



REPORT ISSUED BY THE BOARD OF DIRECTORS OF PROMOTORA DE INFORMACIONES, S.A. ON THE PROPOSAL TO INCREASE THE SHARE CAPITAL BY WAY OF MONETARY CONTRIBUTIONS FOR A NOMINAL AMOUNT OF EUR 352,500,000.00, BY ISSUING AND FLOATING NEW ORDINARY SHARES FOR A TOTAL AMOUNT OF EUR 450,000,000.00 (PAR VALUE PLUS PREMIUM), WITH THE RECOGNITION OF THE SHAREHOLDERS' PREFERENTIAL SUBSCRIPTION RIGHTS, INCLUDED IN ITEM 5.1 OF THE EXTRAORDINARY GENERAL SHAREHOLDERS' MEETING'S AGENDA CALLED TO BE HELD ON NOVEMBER 15, 2017 AND NOVEMBER 16, 2017, ON FIRST AND SECOND CALL, RESPECTIVELY.

I. Purpose of the Report:

The Board of Directors of PROMOTORA DE INFORMACIONES, S.A. (“**PRISA**”, or the “**Company**”) has prepared this report to explain, in compliance with articles 286, 296 and 297 of the Spanish Companies Act, the proposed resolution consisting of the share capital increase by means of a cash consideration of EUR 352,500,000.00, to be carried out through the issue and floating of new ordinary shares, and with the recognition of the shareholders' preferential subscription rights, included as item 5.1 on the agenda of the upcoming Extraordinary General Shareholders Meeting called for 15 November 2017 on first call or, if the necessary quorum is not achieved on that call, on 16 November 2017, in the same place, on second call. In addition, the Board of Directors has resolved to submit the corresponding amendment of article 6.1 of Company's Articles of Association and the relevant delegation of powers to the General Shareholders Meeting.

II. Justification of the proposal:

In order for the proposed resolution to be validly submitted for approval to the General Shareholders Meeting of the Company and given that the resolution consisting of the share capital increase results in the necessary amendment of article 6.1 of the Articles of Association of the Company, the Board of Directors must issue this report pursuant to articles 286, 296 and 297 of the Spanish Companies Act. As such, this report justifies the proposed resolution.

Similarly, article 287 of the Spanish Companies Act requires that the announcement of the call for the General Shareholders Meeting clearly state the items that are to be amended and the right of all shareholders to examine the entire text of the proposed amendment and the related report at the Company's registered office. Shareholders may also request the free delivery or submission of such documents.

The Board of Directors of the Company propose this resolution to the General Shareholders Meeting of the Company on the basis that, given the current situation, it is in the interests of the Company to strengthen its financial and capital structure, in such a way so as to

permit the reduction of the financial leverage of the business, honour its financial commitments, and assume the strategic goals and challenges outlined in the Company's strategic plan. This share capital increase therefore falls within the Company's debt restructuring process. As such, the increase is needed to complete the said restructuring process.

Accordingly, the inflow of financial resources will be used to reduce the group's indebtedness and therefore improve its financial leverage.

The Board of Directors of the Company propose a EUR 352,500,000.00 share capital increase to the General Shareholders Meeting. This increase would be carried out through issuing and floating 375,000,000 new ordinary shares of the same class and series as the shares currently outstanding, each with a par value of EUR 0.94. The par value is in accordance with the share capital reduction resolution submitted for approval to the General Shareholders Meeting under item 4 of its agenda.

The new shares would be issued at par, i.e. EUR 0.94 per share, with a share premium of EUR 0.26 per share, resulting in an issue price of EUR 1.20 per share (par value plus premium). Consequently, the total amount corresponding to the share premium would be EUR 97,500,000.00, while the total issue price (par value plus premium) of the share capital increase would amount to EUR 450,000,000.00.

The effectiveness of the Share Capital Increase is subject to an agreement with the totality or part of the creditors holding financial debt of the Company being reached, which, in the opinion of the Board of Directors, may enable a restructuring or refinancing of the debt, including with regard to the existing profit participating loans, in terms satisfactory to the Company and to achieve its financial stability.

As at the date of this report, shareholders representing a relevant percentage of the Company's current share capital have submitted to the Company commitments to subscribe or letters of intention with regards to the issuance of the New Shares that would correspond to each of them proportionally (as direct or indirect shareholders of the Company or in connection with the investment funds they manage) and others have expressed their intention of doing so.

Additionally, the Board of Directors is empowered to subscribe placing and/or underwriting agreements with regard to the Share Capital Increase in case it deems it necessary for the full effectiveness of the Share Capital Increase.

Details of the shareholders' subscription commitments will be described in the corresponding prospectus that the Company will register before the Spanish Securities Market Commission in connection with the Share Capital Increase.

In this context, and in light of the interest showed by various shareholders and investors of the Company, the Board of Directors' decision to propose the approval of this share capital increase to the General Shareholders Meeting has been corroborated.

Furthermore, and in accordance with article 297.1.a) of the Spanish Companies Act, the General Shareholders Meeting is requested that, subject to the requirements set forth for the

amendment of the Company's Articles of Association, it delegate to the directors the powers to determine the date on which the adopted resolution to increase the share capital be executed and to set the terms and conditions that are to apply in all matters not provided for by the resolution of the General Shareholders Meeting. Also to carry out any actions and to execute any documents as may be necessary for the resolution referred to in this report to become fully effective.

Nevertheless, it should be noted that it is proposed to expressly authorise the Board of Directors not to execute the resolution if having regard to the Company's interests, the general market conditions, the financial structure of the Company resulting from the capital increase or any other circumstances that may affect the Company would make it unadvisable or would impede its execution. The Board of Directors would provide notice of its decision not to execute the share capital increase as relevant information via the Spanish Securities Market Commission's (CNMV) website. In such case, the Board of Directors and the management team of the Company shall make their best efforts to analyse alternative options in order to protect Company's interests.

Finally, the Board of Directors considers it appropriate to recognise Shareholders' preferential subscription rights in the context of the proposed share capital increase so that they can participate in the proposed transaction under the best possible conditions, whilst at the same time maintain their shareholding. In this vein, it is hereby stated for record that holders of mandatorily convertible bonds and warrants issued by the Company shall also be entitled to preferential subscription rights, provided that the subscription of the new shares of the Company takes place on or before the date the announcement of the share capital increase is published in the Commercial Registry's Official Gazette, inclusive, and in case the referred transactions have been settled within the two trading days immediately following such date.

Likewise, it is proposed to amend article 6.1 of the Articles of Association of the Company in order to reflect the Company's share capital.

III. Proposed resolution submitted for the approval of the General Shareholders Meeting:

“5.1. Share capital increase by way of monetary contributions for a nominal amount of EUR 352,500,000.00, through the issue of 375,000,000 new ordinary shares of EUR 0.94 of nominal and a share premium of EUR 0.26 each and for an effective total amount of EUR 450,000,000 (including nominal amount and share premium), with preferential subscription rights and foreseeing the possibility of incomplete subscription. Delegation of powers to the Board of Directors, with powers to subdelegate, to implement this resolution and to set those terms and conditions no provided for herein, according to article 297.1.a) of the Spanish Companies Act, as well as to amend article 6.1 of the Company's Articles of Association.”

1. Share capital increase

It is resolved to increase the share capital of the Company by an amount of EUR 352,000,000.00, through the issue and floating of 375,000,000 new shares with a par value

of EUR 0.94 each and of the same class and series as the shares currently outstanding, represented in book-entry form (the “**Share Capital Increase**”).

The new shares are issued at par, i.e. EUR 0.94, with a share premium of EUR 0.26 per share, resulting in an issue price (par value plus share premium) of EUR 1.20 (the “**New Shares**”). Consequently, the total share premium corresponding to the new shares amounts to EUR 97,500,000.00, while the total issue price (par value plus share premium) of the share capital increase amounts to EUR 450,000,000.00.

2. Payment of the New Shares

The payment of the par value and the share premium corresponding to the New Shares shall be made by means of cash contributions upon subscription.

For the purposes of article 299 of the Spanish Companies Act, it is placed on record that the Company’s previously issued shares are paid in full.

3. Preferential subscription rights

Pursuant to article 304 of the Spanish Companies Act, shareholders shall have the right to subscribe a number of shares proportional to the par value of the shares that they own.

It is hereby resolved to empower the Board of Directors, with express powers to subdelegate to the Chairman of the Board and the Chief Executive Officer, to set the exchange ratio for exercising the preferential subscription rights, to which purposes the number of shares outstanding at the time the preferential subscription rights are assigned, the legal regime applicable to treasury shares and the restrictions applicable in the context of preferential subscription rights will be taken into account.

The preferential subscription rights will be assigned to the shareholders of the Company — other than the Company itself— that have acquired or subscribed their shares before the day the call for the Share Capital Increase is published in the Commercial Registry’s Official Gazette, inclusive (*Last Trading Date*), and which acquisition transactions have been settled within two trading days immediately following such date, including, as the case may be, such shares issued upon conversion of the mandatorily convertible bonds and the warrants issued by the Company. The preferential subscription period (the “**Preferential Subscription Period**”) shall commence the trading day immediately following the referred call for the Share Capital Increase is published in the Commercial Registry’s Official Gazette.

Pursuant to article 306.2 of the Spanish Companies Act the preferential subscription rights shall be transferable on the same terms as the shares they derive from and shall be tradable on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges through the Spanish Automated Quotation System and in any other stock exchanges, either regulated or not, in which the shares of the Company are listed at the time of the execution of the present resolution.

The preferential subscription rights may be exercised within fifteen calendar days following the next trading day after the call for the Share Capital Increase is published in the

Commercial Registry's Official Gazette. During the said Preferential Subscription Period, any shareholder or investor wishing to increase its stake may purchase preferential subscription rights in the market in the proportion necessary to subscribe for New Shares.

The preferential subscription rights allotted to the shareholders of the Company, or acquired in the market by investors or shareholders, will be automatically extinguished after the Preferential Subscription Period of fifteen calendar days referred to above.

4. Additional Allotment Period

In the event that there are New Shares that have not been subscribed after the Preferential Subscription Period, an additional allotment period shall commence (the "**Additional Allotment Period**") in which the remaining New Shares will be assigned to shareholders and/or investors who have requested additional New Shares ("**Additional Shares**") during the Preferential Subscription Period. This is pursuant to the prospectus to be registered by the Company before the Spanish Securities Market Commission in connection with the Share Capital Increase.

In this vein, shareholders holding preferential subscription rights, as well as investors or shareholders that purchase preferential subscription rights, may request for the subscription of Additional Shares in the event that the Share Capital Increase has not been fully subscribed after the Preferential Subscription Period, and provided that they have exercised the totality of the preferential subscription rights they own during the Preferential Subscription Period. In any event, applications for the allotment of New Shares and Additional Shares, as the case may be, shall be unconditional and irrevocable in nature.

In the event that the total number of Additional Shares requested within the Preferential Subscription Period and to be allocated during the Additional Allotment Period exceed the New Shares that remain to be allocated by virtue of the exercise of the preferential subscription rights, the remaining New Shares shall be allotted on a pro rata basis between the requesting shareholders and investors in proportion to the number of Additional Shares requested by each of the requestor over the total volume of requested Additional Shares. The prospectus of the Share Capital Increase will elaborate the rules for carrying out the referred apportionment.

5. Discretionary Allotment Period

If after the Additional Allotment Period the shares subscribed during the Preferential Subscription Period are not sufficient, along with the Additional Shares allotted to the subscribers, to cover all the New Shares (hereinafter, the difference between the total New Shares and the sum of the shares subscribed within the Preferential Subscription Period and the Additional Allotment Period will be referred to as the "**Discretionary Allotted Shares**"), a discretionary allotment period shall commence in respect of such shares (the "**Discretionary Allotment Period**") in which the New Shares that have not been subscribed may be allotted to such persons, either shareholders or not, that express to the Company their interest in subscribing and paying the same, pursuant to the procedure to be detailed in the prospectus of the Share Capital Increase.

The documentation of the issuance and, in particular, the securities note to be registered with the Spanish Securities Market Commission, shall regulate the terms, conditions and the procedure for the Share Capital Increase, in accordance with the content of the present resolution, including with respect to the payment of the par value and share premium corresponding to the new shares, the exercise of the preferential subscription rights, the allotment of Additional Shares and the allotment of Discretionary Allotted Shares.

6. Shareholders and Inverstors' Commitments

As at the date of the resolution regarding the announcement of the General Shareholders Meeting, shareholders representing a relevant percentage of the Company's current share capital have submitted to the Company commitments to subscribe or letters of intention with regard to the issuance of the New Shares that proportionally correspond to each of them (as direct or indirect shareholders of the Company or in connection with the investment funds they manage) and others have expressed their intention of doing so.

Additionally, the Board of Directors is empowered to subscribe placing and/or underwriting agreements with regard to the Share Capital Increase in case it deem it necessary for the full effectiveness of the latter, as set out in section 13 of this resolution.

For these purposes, it is resolved to authorize the Board of Directors, with express authority to subdelegate to the Delegate Commission, the Chief Executive Officer or the Chairman to manage such process and to assist in the recruitment, if necessary, of one or more agent entities.

Details on the shareholders' subscription commitments will be described in the corresponding prospectus that the Company will register before the Spanish Securities Market Commission in connection with the Share Capital Increase.

7. Representation of the New Shares

The New Shares to be issued shall be represented in book-entry form and the relevant record shall be kept by the *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U.* (Iberclear) and its participating entities, in the terms and conditions provided for in the applicable regulation at any given time.

8. Rights of the New Shares

As of the date of the subscription and payment of the Share Capital Increase, New Shares will confer their owners the same economic and political rights as the currently outstanding ordinary shares of the Company.

9. Execution of the Share Capital Increase and condition precedent

The Board of Directors or, by substitution, the Delegate Commission, the Chief Executive Officer or the Chairman of the Board, will declare the Share Capital Increase to have been subscribed and paid for, totally or partially, and therefore, closed, and will amend the first paragraph of article 6 of the Articles of Association of the Company adapting it according to the number of shares finally subscribed. In particular, it shall detail the number of shares

by which the share capital of the Company is ultimately increased after the Preferential Subscription Period and, as the case may be, the Additional Allotment Period and the Discretionary Allotment Period.

The effectiveness of the Share Capital Increase shall be subject to (i) the execution of the reserves and share capital reductions which are submitted for approval of the General Shareholders' Meeting under items 4.1, 4.2 and 4.3 of the agenda; and (ii) an agreement with the totality or part of the creditors holding financial debt of the Company being reached, which, in the opinion of the Board of Directors, may enable a restructuring or refinancing of the debt, including with regard to the existing profit participating loans, in terms satisfactory to the Company and to achieve its financial stability.

Similarly, the Board of Directors is empowered, with express authority to subdelegate to the Chairman, the Chief Executive Officer or to one or more directors, and the Board's Secretary, not to execute the resolution if having regard to the Company's interests, the general market conditions, the financial structure of the Company resulting from the capital increase or any other circumstances that may affect the Company would make it unadvisable or would impede its execution.

10. Maximum execution time

The Board of Directors shall determine the date on which the resolution is to be executed within a maximum period of one year from the date of its adoption by the General Meeting, after which, if it has not been executed, the resolution shall be null and have no effect.

11. Admission to trading

It is resolved to apply for the listing of the New Shares on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges through the Automated Quotation System (*Mercado Continuo*), as well as to take the steps and actions that may be necessary and file the required documents with the competent authorities of the Stock Exchanges or foreign markets in which the shares of the Company are admitted to trading (including through American Depositary Shares – ADSs) for the admission to trading of the New Shares issued in the context of the Share Capital Increase, expressly stating the Company's submission to the rules that are now in force or may be issued regarding stock exchange matters and, especially, on trading, listing and delisting.

Similarly, it is resolved to request the inclusion of the New Shares in the book-entry registries of the *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U.* (Iberclear).

It is expressly stated for the record that, if the delisting of the Company's shares were to be requested, the delisting resolution would have to be adopted with the same formalities that may be applicable and, in such event, the interest of shareholders opposing or not voting on the delisting resolution will be safeguarded in compliance with the provision included in the Spanish Companies Act and related provisions, in accordance with the provisions included in the Spanish Securities Market Act (*Texto Refundido de la Ley del Mercado de Valores*), approved by Royal Legislative Decree 4/2015, of 23 October, and its implementing provision that may be in force at any time.

12. Incomplete subscription

In accordance with the provisions included in article 311 of the Spanish Companies Act, the possibility of an incomplete subscription of the Share Capital Increase is expressly provided for. Consequently, if the New Shares were not subscribed for entirely, the Board of Directors may resolve an incomplete subscription of the share capital increase and increase the share capital of the company in the subscribed amount.

13. Delegation of powers for the execution of the preceding resolutions

Without prejudice to the specific delegations of authority set forth in the preceding sections, it is resolved to authorize the Board of Directors as broadly as required by law, with express authority to subdelegate to the Chairman, the Chief Executive Officer, any other member of the Board and the Secretary of the Board, so that any of them, without distinction, may carry out any action or deliver any public or private document that might be necessary for the implementation of these resolutions, with express faculties for clarification, interpretation, rectification and substitution. In particular, by way of illustration and not limitation, the aforementioned persons may carry out the actions expressly stated in Article 297.1.a) of the Spanish Companies Act as well as the following:

- (a) Extend and develop this resolution, setting the terms and conditions of the issuance that were not provided for in this resolution. In particular, by way of illustration and not limitation, determine the final figures of the share capital increase after the subscription, the term, form, conditions and procedure for the subscription and payment in each of the periods, the exchange ratio for the exercise of the preferential subscription rights, the authority to propose one or various shareholders that they resign to preferential subscription rights in the amount necessary to ensure that the number of shares to be issued is proportional to agreed exchange ratio and, in general, any other circumstance needed for the execution of this capital increase and the issuance of the shares in the context of the cash contributions.
- (b) Where necessary, draft, subscribe and file, in the most convenient language or languages, the shares registry document, securities note and summary —or any other equivalent document— with the Spanish National Securities Market Commission (“CNMV”) or any other authorities, in compliance with the provisions included in the Spanish Securities Market Act, developing, where appropriate, the content of this resolution, setting the terms and conditions not provided for in this resolutions and assuming, on behalf of the Company, the responsibility over the content of the referred documents, as well as, the faculty to draft, subscribe and file as many supplements to the aforementioned documents that may be necessary or convenient, requesting their review, approval and/or registry by the corresponding administrative authorities and, in particular, the CNMV.
- (c) Take any action, make any declaration or deal with anything before the CNMV, the Governing Bodies of the Spanish Stock Exchanges, Sociedad de Bolsas, Iberclear and any other public or private body, entity or registry, national or foreign, in order to obtain the authorization, verification and subsequent execution of the Share Capital Increase, as well as to carry out the effective admission to trading of the

New Shares on the Spanish Stock Exchanges and on any other Stock Market, either a regulated market or not.

- (d) Draft, sign and execute any public or private documents that may be necessary and take any action in any jurisdiction in connection with the Share Capital Increase, the offering to the public of the preferential subscription rights and of the New Shares and the request of the admission to trading of the New Shares in the corresponding Spanish Stock Exchanges and make any declaration or deal with anything that may be necessary before the competent authorities on any jurisdiction, national or foreign, and, in particular, without limitation, to make any declaration or to deal with anything that may be necessary in, and before the authorities of, the United States, in particular before the SEC (Securities Exchange Commission), including a request for any pertinent exemptions.
- (e) Where necessary, draft, subscribe and file an international offering memorandum aimed at facilitating the distribution of the information on the share capital increase among the international shareholders and investors, assuming, on behalf of the Company, the responsibility over the content of the referred document.
- (f) Resolve not to execute this resolution if, taking into consideration the Company's corporate interest, the general market conditions or the financial structure resulting from the capital increase or other circumstances that may affect the Company, it were not advisable or impossible to execute this resolution.
- (g) Set and publish the commencement date of the procedure for the Share Capital Increase or the Preferential Subscription Period (fixed at fifteen calendar days), as well as the subsequent phases in the event that the Share Capital Increase is not fully subscribed after the first round, adapting to the terms and conditions provided for in this resolution.
- (h) Negotiate, sign and execute any public and private documents that may be necessary, in accordance with the usual practice in this type of transactions, including any contract or agreement that may be necessary or convenient for the success of the this share capital increase, in particular and without limitation, the contracts and agreements with shareholders interested in undertaking a commitment to participate in the share capital increase, such as subscription agreements with shareholders, the agency contract and, as the case may be, the placing and/or underwriting agreements, including commitments not to issue, transfer or "lock-up" which are customary in this type of transactions, that may be appropriate for the success of the share capital increase and to appoint the underwriters or the placement entities that will form part of the underwriting and/or placement syndicate, agent bank and any other entities whose collaboration is necessary for the success of the transaction. Any actions carried out before the date of the approval of this resolution, as well as any document or agreement subscribed for these purposes, whether by any of the persons included in this section or any other member of the Company (including, by way of illustration and not limitation, the member of the Financial Department of the Company) are expressly ratified by this resolution.

- (i) Agree, with the broadest powers, but subject to the provisions of this resolution, the procedure for the placement of the issuance, setting the initial date and, as the case may be, modifying the length of the subscription periods, also being able to declare the early closing of the share capital increase.
- (j) Draft and publish whatever announcements may be necessary or advisable.
- (k) Declare executed the Share Capital Increase and determine that the condition to which the effectiveness of the Share Capital Increase has been subject to have been met, issuing and floating the new shares that were subscribed and paid for, as well as amend article 6.1 of the Articles of Association, adapting it according to the number of shares finally subscribed, leaving without effect the part of the capital increase that was not subscribed and paid for.
- (l) Request the inclusion of the new shares in the book-entry registries of the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (Iberclear), as well as their admission to trading in the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia and any other Stock Exchange in which the shares of the Company are listed at the time of the execution of this resolution and their inclusion in the Automated Quotation System (Mercado Continuo).
- (m) Draft, sign and execute, and where appropriate certify, documents of all kinds, including documents relating to the subscription of the new shares.
- (n) In general, take all the actions considered to be necessary or convenient for the successful registration of the Share Capital Increase in the corresponding Commercial Registry, including the faculty to execute all the private and public documents considered to be necessary or convenient in connection with this resolution, regardless of their nature (complementing, rectifying, amending or any other) and develop any item of the registry document, the securities note of the shares or the summary that has not been included in this resolution, including the adjustment of the content of the aforementioned agreements to satisfy the requests, either formal or informal, of the Spanish National Securities Market Commission”.

Madrid, 13 October 2017