have been regulated by Ministerial Order ECC/461/2013.

With the Law coming into effect, the Company requested the expert legal opinion of an external advisor to assess the independence of its independent directors.

Taking into consideration the criteria laid down in Law 31/2014 and the result of the analysis conducted by the external advisor, this Committee proposed classification of the directors in the categories of: i) executive, ii) proprietary external, iii) independent external and iv) other externals, having reviewed such classification in the 2014 Annual Corporate Governance

Report. That classification will be reviewed in the 2015 Annual Corporate Governance Report again.

Regarding the director Mr. Claudio Boada Pallerés who was appointed as an independent director of the Company in December 2013, in light of the binding definitions contained in Article 529 k of Corporation Law on classification of directors, and taking into account that Mr. Boada has a significant relationship with HSBC (significant PRISA shareholder) as Senior Advisor in Spain and Portugal of that entity, the Committee proposed to the Board (upon the favourable report from the Appointments and Remuneration Committee) that the director Mr. Claudio Boada Pallerés' classification be changed to "other external", with effect from 31 December 2014, which is the closing date of the Annual Corporate Governance Report.

## **(ii) Appointment of positions in the Board of Directors:**

The Committee reported, together with the Appointment and Remuneration Committee, the appointment of Mr. José Luis Sainz Díaz as Chief Executive Officer of PRISA, following the ratification of that director by the General Shareholders Meeting held in April 2015 (whose co-opted appointment was agreed by the Board of Directors in July 2014).

The Committee has also reviewed the functions of the Coordinating Director to adapt them to the Law and to the recommendations of the "CNMV Good Governance Code" and has proposed that Mr. Gregorio Marañón continue serving as Coordinating Director, for the purposes of Article 529 f of the aforementioned Law, until the first General Shareholders Meeting is held which will take place in 2016.

## **iii) Composition of the Board Committees:**

The Committee has reported, together with the Nomination and Compensation Committee, on the following changes in the composition of the Board Committees.

- o Appointment of Mr. Jose Luis Sainz Díaz as a member of the Executive Committee following ratification of the appointment of Mr. Sainz as Chief Executive Officer of the Company.
- o Appointment of Mr. Jose Luis Leal as a member of the Audit Committee, to replace Mr. Juan Arena de la Mora who presented his resignation from his position of director in October 2015.

## **iv) Evaluation of the functioning and composition of the Board:**

The Committee has coordinated the process for self-evaluation of the Board, informing it of the outcome.

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

### **i) Implementation of the Company's corporate governance strategy:**

There are two activities which this Committee focussed its activity on throughout 2015: (i) reviewing the Company's internal regulations to adapt them to the legal reform and to the new recommendations on corporate governance, (ii) and the implementation of an internal compliance unit within the PRISA Group and review of the Criminal Prevention model.

#### Review of the Company's internal regulations

During 2015, the review process of the internal corporate governance standards of the company was finalised, which was launched in 2014, in order to adapt them to the Corporation Law reform adopted in December 2014 and to the new recommendations of the "CNMV Good Governance Code". The result of the aforementioned process is as follows:

- o At the PRISA Shareholders Meeting held on 20 April 2015 the Company By-laws and the Regulation of the Shareholders Meeting were amended, mainly in order to adapt them to the provisions of Law 2015/31, of 2014 December, through which the Corporation Law is amended in order to improve corporate governance", and also to implement other technical improvements, to incorporate certain good governance measures and to adapt these to the Company's the internal reality and common practices of corporate governance.

- o The Regulations of the PRISA Board of Directors were amended in February 2015 for the purposes stated in the preceding paragraph and were also amended in December 2015 to include certain aspects laid down in recommendations 22, 34 and 53 of the "CNMV Good Governance Code".

- o In addition, the Board adopted a "Policy regarding Communication with shareholders, institutional investors and proxy advisors" and a "Directors Selection Policy" in December 2015, both provided for in recommendations 4 and 14 of the CNMV Good Governance Code.

- o The Board, upon a joint initiative of this Committee with the Appointments and Remuneration Committee, in December 2015 also adopted two measures which comply with certain recommendations of the CNMV Good Governance Code: firstly, limit the transfer of shares received by the executive directors of the Company in payment of their compensation, such that the ownership of a number shares equivalent to twice the annual fixed salary cannot be transferred until at least three years have elapsed from the date upon which they were awarded (recommendation 62 of the CNMV Code) and, secondly, introduce clawback clauses in the contracts of executive directors, that enable the Company to claim the refund of the variable components of remuneration of the payment does not meet the performance conditions or if it has been paid based on facts subsequently found to be inaccurate (recommendation 63 of the CNMV Code).

- o Finally, the Board adopted the "PRISA Group Fiscal Strategy".

#### Criminal Prevention Model and creation of the Compliance Unit



In accordance with the work plan for 2015, the Committee continued to review the Company's criminal prevention model and promoted and actively participated in setting up a pyramidal compliance unit within the PRISA Group. In this respect and as a consequence of the Criminal Code reform coming into force in July 2015, a Compliance Unit was set up in PRISA, made up of the Secretary General of the PRISA Group (who chairs it), the PRISA Internal Audit Director and the PRISA Human Resources Director.

While that body reports to the Audit Committee, this Committee played an important role in its set up and implementation.

The PRISA Compliance Unit has autonomous and auditing powers, and is commissioned with the supervision of the workings and compliance of the company's criminal prevention model. The Compliance Unit shall assume the functions of the Criminal Prevention Body laid down in the Criminal Code, but its functions shall not be limited to criminal risk prevention, but rather it must also promote ethical behaviour of its employees and ensure compliance with the legislation applicable to the PRISA Group activities and with the internal regulations of the organisation. It also adopted Operating Regulations to regulate the functions and activities of this body.

Moreover, compliance units have been set up in the sub-holding companies of the main Business Units of PRISA Group: in Prisa Radio and Santillana at the end of 2015 and in Prisa Noticias, Prisa Bran Solutions and Media Capital, at the beginning of 2016.

Within the actions implemented by the Company in terms of criminal prevention and regulatory compliance, it must be noted that a new "PRISA Group Ethical Code" was also adopted in December 2015, which replaces the Code of Conduct that had been in force since 2011. This Code sets out the general ethical principles of the PRISA Group and the general standards of professional conduct.

## **ii) Corporate social responsibility, sustainability and corporate reputation:**

The Committee has analysed and favourably reported the Sustainability Report for the year 2014, which was approved by the Board of Directors.

## **iii) Annual Corporate Governance Report:**

The Committee proposed the Corporate Governance Report for the 2014 financial year to the Board of Directors.

Also, this Committee will propose the Corporate Governance Report for the 2015 financial year to the Board of Directors, which has been prepared in accordance with the new model approved by the CNMV Circular 7/2015, of 22 December.

**iv) Supervisión de la estrategia de comunicación y relación con accionistas e inversores, incluyendo los pequeños y medianos accionistas:**

The Committee assumed these functions with the reform of the Regulation of the Board of Directors implemented in December 2015.

As previously mentioned, it was also in December 2015 that the Board adopted the "Policy regarding Communication with shareholders, institutional investors and proxy advisors".

**c) Internal rules of the Company:**

**i. Amendment of the internal governance rules.**

In the preceding section b), an account of the exhaustive reform of the Company's internal regulations in 2015 has already been given (Company By-laws, Regulation of the Shareholders Meeting, Regulation of the Board of Directors, Ethical Code and new policies assumed).

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

The Committee analysed, particularly, the compliance with the company's governance procedures during the 2015 financial year.

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

In compliance with the Internal Code of Conduct, the following actions were taken during the financial year 2015:

○ It has been updated the list of persons subject to this Internal Code of Conduct.

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

○ It has been received notice from all persons subject to the Internal Code of Conduct who have participated in transactions involving the purchase or sale of Prisa shares.

○ It has been maintained a Central Register of Insider Information in which, with regard to legal or financial operations that may significantly influence the quotation of company securities, contains an up-to-date list of persons with access to such information.

*Compliance with the Ethical Code*

As previously mentioned, the new Ethical Code was adopted in December 2015 and has been communicated to all PRISA Group employees.

Nevertheless, the Committee analysed the compliance with the Code of Conduct which was in force from December 2011 until the adoption of the Ethical Code.

This report was approved in Madrid at the meeting of the Corporate Governance Committee held on February 2016.

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

**NOMINATION AND COMPENSATION COMMITTEE**

**ANNUAL REPORT  
2015**

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Madrid, February 2016.

*(Free translation from the original in Spanish language)*

## **NOMINATION AND COMPENSATION COMMITTEE ANNUAL REPORT**

**2015**

### **I.- INTRODUCTION**

The Nomination and Compensation 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 2015 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**

The composition of the Committee on the date of this Report is as follows:

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

Members:

Mr. Alain Minc – External Independent Director  
Mr. Borja Pérez Arauna- External Director (representing significant shareholdings).  
D<sup>a</sup> Agnes Noguera Borel.- External Director (representing significant shareholdings).

During the year 2015 there were no changes in the composition 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.

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

### **III. ACTIVITIES OF THE COMMITTEE IN 2015**

During 2015, the review process of the internal corporate governance standards of the company was finalised, in order to adapt them to the Corporation Law

reform adopted in December 2014 and to the new recommendations of the "CNMV's Good Governance Code".

The functions of the Appointments and Remuneration Committee have been reviewed under this reform and in accordance with the provisions of Article 28 of the Board of Directors Regulation are as follows:

- 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.
  - 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 2015 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 2015 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

In compliance with Article 529.3.b) of the Corporations Law and Article 28 of the Regulations of the Board of Directors, the Appointments and Remunerations Committee has adopted the target that in the composition of the Board of Directors, the number of female Directors must represent at least 30% of the total, by 2020, (which is provided for in recommendation 14 of the CNMV's Code of Good Governance) having also adopted a set of principles or guidelines that must be observed internally by the Company in order to improve the gender balance in the management bodies of PRISA.

Similarly, in December 2015 the Board of Directors, upon proposal by the Corporate Governance and Appointments and Remunerations Committees, and in compliance with the recommendations of the CNMV's Code of Good Governance, adopted a specific and verifiable "Director Selection Policy", which ensures that the proposals for the appointment or re-appointment of directors are 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

The Committee reported favourably on the proposal to the General Shareholders' Meeting in April 2015, to ratify the interim appointment of Mr. José Luis Sainz Díaz, and his subsequent reappointment as Chief Executive Officer, by the Board of Directors. Mr. Sainz was appointed by co-option as a Director of the Company, in July 2014.

The Committee reported favourably on the appointment proposals, by co-option, of the Directors Mr. Khalid Bin Thani Bin Abdullah Al Thani and Mr. Joseph Oughourlian, in December 2015.

Meanwhile, regarding the director Mr. Claudio Boada Pallerés who was appointed as an independent director of the Company in December 2013, in light of the binding definitions contained in Article 529 of Corporation Law on classification of directors, and taking into account that Mr. Boada has a significant relationship with HSBC (significant PRISA shareholder) as Senior Advisor in Spain and Portugal of that entity, the Committee reported favourably on changing Mr. Claudio Boada Pallerés' classification from director to "other external", with effect from 31 December 2014, which is the closing date of the Annual Corporate Governance Report.

Composition of the Committees of PRISA

The Committee also reported, together with the Corporate Governance Committee, on the following changes to the composition of the Board Committees:



- o Appointment of Mr. Jose Luis Sainz Díaz as a member of the Executive Committee following ratification of the appointment of Mr. Sainz as Chief Executive Officer of the Company.
- o Appointment of Mr. Jose Luis Leal as a member of the Audit Committee, to replace Mr. Juan Arena de la Mora who presented his resignation from his position of director in October 2015.

#### Addendum to the Contract of the Executive Chairman

The service lease contract signed in December 2013 between the Company and Mr. Cebrián envisaged that the contract would remain effective until 31 December 2018 and that during the first two years (2014 and 2015) the latter would serve as Executive Chairman of the Company. This contract also provided for the possibility of extending the Chairman's executive functions before the expiry of the aforementioned initial two year period.

In the implementation of the preceding contractual provisions and with the aim of achieving greater stability and continuity in the management of the company, the Appointments and Remunerations Committee proposed to the Board of Directors (who adopted it) that the executive nature of the Mr. Cebrián's Presidency be extended to a period of three years, namely, until 31 December 2018. Nevertheless, this measure is subject to the reappointment of Mr. Cebrián as a Director by the next PRISA General Shareholder Meeting, and that the Board of Directors proceeds to re-elect him as Chairman subsequent to the holding of said General Meeting.

#### Contract of the Vice Chairman

The Committee revised the terms of the contract of the Vice Chairman, Mr. Manuel Polanco Moreno, as chairman of the Group's audio-visual department and submitted the positive report to the Board for its approval.

### **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.

#### Contracts of the management team

The Committee has reviewed the contractual terms of certain executives, within the perimeter of the Group's senior management.

### **c) In relation to the compensation policy**

#### Report on the Compensation Policy and Report on the Annual Compensation

- 2015

The Committee proposed the Report on the Annual Compensation of the Board of Directors for 2015, containing information on the implementation of the remuneration policy in 2014, which was submitted for advisory approval at the Annual Shareholders Meeting held on April 20, 2015, as a separate item of the agenda.

Under the provisions of the Transitional Provision of Law 31/2014, of 3 December, in accordance with Article 529 of Corporation Law, the Remunerations Policy of the Board of Directors contained in said Remunerations Report and adopted by the 2015 General Meeting, is effective for three years (namely, until 2017, inclusive), unless otherwise modified or replaced by another policy.

Similarly, for the 2015 Annual Corporate Governance Report, the Committee adopted the section on compensation for the members of senior management

- 2016

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

#### Individual compensation of executive directors

The Committee approved the targets for determining the variable compensation for 2015 of the executive directors.

The Committee also approved the settlement of bonus corresponding to year 2014, for the executive directors.

#### Compensation system for managers

- Annual Variable remuneration (bonus)

The Committee authorized the settlement of the corresponding bonus for the Group's senior executives for 2014.

The Committee also approved the targets associated with the variable compensation for 2015.

- Long-term incentive

The Committee has approved the settlement, in 2015, of the second triennium 2012/2014 of the long-term incentive that was approved by the

Shareholders' Meeting of 2011, with the number of shares awarded to each beneficiary.

#### **d) Other matters**

##### Corporate governance initiatives

The Committee has worked on other initiatives together with the Corporate Governance Committee, in light of the new "CNMV Good Governance Code". In this respect, the recommendations approved by the Board of Directors in December 2015 were as follows:

- i. Limit the transfer of shares received by the executive directors of the Company in payment of their compensation, such that the ownership of a number of shares equivalent to twice the annual fixed salary cannot be transferred until at least three years have elapsed from the date upon which they were awarded (recommendation 62 of the CNMV Code).
- ii. Introduce *clawback* clauses in the contracts of executive directors, that enable the Company to claim the refund of the variable components of remuneration if the payment does not meet the performance conditions or if it has been paid based on facts subsequently found to be inaccurate (recommendation 63 of the CNMV Code).

##### Human Resources Projects

The Committee has overseen different projects implemented by the Human Resources Management, regarding reviewing functions, defining salary policies and classifying staff and managers by level in accordance with the best market standards, professional development plans and professional profiles required by the group's digital transformation.

Monitoring of the Employees Master Plan (an integrated human resources management system) was also carried out and of the implementation schedule in the Group.

##### Commercial and technology departments structure,

The Committee also analysed the new structure of the commercial and technology departments, following the appointment of new managers to head up those departments, which strives to modernise and transform business.

##### Performance evaluation

The Committee has assessed its own performance and has sought measures for improvement.



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

**COMMITTEE FOR STRATEGIC DIGITAL CHANGE**

**ANNUAL REPORT  
2015**

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Madrid, February 2016.

## **COMMITTEE FOR STRATEGIC DIGITAL CHANGE** **ANNUAL REPORT**

**2015**

### **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 has provided advice and guidance to the management.

Through 2015 the Committee has met eight (8) times with meetings in which key management of the Company has been engaged and the interaction is constant and intense.

The Committee issues this report to enable the Board of Directors to make available to shareholders information concerning the Committee's operations and activities during the 2015 financial year.

### **II.- COMPOSITION**

The Committee must be composed by 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. Jose Luis Sainz Diaz - 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 2015**

The committee first met in November of 2014 with a mandate to review the Company's

digital activities; assess its digital acumen and key personnel and to initiate under a new digital strategy a set of initiatives to drive audience and digital revenue while moving the cost structure from a high fixed one to a lower variable cost structure.

The Committee chose in this first year to focus our activities on El País to prove out in the micro model what could be done in the macro model across all of PRISA.

El País as a brand had excellent opportunities not only for global expansion but to also take every advantage of the growing Digital market in Spain and the recovering Spanish economy.

The first part of the Committee job didn't take long and the results were disturbing. Prisa digital activities were unfocused, ineffective and lacked serious KPIs. Our digital acumen was low and our personnel not best suited for the task. A year later, there was big progress to report.

First, there is a new team. Under Jose Luis as Chief Executive there is: (i) A new head for PRISA Noticias; (ii) new Chief Revenue Officer; (iii) a new Chief Digital Officer and (iv) a new Chief Technology Officer.

And below those positions new important positions needed in the Digital world such as a director of Pricing and Yield Management for the Company driving new and better revenue results.

Digital acumen is now being rapidly imported into the organization. All of this while reducing costs overall.

This has been achieved by management viewing all initiatives through a simple prism: if an activity is not growing and cannot grow it goes to the bottom of the list. If an activity is growing or can grow it goes to the top of the list. Capital monetary and human is allocated accordingly.

Management has tackled these challenges not just with new personnel but also by reorganizing the operating structure so that silos are being knocked down and digital initiatives can be implemented effectively.

Those initiatives have also been predicated on a low, variable cost model. Teams are being kept small with the bulk of the work being outsourced to SaaS or SaaS type provider where costs can be dialed up or down as needed and acumen is high.

Under the new Editor of El País the entire newsroom structure has been changed to support the new initiatives. A difficult task which has been extremely well managed by Antonio Cano.

The focus on audience and advertising revenue initiatives, supported by a recovering economy, and new enforced KPIs have shown positive results to date which Management believes are sustainable.

## REPORT ON INDEPENDENCE OF EXTERNAL AUDITORS

### 2015

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 20 April 2015, the firm of Deloitte, S.L. ("Deloitte") was engaged to conduct the audit of the 2015 financial statements of PRISA and its consolidated group ("Grupo PRISA").
2. During 2015 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 2015.

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 2015 financial statements performed for the various PRISA companies by Deloitte and/or its related companies amounted to 1,530 thousand euros.

The fees for non-audit services provided to Grupo PRISA companies by Deloitte and/or its related companies in 2015, were as follows:

	Euros 000s
Other verification services	548
Tax advisory services	396
Other services	102
<b>Total other professional services</b>	<b>1.046</b>

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 2015.

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.

26 February 2016





**REPORT OF THE BOARD OF DIRECTORS OF PROMOTORA DE INFORMACIONES, S.A. IN RELATION TO THE PROPOSAL FOR A SHARE CAPITAL INCREASE BY MEANS OF A CASH CONTRIBUTION EXCLUDING THE PRE-EMPTION RIGHT FOR SUBSCRIPTION OF SHARES APPROVED BY THE BOARD OF DIRECTORS AT THIS MEETING UNDER THE AUTHORIZATION GRANTED BY THE ORDINARY GENERAL SHAREHOLDERS' MEETING HELD ON APRIL 20, 2015 AS SET OUT IN ITEM SEVEN OF THE AGENDA**

**I. OBJECT OF THE REPORT**

The Company's Board of Directors approved on February 27, 2015, to increase the share capital of the Company for a nominal amount of €14,150,943.3, through the issuance of 141,509,433 ordinary shares, with a nominal value of €0.10 each, and excluding the pre-emption right for subscription of shares for a total amount, considering nominal value and share premium, of € 74,999,999.49, under the authorization granted by the General Shareholders' Meeting of the Company held on June 22, 2013, under point nine of its agenda.

The share capital increase has not been executed yet, and the following circumstances have occurred:

- The ordinary General Shareholders' Meeting held on April 20, 2015 agreed under point seven of its agenda to delegate in the board of directors of the Company the power to increase the share capital, on one or more occasions, with or without a premium in the terms and conditions provided for in article 297.1.b) of Royal Legislative Decree 1/2010, of July 2, approving the consolidated Spanish Companies Act (the "**Spanish Companies Act**" or "**LSC**").
- A reverse stock split of nominal value the Company's shares has been executed, effective as from May 22, 2015, through the transformation of each 30 shares with a nominal value of €0.10 each into a new share with a nominal value of €3 each.
- KPMG Auditores, S.L., an auditor other than the Company's auditor appointed for this purpose by the Commercial Registry, issued a report on March 30, 2012 for the purposes of articles 308 and 506 of the Spanish Companies Act. According to article 347 of the Spanish Regulations of the Commercial Registry, and given a period of more than three months has elapsed since its issuance, such report has expired.
- The share capital of the Company is now represented by ordinary shares, all of them of the same class and series, and the reference to Class A shares has been removed.
- On November 12, 2015, International Media Group S.à.r.l. and the Company have entered into a subscription agreement regulating, among others, the Investor's irrevocable undertaking to subscribe the share capital increase for a nominal value

of Eur 19,200,000, by means of the issuance and placement into circulation of a total of 6,400,000 ordinary shares represented through book entries, with a total issuance Premium of Eur 44,800,000, subject to the approval of such capital increase by PRISA's board of directors and to the obtaining of a report issued by an independent auditor to be appointed by the Commercial Registry confirming that the issue price is appropriate in the terms provided in the Spanish Capital Companies Act.

In view of such agreement, on the date hereof it is proposed to the board of directors the release of the resolution approved by this board on February 27, 2015 and the approval of the share capital increase by means of cash contributions and excluding the pre-emption right for subscription of shares under the authorization granted by the Ordinary General Shareholders' Meeting held on April 20, 2015, as set out in item seven of the agenda, under the terms set forth in section IV of this report. Additionally, the board of directors drafts this report in relation to this capital increase.

By virtue of the General Shareholders' Meeting authorization previously mentioned and as set forth in point II.1 below, the board of directors is entitled to, on one or several occasions, when and insofar as the needs of the Company thus require in the opinion of the Board itself, increase the Company's share capital up to a maximum amount equivalent to Euro 107,903,937 (corresponding to the half of the share capital of Prisa, as recorded on April 20, 2015), being for this purpose entitled to issue the corresponding new shares, ordinary or preferred, including redeemable shares, with or without voting rights, with or without an issue premium, with the equivalent value of the new shares to be issued having any consideration for those share to consist of cash contributions pursuant to the provisions of article 297 of the Spanish Companies' Act. Likewise, with regards to any share capital increase to be approved under such delegation, the board of directors has been expressly conferred with the authority to totally or partially exclude the pre-emption right for subscription of shares.

Article 286 of the Spanish Companies' Act, in relation to article 297.1 b) of the same act, requires the company's directors to draft a report justifying the amendment of the company's by-laws which might result as a consequence of the share capital increase.

On the other hand, articles 308 and 506 of the Spanish Companies' Act require, for the purposes of the exclusion of the pre-emption right for subscription of shares within the framework of a share capital increase, that (i) any such decision is made in the interest of the company; and (ii) the nominal value of the shares to be issued plus, where applicable, the amount of the share premium, is equivalent to the fair value resulting from the report of the accounts auditor, other than the company's accounts auditor, appointed for this purpose by the Commercial Registry.

In view of the foregoing and of the proposal for a share capital increase approved by this board, under the authorization granted by the general shareholder's meeting, this report

has been drafted by the board of directors of Prisa for the purposes of complying with the provisions of the above referred articles 286, 297.1 b), 308 and 506 of the Spanish Companies' Act, with regards to two different aspects:

- (i) the first one, in relation to the share capital increase and subsequent amendment of the company's by-law (in compliance of the provisions of articles 286 and 297 of the Spanish Companies' Act), and
- (ii) the second one, relating to the exclusion of the pre-emption right for subscription of shares (in compliance of articles 308 and 506 of the Spanish Companies' Act).

Finally, this report includes the text of the resolution for the share capital increase approved on the date hereof by the board of directors.

Likewise, pursuant to the provisions of article 506.4 of the Spanish Companies' Act, this report and the report to be issued by the accounts auditor appointed by the Madrid Commercial Registry, different to the Company's accounts auditor, on the fair value of the shares, the book value ("*valor teórico*") of the pre-emption right for subscription of shares proposed to be excluded and the reasonableness of the data contained in this report, pursuant to the provisions of article 308 of the Spanish Companies' Act, will be made available to the shareholders and notified to the first General Shareholders' Meeting of Prisa to be held after passing the resolution for the share capital increase.

The board of directors states that the application for the independent expert appointment will be submitted to the Madrid Commercial Registry immediately for the issuance of its report as soon as possible.

## **II. REPORT OF THE BOARD OF DIRECTORS FOR THE PURPOSES OF ARTICLES 286 AND 296 OF THE LSC**

### **1. Share capital increase resolution of board of directors, passed under the authorization granted by the Ordinary General Shareholders' Meeting of Prisa dated April 20, 2015**

The board of directors of Prisa approves the capital increase making use of the authorization granted by the Ordinary General Shareholders' Meeting held on April 20, 2015, in the terms described at the beginning of this report, which literally read as follows:

*"Delegation of authority to the Board of Directors to increase capital, on one or more occasions, with or without share premium -with the power to exclude preemption rights, if any-, on the terms and conditions and at the times contemplated in Article 297(1)(b) of the Capital Companies Act. Revocation of the authorisation granted at the General Shareholders Meeting of 22 June 2013 under the point nine of the agenda thereof.*

1.- To revoke the unused part of the resolution adopted under item nine on the Agenda of the Ordinary General Meeting of Shareholders held on 22 June 2013 in relation to the delegation to the Board of Directors of the power to increase the share capital in accordance with the provisions of article 297.1.b) of the Capital Companies Act.

2.- To authorise the Board of Directors, in the broadest and most effective way possible in law and in accordance with the provisions of article 297.1.b) of the Capital Companies Act, within a period of no more than five years from the date of adoption of this resolution and without the need to hold a General Meeting or have a resolution adopted by it, to resolve on one or more occasions, if and to the extent that in the view of the Board the needs of the Company so require, up to the maximum amount of the equivalent of half of the share capital at the time when the increase is authorised, issuing and placing in circulation for this purpose the corresponding new shares, both ordinary shares and shares of any other kind and/or class permitted by the Act, ordinary or preference shares, including redeemable shares, with or without voting rights, with or without issue premium. The consideration must consist of cash contributions and the resolution must expressly provide for the possibility of an incomplete subscription of the shares issued in accordance with the provisions of article 311.1 of the Capital Companies Act and the Board of Directors may fix the terms and conditions of the increase, all in accordance with the provisions of article 297.1.b) of the Capital Companies Act. The powers attributed to the Board of Directors include the power to fix the terms and conditions of each capital increase and the characteristics of the shares, along with the power freely to offer the new shares not subscribed in the preemption period or periods, to redraft the article of the Bylaws dealing with capital, to take all necessary steps to enable the new shares that are the subject of the capital increase to be admitted for trading on the stock exchanges on which the Company's shares are quoted in accordance with the procedures of each of the said exchanges, and to request the inclusion of the new shares in the accounting records of Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (Iberclear). This authorisation may be used to cover any remuneration scheme or agreement by means of the delivery of shares and share options for members of the Board of Directors and Company executives that may be in force from time to time. The Board also has the power totally or partly to exclude the pre-emption right in the terms of article 506 in conjunction with article 308 of the same Act. The Board is also authorised to substitute the powers that have been delegated to it by this General Meeting of Shareholders in relation to this resolution in favour of the Executive Committee, the Chairman of the Board of Directors or the Managing Director.”

The board of directors has not made use of this delegation until today.

2. **Terms of the capital increase**

(i) **Maximum amount and issuance price**

The share capital increase which is the object of this report will amount to Euro 64,000,000, through the issuance of a total of 6,400,000 ordinary shares, of Euro 3 nominal value each, represented through book entries, resulting on a total nominal value of Euro 19,200,000.

The new shares will be issued with an share premium of Euro 7 per share. As a result, the total share premium corresponding to the newly issued shares will amount to Euro 44,800,000.

The total amount of the nominal value and share premium corresponding to the new shares (which, as a whole, will amount to Euro 64,000,000) will be paid up in full through cash contributions upon subscription.

For the purposes of the provisions of article 299 of the LSC, it is hereby stated that the shares of Prisa existing prior to the share capital increase are fully paid up.

(ii) **Target of the share capital increase**

The share capital increase is aimed at International Media Group S.à.r.l. (“**International Media Group**” or the “**Investor**”), a Luxembourg private limited liability company, having its registered office at 48, boulevard Grande-Duchesse Charlotte, L-1330 Luxembourg, registered with the Luxembourg Register of Commerce and Companies under number B200.764 which, previously to this meeting, has entered into a subscription agreement with the company governing, among others, its undertaking to subscribe and disburse the capital increase object of this report, subject to the condition described in section II.3.

(iii) **Subscription period**

The share capital increase must be fully subscribed and paid up within the three business days following the date on which the report of the independent expert is issued in accordance with articles 308 and 506 of the LSC.

For these purposes, on the day when the expert delivers its report to the Company, the Company shall notify the Investor that the condition referred to in section 3 below has been met, to which end it will attach a copy of such report, indicating it may proceed with the disbursement, within the period established.

(iv) **Rights of the new shares**

The new shares shall confer on their holder the same political and economic rights as the ordinary shares of the Company currently in circulation, as from the date on which the new shares are registered in their name in the relevant accounting records. The board of directors shall likewise agree to request the admission to trading of the

shares, as set forth in the resolution proposal transcribed in section IV of this report.

**3. Conditions for the subscription and disbursement of the share capital increase**

The commitment of subscription and disbursement of the share capital increase is subject to, apart from the approval by the board of the capital increase, condition that is met in this act, the obtaining of the obligatory report from the accounts auditor appointed by the Commercial Registry on the fair value of the shares, the book value (“*valor teórico*”) of the pre-emption right for subscription of shares proposed to be excluded and the reasonableness of the data contained in this report.

The board of directors will notify the Investor the approval of the capital increase resolution, to which end, it will attach a copy of this directors’ report.

Additionally, the Company will notify the Investor the issuance of the report on the same day when the report is obtained. The Investor will proceed to the disbursement within three business days following that notification.

In the event the condition is not fulfilled before the end of November, the resolution of the board of directors which has been approved on the date hereof, as well as this report shall be rendered void of effect, except in the event that the term foreseen for the fulfillment of the condition is extended as set forth in paragraph k (ii) of the resolution which approval is proseed to this board.

**4. Exclusion of the pre-emption right for subscription of shares**

In accordance with the authorization granted by the Ordinary General Shareholders’ Meeting of Prisa dated April 20, 2015, the board of directors approves the exclusion of the pre-emption right of the current shareholders of Prisa for subscription of shares, it being justified by the corporate interest of the Company, and, as a result, for the benefit of Prisa and its shareholders.

The justification of the exclusion of this right is described in section III of this report.

**5. Justification of the share capital increase**

The subscription and disbursement of the share capital increase of Prisa by the Investor, on the terms and conditions set forth in this report, implies a significant benefit for Prisa and, consequently, for its shareholders, as a consequence of the strengthening of the Company’s capital and financial structure, as well as of its equity, arising from this share capital increase.

The group is focused at the execution of the refinancing plan entered into on December 2013 and announced to the shareholders at the Extraordinary General Shareholders’ Meeting held on December 10, 2013.

**6. Execution of the share capital increase and amendment of the Company's by-laws**

The share capital increase which is the object of this report will involve the amendment of article 6 of Prisa's By-Laws which, once the condition has been met and the share capital increase has been executed, will read as follows:

*“Article 6.- Share Capital.*

- 1. The share capital is EURO 235,007,874 and is represented by 78,335,958 ordinary shares, all of the same class and series, having a nominal value of €3.00 each, consecutively numbered from 1 to 78,335,958.*
- 2. The capital is totally subscribed and paid up.*
- 3. The Company may issue various classes of shares. Each class may have a different nominal value. Where more than one series of shares is created within the same class, all the shares making up a series will have the same nominal value.”*

Without prejudice to the former, in the case that between the date of the approval of this report and the closure of this capital increase, any amendment on the share capital amount occurs, the share capital article will have the wording that might correspond taking into consideration such amendments.

**III. REPORT FROM THE BOARD OF DIRECTORS FOR THE PURPOSES OF ARTICLES 308, 504 AND 506 OF THE LSC**

The board of directors of Prisa, in relation to the share capital increase which is the object of this report, has approved the exclusion of the pre-emption right for subscription of shares which would correspond to the shareholders of the Company, being authorized for these purpose, as stated in section II.1 above.

The board of directors of Prisa understands that the exclusion of the pre-emption right for subscription of shares is necessary in order for International Media Group to subscribe the share capital increase on the terms provided for in this report and, to such end, pursuant to the provisions of articles 308, 504 and 506 of the LSC, the board of directors informs as follows:

**1. The corporate interest requires the exclusion of the pre-emption right for subscription of shares**

The board of directors considers that the share capital increase which is the object of this report and the exclusion of the pre-emption right for subscription of shares are fully in compliance with the material requirements set out in the LSC and, in

particular, with regards to the need for the exclusion to be required by the corporate interest of the Company.

This is so due to this transaction being particularly convenient from the perspective of corporate interest, as, as it happened with the share capital increase approved by the board of directors on July 22, 2014, it will enable an increase in the Company's equity and, in the opinion of the board, having considered the potential dilution for the shareholders, the objective sought (strengthening of the structure and the balance sheet of the Company) and the means chosen are considered to be proportionate.

The board of directors believes that this share capital increase, with exclusion of the pre-emption right for subscription of shares, is the ideal procedure to allow such investment, for the following reasons:

- Strengthening of the balance sheet: the issuance of shares above the current market value in the current market environment will enable Prisa to significantly increase its equity and strengthen its balance sheet.
- Debt reduction: this issuance will enable Prisa, if it decides so, to reduce its debt level through the mechanisms established under the financing agreements currently in force, permitting the purchase of debt (with or without discount) including the purchase of participative loans, by the Company with the funds it obtains as a result of a share capital increase of Prisa. Bearing in mind the current objective of Prisa, which consists of reducing its debt for a better continuity of the business, this share capital increase contributes significantly to achieving such objective, enabling the Company to reduce the level of indebtedness of the group to more favorable levels.
- Feasibility of the execution: a structure different to that of the transaction described herein, such as a share capital increase without the exclusion of the pre-emption right for subscription of shares or through an accelerated book building process, would delay the procedure of capturing resources necessary in the short term in order for the Company to be able to carry out the deleveraging and debt reduction process. Furthermore, (i) the volatile and unforeseeable nature of the stock market suggests that the share capital increase resolution should be adopted and executed as soon as possible, which would not be feasible if any of the other alternative structures mentioned previously were chosen, and (ii) the issuance price (nominal and share premium) agreed and committed by the Investor on the terms set out in this report would be difficult to be proposed and implemented in a share capital increase with a pre-emption right for subscription of shares.
- Improvement in the market conception to which the group of the Company belongs: the new entry of resources into the Company shows an improvement



in the growth forecast of the Prisa group and greater trust in its strategy and the measures adopted within the debt reduction process, all of which is carried out with the aim of seeking the continuity of the business of the group.

**2. Issuance price and cash consideration**

Article 506.4 of the LSC sets out that, in order for the Company's governing body to be entitled to pass a resolution for a share capital increase with the exclusion of the pre-emption right for subscription of shares, apart from this being required by the corporate interest, it is necessary for the amount of the nominal value of the shares to be issued plus, where applicable, the amount of the share premium to be equal to the fair value validated by the accounts auditor appointed by the Commercial Registry, other than the accounts auditor of the Company, as stated in its report, drafted for these purposes at its own responsibility.

Article 504 of the LSC establishes that, in case of listed companies, such as the Company, the fair value will be deemed to be the market value which, unless otherwise justified, will be presumed to be that established by reference to the stock market listing.

The average weighted listing of the Prisa share at the closure of the last session prior to the issuance of this report, i.e. on November 13, 2015, was €5.45 and the average weighted listing by movement of the ordinary shares of the Company in the three-month period prior to November 13, 2015 (i.e. from August 14, 2015 until November 13, 2015) was € 5.004.

Since the issuance price (nominal value plus share premium) of the share capital increase which is the object of this report is Euro 10 per share, i.e. 83.49% and 99.83% greater than the referred listed values, the issuance price envisaged meets the legal requirements described and is clearly above the fair value of the shares of Prisa.

**IV. PROPOSAL FOR RESOLUTION OF A SHARE CAPITAL INCREASE**

The full text of the share capital increase resolution adopted by the board of directors reads as follows:

“The Board unanimously approves to revoke the share capital increase resolution of February 27, 2015 and substitute it by the following resolution:

**Share capital increase of the Company for a nominal amount of €19,200,000, through the issuance of a total of 6,400,000 ordinary shares and with the exclusion of the pre-emption right for subscription of shares. Delegation for the execution and formalization of the foregoing resolutions.**

**(a) Share capital increase by means of cash contributions**

By virtue of the authorization granted by the Ordinary General Shareholders' Meeting held on April 20, 2015, as set out in item seven of the agenda, it is agreed to increase the share capital in €19,200,000, through the issuance of a total of 6,400,000 ordinary shares, of €3 nominal value each, represented through book entries, with a issuance price of a total of €44,800,000.

**(b) Issuance price of the shares**

The issuance price (nominal plus share premium) of each new share will be €10 per share.

**(c) Target of the share capital increase**

The share capital increase is aimed at a special purpose vehicle of International Media Group S.à.r.l. (“**International Media Group**” or the “**Investor**”), a Luxembourg private limited liability company, having its registered office at 48, boulevard Grande-Duchesse Charlotte, L-1330 Luxembourg, registered with the Luxembourg Register of Commerce and Companies under number B200.764 and with tax identification number 2015 2454 423 which, on November 12, 2015 has executed a subscription agreement with the company.

**(d) Rights of the new shares**

The new shares, represented through book entries, will confer on their holder the same political and economic rights as the ordinary shares of the Company currently outstanding, as from the date on which the new shares are registered in their name in the relevant accounting records.

The admission to trading of the new shares shall not require the approval by, or the filing with, the CNMV of any informative prospectus.

**(e) Pre-emption right for subscription of shares**

By virtue of the authorization granted by the Ordinary General Shareholders' Meeting held on April 20, 2015, under point seven of the agenda, the Board of Directors agrees to totally exclude the pre-emption right for subscription of shares of the shareholders of the Company in relation to this share capital increase, due to the reasons set forth in the directors' report drafted on the date hereof and in order to protect the corporate interest of Prisa.

**(f) Conditions for the subscription and disbursement of the share capital increase**

The commitment of subscription and disbursement of the share capital increase is subject to the fulfillment of the applicable legal requirements and formalities and, in particular, to those provided for in the Spanish Companies Act and in Law 24/1988 of July 28, on the Securities Market.

**(g) Admission to trading of the shares**

It is hereby approved to request the admission to trading of the ordinary shares to be issued by the Company as a result of this share capital increase on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia, and any other national or foreign markets in which the shares of the Company are admitted to trading, for the purpose of which the Company can benefit from the exemption to publish an informative prospectus, according to article 26.1.a) of Royal Decree 1310/2005 of November 4, 2005.

**(h) Subscription and disbursement.**

The share capital increase must be fully subscribed and paid up within the three business days following the date on which the report of the independent expert is issued in accordance with articles 308 and 506 of the LSC.

**(i) Request for the appointment of an independent auditor**

The Board of Directors empowers the Delegate Committee, the Chairman, the Chief Executive Officer (*Consejero Delegado*), the Secretary and the Vice-secretary non directors of the Board to submit before the Madrid Commercial Registry an application for the appointment of an accounts auditor different from the auditor of the accounts of Prisa, pursuant to article 308 of the Spanish Companies Act, in order for it to issue a report on the fair value of the shares, the book value (*valor teórico*) of the pre-emption right for subscription of shares proposed to be excluded and the reasonableness of the data contained in the directors' report.

**(j) Execution of the share capital increase**

The Delegate Committee, the Chairman or the Chief Executive Officer (*Consejero Delegado*), by virtue of the delegation of powers approved in section (k) below, may, once the subscription and total disbursement of the share capital increase approved herein have been verified, declare the share capital increase to be subscribed and paid up and, therefore, executed, and declare the wording of article 6 of the Company By-Laws to be amended, in order to reflect the new share capital figure and number of shares resulting therefrom.

For the purposes of the provisions of article 167 of the Spanish Regulations of the Commercial Registry, the Delegate Committee, the Chairman or the Chief Executive Officer, under the delegation of powers approved in section (k) below, will also state the amount drawn down in respect of the limit established in the authorization to increase the share capital agreed by the Ordinary General Shareholders' Meeting held on April 20, 2015 and the outstanding amount.

**(k) Delegation of powers**

Notwithstanding the delegation of specific powers contained in the foregoing sections, it is agreed to delegate powers on the Delegate Committee, the Chairman and the Chief Executive Officer (*Consejero Delegado*), so that any of them, individually and joint and severally, may execute this resolution, being, in particular and without limitation, entitled to:

- (i) Negotiate and, if applicable, subscribe any necessary documents, public or private, in the terms deemed to be more appropriate, in accordance with the standard practice for this kind of transactions, including any agreements as may be necessary or appropriate for the correct execution of the share capital increase; in particular and as an example, any agreements required by the Investor or any other party intervening in the share capital increase, and in particular in the Subscription Agreement, including any commitments of non-issuance, transfer or lock-up frequent in this kind of transactions, which may be adequate for the correct execution of the capital increase. Any actions taken prior to the date of this resolution in respect of the subjects referred to in this paragraph, as well as the documents and agreements executed for such purposes, are hereby expressly ratified.

- (ii) Notify the Investor of the approval of this resolution together with its report and request International Media Group to proceed with the disbursement. If required, extend the term of 3 business days initially foreseen for the disbursement, as well as the term foreseen for the fulfillment of the condition to which the capital increase is subject.
- (iii) Declare the share capital increase completed once the new shares have been subscribed and paid up (whether in full or not) by International Media Group, granting as many public and/or private documents as may be appropriate for the execution of the share capital increase; and declare amended the wording of the article of the Company's By-Laws regarding the share capital in the terms set forth in section I.6 of the directors' report on the share capital increase or, if between the date of approval of such report and the execution of this capital increase, an amendment occurs in either the share capital amount (as a consequence of a capital increase) or in the number of shares in which the share capital is divided (as a consequence of an agreement of the General Shareholders Meeting), adjust, as the case may be, the amount of the capital increase or the number of shares to be issued and amend the drafting of the by-laws regarding the share capital taking into consideration such amendments.
- (iv) Appear before a notary public and grant the corresponding public deed of share capital increase, file any such public deed for registration with the Commercial Registry and make any compulsory announcements of the issuance, as well as to grant any public or private documents necessary in order to declare the completion of the subscription of the share capital increase.
- (v) Request the admission to trading of the ordinary shares issued by the Company on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia, and any other national or foreign markets in which the shares of the Company are admitted to trading and, if applicable, the admission to trading of the shares issued by virtue of the capital increase resolution on the New York Stock Exchange through the issuance of the appropriate "American Depositary Shares" or on any other foreign secondary markets it may deem appropriate or advisable.
- (vi) Draft, subscribe and submit, in case it is necessary or appropriate, to the CNMV or any other relevant supervisory authorities, in relation to the issuance and admission to trading of the new shares, any necessary documents and, in particular, any documents and information required in accordance with the provisions of the Security Market Law and of Royal Decree 1310/2005, of November 4 (amended by Royal Decree 1698/2012, of December 21), on admission to trading of securities on official secondary markets, on public sale or subscription offers and on the prospectus required to such end, to the extent applicable; furthermore, carry out in the name of the Company any action, declaration or procedure required before the CNMV, Iberclear, the Stock Exchange Governing Bodies (*Sociedades Rectoras*) and any other body or entity or public or private registry, whether Spanish or foreign, and carry out all procedures necessary so that the new ordinary shares resulting from the share capital increase might be recorded in the accounting records of Iberclear and admitted to trading on the Stock Exchanges where the shares of the Company currently outstanding are listed, and in the Spanish automated quotation system (*Sistema de Interconexión Bursátil* or SIBE).

- (vii) Remedy, clarify, interpret, specify or complement any resolutions adopted by this Board of Directors, or those arising from any deeds or documents granted in execution of the same and, in particular, any defects, omissions or errors, of content or form, which might prevent the issuance of the report of the accounts auditor appointed by the Commercial Registry or the recording of the resolutions and their consequences in the Commercial Registry, the Official Records of the CNMV or any other records.
- (viii) Grant, on behalf of the Company, any public or private documents as may be necessary or appropriate for the share capital increase which is the object hereof and, in general, perform as many procedures as may be necessary for the execution of this resolution and the effective placement into circulation of the shares.”

This report is drafted and approved on November 14, 2015.

Expert Report on the Exclusion  
of Pre-emptive Subscription Rights under the scope of  
Articles 308 and 506 of the Corporate Enterprises Act

Promotora de Informaciones, S.A. (Prisa)

Translation of an independent expert report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

## EXPERT REPORT ON THE EXCLUSION OF PRE-EMPTIVE SUBSCRIPTION RIGHTS UNDER THE SCOPE OF ARTICLES 308 AND 506 OF THE SPANISH CORPORATE ENTERPRISES ACT

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

For the purposes of articles 308 and 506 of Spain's Corporate Enterprises Act, the consolidated text of which was approved by means of Royal Legislative-Decree 1/2010, of July 2, 2010 (the "Corporate Enterprises Act"), and pursuant to our engagement letter of November 25, 2015, we hereby issue, as duly appointed by Mr. Mariano Álvarez Pérez, Madrid Companies Registrar No. VII on November 23, 2015, this expert report on the share capital increase of Promotora de Informaciones, S.A. (hereinafter, "Prisa" or the "Company") for a nominal value of 19,200,000 euros, by means of the issuance of a total of 6,400,000 new ordinary shares, with a nominal value of 3 euros each, represented through book entries. The new shares will be issued with a share premium of 7 euros per share and, as a result, the total share premium corresponding to the newly issued shares will amount to 44,800,000 euros. The total amount of the nominal value and share premium corresponding to the new shares (which, on aggregate, will amount to 64,000,000 euros) will be paid up in full through cash contributions upon subscription.

The share capital increase is targeted at a special purpose vehicle of International Media Group, S.à.r.l., a Luxembourg private limited liability company, which has executed a subscription agreement on November 12, 2015, governing its undertaking to fully subscribe the capital increase, establishing certain anti-dilution mechanisms in favor of International Media Group for a period of three years. Additionally, the mentioned agreement establish a restriction for Prisa in the event of new capital increases with the exclusion of pre-emptive subscription rights within one year from the date of the subscription of this capital increase at a price below ten euros per share unless it compensates International Media Group, S.à.r.l., for the difference in price. The new shares will confer on their holder the same voting and dividend rights as the ordinary shares of the Company currently outstanding, as from the date on which the new shares are registered in their name in the relevant accounting records. The undertaking to subscribe for and disburse the share capital increase is conditional upon the prior issuance of a report by the independent expert designated by the Companies Register, which must be issued within three working days of receiving notification of its appointment as the expert charged with issuing such report.

The share capital increase is a non-pre-emptive offering, as reflected and reasoned in the report issued and ratified by the Board of Directors of Prisa on November 14, 2015 (which report is appended to this expert report as Exhibit I). This expert report of ours, coupled with the above-mentioned Directors' Report will be made available to the Company's shareholders and accounted for at the first Annual General Meeting held by Prisa after the motion to execute the share capital increase is ratified.

It was agreed at the Shareholders Annual General Meeting held on April 20, 2015 under point seven of its agenda to delegate in the Board of Directors of Prisa the power to increase share capital, within a maximum term of five years, on one or several occasions, when and insofar as the needs of the Company thus require in the opinion of the Board itself, up to a maximum amount equivalent to 107,903,937 euros, corresponding to half of the share capital of Prisa, as recorded on April 20, 2015, being for this purpose entitled to issue the corresponding new shares, ordinary or preferred, including redeemable shares, with or without voting rights, with or without an issue premium, with the equivalent value of the new shares to be issued having any consideration for those shares to consist of cash contributions pursuant to the provisions of article 297 of the Spanish Companies' Act. This delegation of power in turn includes the right to exclude pre-emptive subscription rights insofar as, pursuant to the terms of article 506 of the Corporate Enterprises Act, deemed necessary in order to uphold the Company's interests and the nominal value of the shares to be issued plus the amount of the share premium, if any, corresponds to their fair value as certified in the report issued by an auditor other than the Company's statutory auditor appointed to this end by the Companies Register at the behest of the Board of Directors.

By virtue of the power so delegated in it, the Company's Board of Directors has issued the Report attached as Exhibit I (hereinafter, the "Report"), substantiating in detail the resolution and the issue price, indicating the persons to whom the shares will be targeted and the nature of the consideration to be provided. Under applicable legislation, these shares must be issued at fair value. When valuing shares, the valuer must rely on estimates and judgment and can at best approximate their fair value, which is highly dependent on subjective assessments of a wide variety of business considerations.

As indicated in the attached Report, the Board of Directors of Prisa reasons that the decision to structure the share capital increase as a non-pre-emptive offering is fully justified by the "corporate interest of the Company" and, by extension, is beneficial for Prisa and its shareholders. The Board of Directors articulates its corporate interest rationale around the following considerations:

- (i) Strengthening of the balance sheet: the issuance of shares above the current market value in the current market environment will enable Prisa to significantly increase its equity and strengthen its balance sheet.
- (ii) Debt reduction: this issuance will enable Prisa, if it decides so, to reduce its debt level through the mechanisms established under the financing agreements currently in force, permitting the purchase of debt (with or without discount) including the purchase of participative loans, by the Company with the funds it obtains as a result of a share capital increase of Prisa. Bearing in mind the current objective of Prisa, which consists of reducing its debt for a better continuity of the business, this share capital increase contributes significantly to achieving such objective, enabling the Company to reduce the level of indebtedness of the group to more favorable levels.



- (iii) Feasibility of the execution: a structure different to that of the transaction described herein, such as a share capital increase without the exclusion of the pre-emption right for subscription of shares or through an accelerated book building process, would delay the procedure of capturing resources necessary in the short term in order for the Company to be able to carry out the deleveraging and debt reduction process. Furthermore, (i) the volatile and unforeseeable nature of the stock market suggests that the share capital increase resolution should be adopted and executed as soon as possible, which would not be feasible if any of the other alternative structures mentioned previously were chosen, and (ii) the issuance price (nominal and share premium) agreed and committed by the Investor on the terms set out in this report would be difficult to be proposed and implemented in a share capital increase with a pre-emption right for subscription of shares.
- (iv) Improvement in the market conception to which the group of the Company belongs: the new entry of resources into the Company shows an improvement in the growth forecast of the Prisa group and greater trust in its strategy and the measures adopted within the debt reduction process, all of which is carried out with the aim of seeking the continuity of the business of the group.

Our duty is to issue a professional opinion, in our capacity as independent experts, about the fair value of the Company's shares, the theoretical value of the pre-emptive subscription rights to be excluded and the reasonableness of the data contained in the Report. We have performed our work in keeping with the specific audit practice standard governing preparation of expert reports on decisions to exclude pre-emptive subscription rights under the scope of article 159 of the former Companies Act (the contents of which correspond to articles 308 and 506 of the now prevailing Corporate Enterprises Act).

The accounting information used to perform our work was obtained from:

- The consolidated financial statements of Prisa for the year ended December 31, 2014, which were audited by Deloitte, S.L., which firm issued its report on those financial statements on March 2, 2015. It issued an unqualified audit report, albeit including a matter-of-emphasis paragraph which is transcribed in full below:

*"We draw attention to Note 1 to the accompanying consolidated financial statements, in which the directors state that the mechanism provided for in the financing agreement of Promotora de Informaciones, S.A. for the automatic conversion of a portion of the latter's debt into participating loans for an amount sufficient to restore its equity position has once again been implemented. Under the Spanish Limited Liability Companies Law, the Parent was in a situation of mandatory dissolution as at 31 December 2014 as a result of the losses incurred due to the agreement entered into with Telefónica de Contenidos, S.A.U. for the sale of 56% of DTS, Distribuidora de Televisión Digital, S.A., a transaction subject to the mandatory authorisation of, and terms and conditions established by, the competition authorities (see Note 3). Our opinion is not modified in respect of this matter."*

- The interim condensed consolidated financial statements for the six months ended June 30, 2015 filed with Spain's Securities Market Commission, hereinafter the "CNMV" for its acronym in Spanish, in relation to which Deloitte, S.L. issued an unqualified limited-review report on July 22, 2015, albeit including two emphasis-of-matter paragraphs which are transcribed in full below:

*"We draw attention to Note 1 to the accompanying Notes to the Condensed Consolidated Financial Statements, which indicates that, as a consequence of the losses registered, the Company's equity to be considered for the purpose of the dissolution and/or capital reduction as outlined in Capital Companies Law (including participating loans in force at year end) amounts to EUR 119,635 thousand; this amount is below two-thirds of share capital, although it is above half of the share capital. Therefore, the Company is in a situation of economic imbalance. Directors estimate that equity of the Company will be reestablished within the legal deadline. This matter does not affect our conclusion.*

*We also draw attention to Note 1 to the accompanying Notes to the Condensed Consolidated Financial Statements, which indicates that the aforementioned accompanying interim financial statements do not include all the information that would be required for a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and, therefore, the accompanying interim financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended December 31, 2014. This matter does not affect our conclusion."*

- The interim financial information disclosed by the Prisa Group in respect of the nine-month period ended September 30, 2015, as filed with the CNMV pursuant to a price-sensitive notice dated October 26, 2015.

In keeping with the above-mentioned audit practice standard on how to prepare this expert report, our work consisted of performance of the following procedures:

- a) Procurement of the above-mentioned audit report in relation to the consolidated financial statements of Prisa for the year ended December 31, 2014.
- b) Procurement of the limited-review report issued by the Company's auditor in relation to the condensed consolidated interim financial statements for the six months ended June 30, 2015 disclosed by Prisa to the CNMV.
- c) Procurement of the interim financial information disclosed by the Prisa Group in respect of the nine-month period ended September 30, 2015, as filed with the CNMV pursuant to a price-sensitive notice dated October 26, 2015.
- d) Procurement of information from Prisa's statutory account auditor in relation to significant events or factors affecting the financial situation or health of the Company or its Group learned by such auditor subsequent to issuance of its most recent audit report or, as the case may be, limited-review report, as itemised above.
- e) The posing of questions to the Management of Company regarding events of significance which could have a material impact on the value of Prisa or its Group and, as warranted, verification of such information.

- f) Analysis of the Company's share price performance and determination of the simple average of the weighted average daily share price during the last representative trading period prior to the date of issuance of this expert report (the last quarter), determined to encompass the period elapsing between August 27, 2015 and November 27, 2015, both inclusive, and determination of the share price as of November 27, 2015, this being the last quoted price available prior to the date of issuance of this expert report, all of which as indicators of the Company's fair value.

Such determination was made on the basis of a certificate issued by the stock market management company, Sociedad Rectora de la Bolsa de Valores de Madrid, S.A., a copy of which is appended to this expert report as Exhibit II, which includes, in addition to the quoted prices, the trading frequency and volume during the periods subject to analysis.

- g) Verification of whether the price per share proposed by the members of the Company's Board of Directors is higher or lower than equity per share derived from the most recent audited consolidated annual financial statements of Prisa, namely those for the year ended December 31, 2014, from the condensed consolidated interim financial statements of Prisa for the six months ended June 30, 2015, as reviewed by the Company's account auditor and filed with the CNMV, and from the interim financial information disclosed by the Prisa Group in respect of the nine-month period ended September 30, 2015, as filed with the CNMV pursuant to a price-sensitive notice dated October 26, 2015.
- h) Estimation of the fair value of the shares of Prisa and verification of whether the issue price proposed by the Board of Directors tallies with the fair value of the Company's shares derived from the information procured under the procedures itemized above.
- i) Assessment of the reasonableness of the information contained in the Report substantiating the share capital issue proposal and the new share issue price, including a review of the documentation substantiating the valuation and calculation methodologies used.
- j) Determination of the theoretical value of the pre-emptive subscription rights to be excluded, calculated by reference to the closing share price as of November 27, 2015 and to the simple average of the weighted average daily share price between August 27, 2015 and November 27, 2015.
- k) Procurement and review of the agreement named "Subscription agreement" signed between Prisa and International Media Group, S.á.r.l.
- l) Procurement of a representation letter from the Company's Directors, duly empowered, warranting that we have been informed of all relevant hypotheses, data and information.

The Report issued by the Company's Board of Directors proposes an issue price (nominal and share premium) for each of the new Prisa shares to be subscribed by International Media Group, S.á.r.l. of ten euros (€10), in keeping with that outlined in section IV of the Report, and consideration for the newly issued shares exclusively in the form of cash. As detailed in section III of the Report, in the opinion of the Board of Directors of Prisa, the proposed non-pre-emptive share capital increase is justified by the corporate interest of the Company.

The issue price agreed with International Media Group, S.á.r.l. (nominal and share premium) of ten euros per share (€10) is higher than Prisa's share price on the close of trading on November 27, 2015 and higher than the simple average of the weighted average daily share price between August 27, 2015 and November 27, 2015.

In light of all of the foregoing, in our professional opinion as independent experts:

- The data contained in the Report substantiating the proposal to exclude pre-emptive subscription rights under the scope of article 308 of the Corporate Enterprises Act are reasonable insofar as they are adequately documented and expounded.
- The issue price (nominal plus share capital) of ten euros per share (€10) proposed by the Board of Directors in its Report, as empowered by a delegation granted at the Annual General Meeting held on April 20, 2015, is higher than the value which could reasonably be deemed the fair value of the Company's shares calculated on the basis of the information itemized above.
- This issue price is higher than consolidated equity per share calculated on the basis of Prisa's most recent audited annual financial statements, namely those corresponding to the year ended December 31, 2014. Moreover, the proposed issue price per share is higher than: i) consolidated equity per share calculated on the basis of the condensed consolidated interim financial statements of Prisa for the six months ended June 30, 2015, as reviewed by the Company's auditor and filed with the CNMV; and ii) consolidated equity per share calculated on the basis of the interim financial information disclosed by the Prisa Group in respect of the nine-month period ended September 30, 2015, as filed with the CNMV pursuant to a price-sensitive notice dated October 26, 2015.

The share price as of November 27, 2015 (the date on which we obtained the corresponding certificate from Sociedad Rectora de la Bolsa de Valores de Madrid, S.A.) and the simple average of the weighted average daily share price between August 27, 2015 and November 27, 2015, both inclusive, according to the above stock market management company, are shown below:

Trading period	Share price (€/share)
November 27, 2015	5.5100
Average share price for the period elapsing between August 27, 2015 and November 27, 2015	4.8640

Below we present the theoretical value of the pre-emptive subscription rights the Directors of Prisa propose waiving, expressed similarly in euros per share, in relation to the share price as of November 27, 2015 (the date on which we obtained the corresponding certificate from Sociedad Rectora de la Bolsa de Valores de Madrid, S.A.) and in relation to the simple average of the weighted average daily share price between August 27, 2015 and November 27, 2015:

Trading period	Share price (€/share)	Issue price (€/share)	Accretion effect (€/share)
November 27, 2015	5.5100	10.00	0.3690
Average share price for the period elapsing between August 27, 2015 and November 27, 2015	4.8640	10.00	0.4221

Note that the theoretical value of the pre-emptive subscription rights the Directors of Prisa propose waiving expressed in relation to the issue price results in negative values: not only is there no dilution effect, but rather the existing shareholders will benefit from an accretion effect in the amounts shown in the table above.

Based on the issue price proposed by the Board of Directors, the dilution or accretion per share outstanding in respect of the closing share price as of the business day immediately preceding the date of this expert report, expressed in euros per share, is determined using the following formula:

$$D = \left( \frac{P_o - P_e}{\left( \frac{N_o}{N_e} \right) + 1} \right)$$

In the above formula,  $D$  represents the theoretical value of a pre-emptive subscription right,  $P_o$  the Company's closing share price on the business day immediately preceding the date of this expert report,  $P_e$  is the issue price,  $N_o$  is the number of existing Company shares outstanding (excluding own shares) as of the business day immediately preceding the date of this expert report and  $N_e$  is the number of new shares to be issued.

Likewise, the dilution or accretion per share outstanding in respect of the simple average of the weighted average daily share price for the quarter prior to the business day immediately preceding the date of this expert report, expressed in euros per share, is determined using the following formula:

$$D = \left( \frac{P_{mo} - P_e}{\left( \frac{N_o}{N_e} \right) + 1} \right)$$

Whereby,  $D$  represents the theoretical value of a pre-emptive subscription right,  $P_{mo}$  the simple average of the Company's weighted average daily share price during the quarter prior to the business day immediately preceding the date of this expert report,  $P_e$  is the issue price,  $N_o$  is the number of existing Company shares outstanding (excluding own shares) as of the business day immediately preceding the date of this expert report and  $N_e$  is the number of new shares to be issued.

Once again, the issue price proposed by the members of the Board of Directors does not imply any theoretical dilution effect with respect to the theoretical value of the Company's shares as of June 30, 2015, based on the condensed consolidated interim financial statements of Prisa for the six months ended June 30, 2015, as reviewed by the Company's account auditor and filed with the CNMV; nor with respect to the theoretical value of the Company's shares as of September 30, 2015, based on the interim financial information disclosed by the Prisa Group as of such reporting date, this being the most recent financial information filed with the CNMV.

By means of this expert report, the provisions of articles 308 and 506 of Spain's Corporate Enterprises Act are duly complied with in respect of the stipulated auditor report. This report must not be used for any other purpose.

ERNST & YOUNG, S.L.

*(Signed on the original Spanish version)*

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José Luis Ruiz

November 30, 2015

## EXHIBIT I

- Report issued and approved by the Board of Directors of Promotora de Informaciones, S.A. (Prisa), dated November 14, 2015, in relation to the proposed share capital increase.
- Note of the Secretary of the Board of Directors to inform to the Board of Directors about certain conditions of the Subscription Agreement signed between Promotora de Informaciones, S.A. and International Media Group, S.à.r.l. on November 12, 2015.

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

Sociedad inscrita en el Registro Mercantil de Madrid al tomo 2.836 general, 2.159 de la Sección tercera del Libro de Sociedades, folio 54, hoja número 19.511. Número de Identificación Fiscal A - 28297059

MR. ANTONIO GARCIA-MON MARAÑES, Secretary of the Board of Directors of **PROMOTORA DE INFORMACIONES, S.A.**, that is chaired by MR. JUAN LUIS CEBRIAN ECHARRI,

## **CERTIFIES:**

That PROMOTORA DE INFORMACIONES, S.A.'s board of directors, has approved, on November 14, 2015, a capital increase for a total nominal value of €19,200,000, through the issuance of a total of 6,400,000 ordinary shares and with exclusion of the pre-emptive rights, as well as the delegation for the execution and formalization of the former resolutions, all the former in the terms appearing in section IV of the report which is transcribed below.

In relation to this resolution, the board of directors approved also unanimously, the corresponding report that is transcribed below drafted in compliance of the provisions of articles 286, 297.1 b), 308 and 506 of the Spanish Companies' Act,

## **“REPORT OF THE BOARD OF DIRECTORS OF PROMOTORA DE INFORMACIONES, S.A. IN RELATION TO THE PROPOSAL FOR A SHARE CAPITAL INCREASE BY MEANS OF A CASH CONTRIBUTION EXCLUDING THE PRE-EMPTION RIGHT FOR SUBSCRIPTION OF SHARES APPROVED BY THE BOARD OF DIRECTORS AT THIS MEETING UNDER THE AUTHORIZATION GRANTED BY THE ORDINARY GENERAL SHAREHOLDERS' MEETING HELD ON APRIL 20, 2015 AS SET OUT IN ITEM SEVEN OF THE AGENDA**

### **I. OBJECT OF THE REPORT**

The Company's Board of Directors approved on February 27, 2015, to increase the share capital of the Company for a nominal amount of €14,150,943.3, through the issuance of 141,509,433 ordinary shares, with a nominal value of €0.10 each, and excluding the pre-emption right for subscription of shares for a total amount, considering nominal value and share premium, of € 74,999,999.49, under the authorization granted by the General Shareholders' Meeting of the Company held on June 22, 2013, under point nine of its agenda.

The share capital increase has not been executed yet, and the following circumstances have occurred:

- The ordinary General Shareholders' Meeting held on April 20, 2015 agreed under point seven of its agenda to delegate in the board of directors of the Company the power to increase the share capital, on one or more occasions, with or without a premium in the terms and conditions provided for in article 297.1.b) of Royal Legislative Decree 1/2010, of July 2, approving the consolidated Spanish Companies Act (the “**Spanish Companies Act**” or “**LSC**”).



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

Sociedad inscrita en el Registro Mercantil de Madrid al tomo 2.836 general, 2.159 de la Sección tercera del Libro de Sociedades, folio 54, hoja número 19.511. Número de Identificación Fiscal A - 28297059

- A reverse stock split of nominal value the Company's shares has been executed, effective as from May 22, 2015, through the transformation of each 30 shares with a nominal value of €0.10 each into a new share with a nominal value of €3 each.
- KPMG Auditores, S.L., an auditor other than the Company's auditor appointed for this purpose by the Commercial Registry, issued a report on March 30, 2012 for the purposes of articles 308 and 506 of the Spanish Companies Act. According to article 347 of the Spanish Regulations of the Commercial Registry, and given a period of more than three months has elapsed since its issuance, such report has expired.
- The share capital of the Company is now represented by ordinary shares, all of them of the same class and series, and the reference to Class A shares has been removed.
- On November 12, 2015, International Media Group S.à.r.l. and the Company have entered into a subscription agreement regulating, among others, the Investor's irrevocable undertaking to subscribe the share capital increase for a nominal value of Eur 19,200,000, by means of the issuance and placement into circulation of a total of 6,400,000 ordinary shares represented through book entries, with a total issuance Premium of Eur 44,800,000, subject to the approval of such capital increase by PRISA's board of directors and to the obtaining of a report issued by an independent auditor to be appointed by the Commercial Registry confirming that the issue price is appropriate in the terms provided in the Spanish Capital Companies Act.

In view of such agreement, on the date hereof it is proposed to the board of directors the release of the resolution approved by this board on February 27, 2015 and the approval of the share capital increase by means of cash contributions and excluding the pre-emption right for subscription of shares under the authorization granted by the Ordinary General Shareholders' Meeting held on April 20, 2015, as set out in item seven of the agenda, under the terms set forth in section IV of this report. Additionally, the board of directors drafts this report in relation to this capital increase.

By virtue of the General Shareholders' Meeting authorization previously mentioned and as set forth in point II.1 below, the board of directors is entitled to, on one or several occasions, when and insofar as the needs of the Company thus require in the opinion of the Board itself, increase the Company's share capital up to a maximum amount equivalent to Euro 107,903,937 (corresponding to the half of the share capital of Prisa, as recorded on April 20, 2015), being for this purpose entitled to issue the corresponding new shares, ordinary or preferred, including redeemable shares, with or without voting rights, with or without an issue premium, with the equivalent value of the new shares to be issued having any consideration for those share to consist of cash contributions pursuant to the provisions of article 297 of the Spanish Companies' Act.

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

Sociedad inscrita en el Registro Mercantil de Madrid al tomo 2.836 general, 2.159 de la Sección tercera del Libro de Sociedades, folio 54, hoja número 19.511. Número de Identificación Fiscal A - 28297059

Likewise, with regards to any share capital increase to be approved under such delegation, the board of directors has been expressly conferred with the authority to totally or partially exclude the pre-emption right for subscription of shares.

Article 286 of the Spanish Companies' Act, in relation to article 297.1 b) of the same act, requires the company's directors to draft a report justifying the amendment of the company's by-laws which might result as a consequence of the share capital increase.

On the other hand, articles 308 and 506 of the Spanish Companies' Act require, for the purposes of the exclusion of the pre-emption right for subscription of shares within the framework of a share capital increase, that (i) any such decision is made in the interest of the company; and (ii) the nominal value of the shares to be issued plus, where applicable, the amount of the share premium, is equivalent to the fair value resulting from the report of the accounts auditor, other than the company's accounts auditor, appointed for this purpose by the Commercial Registry.

In view of the foregoing and of the proposal for a share capital increase approved by this board, under the authorization granted by the general shareholder's meeting, this report has been drafted by the board of directors of Prisa for the purposes of complying with the provisions of the above referred articles 286, 297.1 b), 308 and 506 of the Spanish Companies' Act, with regards to two different aspects:

- (i) the first one, in relation to the share capital increase and subsequent amendment of the company's by-law (in compliance of the provisions of articles 286 and 297 of the Spanish Companies' Act), and
- (ii) the second one, relating to the exclusion of the pre-emption right for subscription of shares (in compliance of articles 308 and 506 of the Spanish Companies' Act).

Finally, this report includes the text of the resolution for the share capital increase approved on the date hereof by the board of directors.

Likewise, pursuant to the provisions of article 506.4 of the Spanish Companies' Act, this report and the report to be issued by the accounts auditor appointed by the Madrid Commercial Registry, different to the Company's accounts auditor, on the fair value of the shares, the book value ("*valor teórico*") of the pre-emption right for subscription of shares proposed to be excluded and the reasonableness of the data contained in this report, pursuant to the provisions of article 308 of the Spanish Companies' Act, will be made available to the shareholders and notified to the first General Shareholders' Meeting of Prisa to be held after passing the resolution for the share capital increase.

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The board of directors states that the application for the independent expert appointment will be submitted to the Madrid Commercial Registry immediately for the issuance of its report as soon as possible.

## II. REPORT OF THE BOARD OF DIRECTORS FOR THE PURPOSES OF ARTICLES 286 AND 296 OF THE LSC

### 1. Share capital increase resolution of board of directors, passed under the authorization granted by the Ordinary General Shareholders' Meeting of Prisa dated April 20, 2015

The board of directors of Prisa approves the capital increase making use of the authorization granted by the Ordinary General Shareholders' Meeting held on April 20, 2015, in the terms described at the beginning of this report, which literally read as follows:

*“Delegation of authority to the Board of Directors to increase capital, on one or more occasions, with or without share premium -with the power to exclude preemption rights, if any-, on the terms and conditions and at the times contemplated in Article 297(1)(b) of the Capital Companies Act. Revocation of the authorisation granted at the General Shareholders Meeting of 22 June 2013 under the point nine of the agenda thereof.*

*1.- To revoke the unused part of the resolution adopted under item nine on the Agenda of the Ordinary General Meeting of Shareholders held on 22 June 2013 in relation to the delegation to the Board of Directors of the power to increase the share capital in accordance with the provisions of article 297.1.b) of the Capital Companies Act.*

*2.- To authorise the Board of Directors, in the broadest and most effective way possible in law and in accordance with the provisions of article 297.1.b) of the Capital Companies Act, within a period of no more than five years from the date of adoption of this resolution and without the need to hold a General Meeting or have a resolution adopted by it, to resolve on one or more occasions, if and to the extent that in the view of the Board the needs of the Company so require, up to the maximum amount of the equivalent of half of the share capital at the time when the increase is authorised, issuing and placing in circulation for this purpose the corresponding new shares, both ordinary shares and shares of any other kind and/or class permitted by the Act, ordinary or preference shares, including redeemable shares, with or without voting rights, with or without issue premium. The consideration must consist of cash contributions and the*

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*resolution must expressly provide for the possibility of an incomplete subscription of the shares issued in accordance with the provisions of article 311.1 of the Capital Companies Act and the Board of Directors may fix the terms and conditions of the increase, all in accordance with the provisions of article 297.1.b) of the Capital Companies Act. The powers attributed to the Board of Directors include the power to fix the terms and conditions of each capital increase and the characteristics of the shares, along with the power freely to offer the new shares not subscribed in the preemption period or periods, to redraft the article of the Bylaws dealing with capital, to take all necessary steps to enable the new shares that are the subject of the capital increase to be admitted for trading on the stock exchanges on which the Company's shares are quoted in accordance with the procedures of each of the said exchanges, and to request the inclusion of the new shares in the accounting records of Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (Iberclear). This authorisation may be used to cover any remuneration scheme or agreement by means of the delivery of shares and share options for members of the Board of Directors and Company executives that may be in force from time to time. The Board also has the power totally or partly to exclude the pre-emption right in the terms of article 506 in conjunction with article 308 of the same Act. The Board is also authorised to substitute the powers that have been delegated to it by this General Meeting of Shareholders in relation to this resolution in favour of the Executive Committee, the Chairman of the Board of Directors or the Managing Director.”*

The board of directors has not made use of this delegation until today.

## 2. **Terms of the capital increase**

### a. **Maximum amount and issuance price**

The share capital increase which is the object of this report will amount to Euro 64,000,000, through the issuance of a total of 6,400,000 ordinary shares, of Euro 3 nominal value each, represented through book entries, resulting on a total nominal value of Euro 19,200,000.

The new shares will be issued with an share premium of Euro 7 per share. As a result, the total share premium corresponding to the newly issued shares will amount to Euro 44,800,000.

The total amount of the nominal value and share premium corresponding to the new shares (which, as a whole, will amount to Euro 64,000,000) will be paid up in full through cash contributions upon subscription.

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For the purposes of the provisions of article 299 of the LSC, it is hereby stated that the shares of Prisa existing prior to the share capital increase are fully paid up.

b. Target of the share capital increase

The share capital increase is aimed at International Media Group S.à.r.l. (“**International Media Group**” or the “**Investor**”), a Luxembourg private limited liability company, having its registered office at 48, boulevard Grande-Duchesse Charlotte, L-1330 Luxembourg, registered with the Luxembourg Register of Commerce and Companies under number B200.764 which, previously to this meeting, has entered into a subscription agreement with the company governing, among others, its undertaking to subscribe and disburse the capital increase object of this report, subject to the condition described in section II.3.

c. Subscription period

The share capital increase must be fully subscribed and paid up within the three business days following the date on which the report of the independent expert is issued in accordance with articles 308 and 506 of the LSC.

For these purposes, on the day when the expert delivers its report to the Company, the Company shall notify the Investor that the condition referred to in section 3 below has been met, to which end it will attach a copy of such report, indicating it may proceed with the disbursement, within the period established.

d. Rights of the new shares

The new shares shall confer on their holder the same political and economic rights as the ordinary shares of the Company currently in circulation, as from the date on which the new shares are registered in their name in the relevant accounting records. The board of directors shall likewise agree to request the admission to trading of the shares, as set forth in the resolution proposal transcribed in section IV of this report.

3. **Conditions for the subscription and disbursement of the share capital increase**

The commitment of subscription and disbursement of the share capital increase is subject to, apart from the approval by the board of the capital increase, condition that is met in this act, the obtaining of the obligatory report from the accounts auditor appointed by the Commercial Registry on the fair value of the shares, the book value (“*valor teórico*”) of the pre-emption right for subscription

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of shares proposed to be excluded and the reasonableness of the data contained in this report.

The board of directors will notify the Investor the approval of the capital increase resolution, to which end, it will attach a copy of this directors' report.

Additionally, the Company will notify the Investor the issuance of the report on the same day when the report is obtained. The Investor will proceed to the disbursement within three business days following that notification.

In the event the condition is not fulfilled before the end of November, the resolution of the board of directors which has been approved on the date hereof, as well as this report shall be rendered void of effect, except in the event that the term foreseen for the fulfillment of the condition is extended as set forth in paragraph k (ii) of the resolution which approval is proposed to this board.

#### 4. **Exclusion of the pre-emption right for subscription of shares**

In accordance with the authorization granted by the Ordinary General Shareholders' Meeting of Prisa dated April 20, 2015, the board of directors approves the exclusion of the pre-emption right of the current shareholders of Prisa for subscription of shares, it being justified by the corporate interest of the Company, and, as a result, for the benefit of Prisa and its shareholders.

The justification of the exclusion of this right is described in section III of this report.

#### 5. **Justification of the share capital increase**

The subscription and disbursement of the share capital increase of Prisa by the Investor, on the terms and conditions set forth in this report, implies a significant benefit for Prisa and, consequently, for its shareholders, as a consequence of the strengthening of the Company's capital and financial structure, as well as of its equity, arising from this share capital increase.

The group is focused at the execution of the refinancing plan entered into on December 2013 and announced to the shareholders at the Extraordinary General Shareholders' Meeting held on December 10, 2013.

#### 6. **Execution of the share capital increase and amendment of the Company's by-laws**

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The share capital increase which is the object of this report will involve the amendment of article 6 of Prisa's By-Laws which, once the condition has been met and the share capital increase has been executed, will read as follows:

*“Article 6.- Share Capital.*

*6.1 The share capital is EURO 235,007,874 and is represented by 78,335,958 ordinary shares, all of the same class and series, having a nominal value of €3.00 each, consecutively numbered from 1 to 78,335,958.*

*6.2 The capital is totally subscribed and paid up.*

*6.3 The Company may issue various classes of shares. Each class may have a different nominal value. Where more than one series of shares is created within the same class, all the shares making up a series will have the same nominal value.”*

Without prejudice to the former, in the case that between the date of the approval of this report and the closure of this capital increase, any amendment on the share capital amount occurs, the share capital article will have the wording that might correspond taking into consideration such amendments.

### III. REPORT FROM THE BOARD OF DIRECTORS FOR THE PURPOSES OF ARTICLES 308, 504 AND 506 OF THE LSC

The board of directors of Prisa, in relation to the share capital increase which is the object of this report, has approved the exclusion of the pre-emption right for subscription of shares which would correspond to the shareholders of the Company, being authorized for these purpose, as stated in section II.1 above.

The board of directors of Prisa understands that the exclusion of the pre-emption right for subscription of shares is necessary in order for International Media Group to subscribe the share capital increase on the terms provided for in this report and, to such end, pursuant to the provisions of articles 308, 504 and 506 of the LSC, the board of directors informs as follows:

#### 1. **The corporate interest requires the exclusion of the pre-emption right for subscription of shares**

The board of directors considers that the share capital increase which is the object of this report and the exclusion of the pre-emption right for subscription of shares are fully in compliance with the material requirements set out in the LSC and, in particular, with regards to the need for the exclusion to be required by the corporate interest of the Company.

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This is so due to this transaction being particularly convenient from the perspective of corporate interest, as, as it happened with the share capital increase approved by the board of directors on July 22, 2014, it will enable an increase in the Company's equity and, in the opinion of the board, having considered the potential dilution for the shareholders, the objective sought (strengthening of the structure and the balance sheet of the Company) and the means chosen are considered to be proportionate.

The board of directors believes that this share capital increase, with exclusion of the pre-emption right for subscription of shares, is the ideal procedure to allow such investment, for the following reasons:

- Strengthening of the balance sheet: the issuance of shares above the current market value in the current market environment will enable Prisa to significantly increase its equity and strengthen its balance sheet.
- Debt reduction: this issuance will enable Prisa, if it decides so, to reduce its debt level through the mechanisms established under the financing agreements currently in force, permitting the purchase of debt (with or without discount) including the purchase of participative loans, by the Company with the funds it obtains as a result of a share capital increase of Prisa. Bearing in mind the current objective of Prisa, which consists of reducing its debt for a better continuity of the business, this share capital increase contributes significantly to achieving such objective, enabling the Company to reduce the level of indebtedness of the group to more favorable levels.
- Feasibility of the execution: a structure different to that of the transaction described herein, such as a share capital increase without the exclusion of the pre-emption right for subscription of shares or through an accelerated book building process, would delay the procedure of capturing resources necessary in the short term in order for the Company to be able to carry out the deleveraging and debt reduction process. Furthermore, (i) the volatile and unforeseeable nature of the stock market suggests that the share capital increase resolution should be adopted and executed as soon as possible, which would not be feasible if any of the other alternative structures mentioned previously were chosen, and (ii) the issuance price (nominal and share premium) agreed and committed by the Investor on the terms set out in this report would be difficult to be proposed and implemented in a share capital increase with a pre-emption right for subscription of shares.



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- Improvement in the market conception to which the group of the Company belongs: the new entry of resources into the Company shows an improvement in the growth forecast of the Prisa group and greater trust in its strategy and the measures adopted within the debt reduction process, all of which is carried out with the aim of seeking the continuity of the business of the group.

## 2. Issuance price and cash consideration

Article 506.4 of the LSC sets out that, in order for the Company's governing body to be entitled to pass a resolution for a share capital increase with the exclusion of the pre-emption right for subscription of shares, apart from this being required by the corporate interest, it is necessary for the amount of the nominal value of the shares to be issued plus, where applicable, the amount of the share premium to be equal to the fair value validated by the accounts auditor appointed by the Commercial Registry, other than the accounts auditor of the Company, as stated in its report, drafted for these purposes at its own responsibility.

Article 504 of the LSC establishes that, in case of listed companies, such as the Company, the fair value will be deemed to be the market value which, unless otherwise justified, will be presumed to be that established by reference to the stock market listing.

The average weighted listing of the Prisa share at the closure of the last session prior to the issuance of this report, i.e. on November 13, 2015, was €5.45 and the average weighted listing by movement of the ordinary shares of the Company in the three-month period prior to November 13, 2015 (i.e. from August 14, 2015 until November 13, 2015) was € 5.004.

Since the issuance price (nominal value plus share premium) of the share capital increase which is the object of this report is Euro 10 per share, i.e. 83.49% and 99.83% greater than the referred listed values, the issuance price envisaged meets the legal requirements described and is clearly above the fair value of the shares of Prisa.

## IV. PROPOSAL FOR RESOLUTION OF A SHARE CAPITAL INCREASE

The full text of the share capital increase resolution adopted by the board of directors reads as follows:

“The Board unanimously approves to revoke the share capital increase resolution of February 27, 2015 and substitute it by the following resolution:

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**Share capital increase of the Company for a nominal amount of €19,200,000, through the issuance of a total of 6,400,000 ordinary shares and with the exclusion of the pre-emption right for subscription of shares. Delegation for the execution and formalization of the foregoing resolutions.**

## **(a) Share capital increase by means of cash contributions**

By virtue of the authorization granted by the Ordinary General Shareholders' Meeting held on April 20, 2015, as set out in item seven of the agenda, it is agreed to increase the share capital in €19,200,000, through the issuance of a total of 6,400,000 ordinary shares, of €3 nominal value each, represented through book entries, with a issuance price of a total of €44,800,000.

## **(b) Issuance price of the shares**

The issuance price (nominal plus share premium) of each new share will be €10 per share.

## **(c) Target of the share capital increase**

The share capital increase is aimed at a special purpose vehicle of International Media Group S.à.r.l. ("**International Media Group**" or the "**Investor**"), a Luxembourg private limited liability company, having its registered office at 48, boulevard Grande-Duchesse Charlotte, L-1330 Luxembourg, registered with the Luxembourg Register of Commerce and Companies under number B200.764 and with tax identification number 2015 2454 423 which, on November 12, 2015 has executed a subscription agreement with the company.

## **(d) Rights of the new shares**

The new shares, represented through book entries, will confer on their holder the same political and economic rights as the ordinary shares of the Company currently outstanding, as from the date on which the new shares are registered in their name in the relevant accounting records.

The admission to trading of the new shares shall not require the approval by, or the filing with, the CNMV of any informative prospectus.

## **(e) Pre-emption right for subscription of shares**

By virtue of the authorization granted by the Ordinary General Shareholders' Meeting held on April 20, 2015, under point seven of the agenda, the Board of Directors agrees to totally exclude the pre-emption right for subscription of shares of the shareholders of the Company in relation to this share capital increase, due to the reasons set forth in the directors' report drafted on the date hereof and in order to protect the corporate interest of Prisa.

## **(f) Conditions for the subscription and disbursement of the share capital increase**

The commitment of subscription and disbursement of the share capital increase is subject to the fulfillment of the applicable legal requirements and formalities and, in particular, to those provided for in the Spanish Companies Act and in Law 24/1988 of July 28, on the Securities Market.

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## **(g) Admission to trading of the shares**

It is hereby approved to request the admission to trading of the ordinary shares to be issued by the Company as a result of this share capital increase on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia, and any other national or foreign markets in which the shares of the Company are admitted to trading, for the purpose of which the Company can benefit from the exemption to publish an informative prospectus, according to article 26.1.a) of Royal Decree 1310/2005 of November 4, 2005.

## **(h) Subscription and disbursement.**

The share capital increase must be fully subscribed and paid up within the three business days following the date on which the report of the independent expert is issued in accordance with articles 308 and 506 of the LSC.

## **(i) Request for the appointment of an independent auditor**

The Board of Directors empowers the Delegate Committee, the Chairman, the Chief Executive Officer (*Consejero Delegado*), the Secretary and the Vice-secretary non directors of the Board to submit before the Madrid Commercial Registry an application for the appointment of an accounts auditor different from the auditor of the accounts of Prisa, pursuant to article 308 of the Spanish Companies Act, in order for it to issue a report on the fair value of the shares, the book value (*valor teórico*) of the pre-emption right for subscription of shares proposed to be excluded and the reasonableness of the data contained in the directors' report.

## **(j) Execution of the share capital increase**

The Delegate Committee, the Chairman or the Chief Executive Officer (*Consejero Delegado*), by virtue of the delegation of powers approved in section (k) below, may, once the subscription and total disbursement of the share capital increase approved herein have been verified, declare the share capital increase to be subscribed and paid up and, therefore, executed, and declare the wording of article 6 of the Company By-Laws to be amended, in order to reflect the new share capital figure and number of shares resulting therefrom.

For the purposes of the provisions of article 167 of the Spanish Regulations of the Commercial Registry, the Delegate Committee, the Chairman or the Chief Executive Officer, under the delegation of powers approved in section (k) below, will also state the amount drawn down in respect of the limit established in the authorization to increase the share capital agreed by the Ordinary General Shareholders' Meeting held on April 20, 2015 and the outstanding amount.

## **(k) Delegation of powers**

Notwithstanding the delegation of specific powers contained in the foregoing sections, it is agreed to delegate powers on the Delegate Committee, the Chairman and the Chief Executive Officer (*Consejero Delegado*), so that any of them, individually and joint and severally, may execute this resolution, being, in particular and without limitation, entitled to:

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- (i) Negotiate and, if applicable, subscribe any necessary documents, public or private, in the terms deemed to be more appropriate, in accordance with the standard practice for this kind of transactions, including any agreements as may be necessary or appropriate for the correct execution of the share capital increase; in particular and as an example, any agreements required by the Investor or any other party intervening in the share capital increase, and in particular in the Subscription Agreement, including any commitments of non-issuance, transfer or lock-up frequent in this kind of transactions, which may be adequate for the correct execution of the capital increase. Any actions taken prior to the date of this resolution in respect of the subjects referred to in this paragraph, as well as the documents and agreements executed for such purposes, are hereby expressly ratified.
- (ii) Notify the Investor of the approval of this resolution together with its report and request International Media Group to proceed with the disbursement. If required, extend the term of 3 business days initially foreseen for the disbursement, as well as the term foreseen for the fulfillment of the condition to which the capital increase is subject.
- (iii) Declare the share capital increase completed once the new shares have been subscribed and paid up (whether in full or not) by International Media Group, granting as many public and/or private documents as may be appropriate for the execution of the share capital increase; and declare amended the wording of the article of the Company's By-Laws regarding the share capital in the terms set forth in section I.6 of the directors' report on the share capital increase or, if between the date of approval of such report and the execution of this capital increase, an amendment occurs in either the share capital amount (as a consequence of a capital increase) or in the number of shares in which the share capital is divided (as a consequence of an agreement of the General Shareholders Meeting), adjust, as the case may be, the amount of the capital increase or the number of shares to be issued and amend the drafting of the by-laws regarding the share capital taking into consideration such amendments.
- (iv) Appear before a notary public and grant the corresponding public deed of share capital increase, file any such public deed for registration with the Commercial Registry and make any compulsory announcements of the issuance, as well as to grant any public or private documents necessary in order to declare the completion of the subscription of the share capital increase.
- (v) Request the admission to trading of the ordinary shares issued by the Company on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia, and any other national or foreign markets in which the shares of the Company are admitted to trading and, if applicable, the admission to trading of the shares issued by virtue of the capital increase resolution on the New York Stock Exchange through the issuance of the appropriate "American Depositary Shares" or on any other foreign secondary markets it may deem appropriate or advisable.

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- (vi) Draft, subscribe and submit, in case it is necessary or appropriate, to the CNMV or any other relevant supervisory authorities, in relation to the issuance and admission to trading of the new shares, any necessary documents and, in particular, any documents and information required in accordance with the provisions of the Security Market Law and of Royal Decree 1310/2005, of November 4 (amended by Royal Decree 1698/2012, of December 21), on admission to trading of securities on official secondary markets, on public sale or subscription offers and on the prospectus required to such end, to the extent applicable; furthermore, carry out in the name of the Company any action, declaration or procedure required before the CNMV, Iberclear, the Stock Exchange Governing Bodies (*Sociedades Rectoras*) and any other body or entity or public or private registry, whether Spanish or foreign, and carry out all procedures necessary so that the new ordinary shares resulting from the share capital increase might be recorded in the accounting records of Iberclear and admitted to trading on the Stock Exchanges where the shares of the Company currently outstanding are listed, and in the Spanish automated quotation system (*Sistema de Interconexión Bursátil* or SIBE).
- (vii) Remedy, clarify, interpret, specify or complement any resolutions adopted by this Board of Directors, or those arising from any deeds or documents granted in execution of the same and, in particular, any defects, omissions or errors, of content or form, which might prevent the issuance of the report of the accounts auditor appointed by the Commercial Registry or the recording of the resolutions and their consequences in the Commercial Registry, the Official Records of the CNMV or any other records.
- (viii) Grant, on behalf of the Company, any public or private documents as may be necessary or appropriate for the share capital increase which is the object hereof and, in general, perform as many procedures as may be necessary for the execution of this resolution and the effective placement into circulation of the shares.”

This report is drafted and approved on November 14, 2015.”

Which I certify in Madrid, on November 26 de noviembre 2015.

[SIGNATURE FOLLOWS]

[SIGNATURE FOLLOWS]

CHAIRMAN’S APPROVAL  
Mr. Juan Luis Cebrián Echarri

THE SECRETARY  
Mr. Antonio García-Mon Marañés

## INVESTMENT OF INTERNATIONAL MEDIA GROUP IN PRISA

Last October 5, 2015 IMG informed the Chairman of the Board of Directors its undertaking to subscribe a capital increase in PRISA amounting to 64,000,000 Euros, subject to the signing of a subscription agreement and to the fulfillment of the legal requirements.

Since then, a subscription agreement signed November 12 has been negotiated. Such subscription agreement includes, among others, the following principal terms agreed and accepted by IMG:

- 1) IMG undertakes to pay the amount of the capital increase at the time of the granting of the capital increase deed, once the corresponding authorizations required have been obtained, i.e. (i) Board of Directors approval, and (ii) obtaining of the expert report.
- 2) The agreement includes certain representations and guarantees, by both parties and customary in this kind of transactions, that must be repeated in the subscription moment. PRISA guarantees, among others, that the information provided during the due diligence was true, precise, and not misleading and that has not omitted to disclose any change that has occurred which might have a sustained and long term materially adverse effect or impact on the assets and businesses of the Company and its group. The investor represents, among others, that it has obtained all the necessary authorizations to execute the agreement, that it has financial capacity to face the obligations under the subscription agreement. Additionally, the investor recognizes that a delay in the compliance of its duties could affect negatively to the company, and that is why he undertakes to fulfill his irrevocable commitment when the expert's report is issued.
- 3) The investor will have the right to appoint two directors: the first will be appointed in the next few weeks and the second will be appointed before the end of March 2016.
- 4) Investor rights related to future capital increases during the next three years following the granting of the capital increase deed:
  - During a three year period and in case of monetary capital increase with exclusion of preferential subscription rights, the Company will notify to the investor such capital increase and will proceed according to the following:
    - a. If the issue price of that capital increase is lower than 10 Euros per share, the investor will have a "right of first refusal" with respect to that increase, that is, the investor may reject the capital increase so that he is the one subscribing it. In case that the investor renounces to that right, such capital increase could be executed.
    - b. If the issue price of that capital increase is higher than 10 Euros per share, (a) during the first year after the granting of the capital increase deed the investor will have a "right of first refusal" and (b) during the second and third year, the investor will have a tag-along right, that is, it may require the execution of a second capital increase in the same terms as those proposed for its subscription by IMG.

c. PRISA agrees to not proceed with any monetary capital increase at a price per share lower than the one for this capital increase (that is, 10 €) for a period of one year. PRISA assumes a penalty equal to the difference between 10 € and the lower price per share of the new shares and multiplied by the number of shares that IMG subscribes in this capital increase (this is, 6,400,000).

Madrid, 14 November 2015

  
\_\_\_\_\_

Mr. Antonio García-Mon

Promotora de Informaciones, S.A.

Secretario del Consejo



## EXHIBIT II

Certificate issued by Sociedad Rectora de la Bolsa de Valores  
de Madrid, S.A.





**BOLSA DE MADRID**

Sociedad Rectora de la Bolsa de Valores de Madrid, S.A. Sociedad Unipersonal

BOLSA DE MADRID

Registro Salida

30/11/2015



RS 15-040-00692-SE

**EL SECRETARIO DEL CONSEJO DE ADMINISTRACION DE LA SOCIEDAD RECTORA DE LA BOLSA DE VALORES DE MADRID, S.A.,**

**CERTIFICA** que, de los antecedentes que existen en esta Secretaría a su cargo y de los correspondientes a las restantes Bolsas españolas de Valores, resulta que, durante el período comprendido entre el día 27 de agosto de 2015 y el día 27 de noviembre de 2015, ambos inclusive, el cambio medio simple de los cambios medios ponderados diarios de la contratación bursátil de las acciones de PROMOTORA DE INFORMACIONES, S.A., fue 4,8640 euros.

Asimismo, durante el periodo de tiempo anteriormente mencionado, se celebraron en esta Bolsa 67 sesiones bursátiles, en todas las cuales cotizaron las acciones de PROMOTORA DE INFORMACIONES, S.A., ascendiendo su contratación a un total de 49.067.698 acciones y 232.610.106 euros de importe efectivo, resultado de agregar los importes diarios de contratación

El día 27 de noviembre de 2015, el cambio de cierre de las mencionadas acciones fue 5,510 con un total contratado de 314.039 acciones y 1.733.170 euros de importe efectivo

Lo que, a petición de ERNST & YOUNG, S.L., y para que surta los efectos oportunos, hace constar con el visto bueno del Sr. PRESIDENTE, en Madrid, a treinta de noviembre de dos mil quince

V<sup>o</sup> B<sup>o</sup>  
EL PRESIDENTE



EL SECRETARIO