



REPORT ISSUED BY THE BOARD OF DIRECTORS OF PROMOTORA DE INFORMACIONES, S.A. ON THE PROPOSED RESOLUTION REGARDING THE REDUCTION OF THE SHARE CAPITAL THROUGH THE REDUCTION OF THE PAR VALUE OF THE COMPANY'S SHARES BY EUR 0.84, TO EUR 0.10 PER SHARE, TO SET UP A RESERVE WHICH WILL ONLY BE AVAILABLE UNDER THE SAME REQUIREMENTS AS THOSE FOR THE SHARE CAPITAL REDUCTION, BASED ON THE COMPANY'S BALANCE SHEET AS AT AUGUST 31, 2017. AMENDMENT OF ARTICLE 6.1 OF THE ARTICLES OF ASSOCIATION. DELEGATION OF POWERS.

I. Purpose of the Report:

The Board of Directors of PROMOTORA DE INFORMACIONES, S.A. ("**PRISA**" or the "**Company**") prepares this report to justify, in compliance with the provisions set forth in articles 286, 318.1 and 335.c) of the Spanish Companies Act, the proposed resolution regarding the share capital reduction in the maximum amount of EUR 432,276,983.88, to be carried out through the reduction of the par value of Company's shares by EUR 0,84 to EUR 0,10 per share to set up a reserve which will only be available under the same requirements as those for the share capital reduction, based on Company's balance sheet as at 31 August 2017.

This resolution is included under items 6 of the Agenda of the upcoming extraordinary General Shareholders Meeting, called for November 15, 2017 on first call or, if the necessary quorum is not achieved on that call, on November 16, 2017, in the same place, on second call.

Similarly, the Board of Directors has resolved to submit to the General Shareholders Meeting the corresponding amendment of article 6.1 of Company's Articles of Association and the relevant delegation of powers.

II. Justification for the proposal:

In order for the referred proposed resolution regarding the share capital reduction to be validly submitted for approval to the General Shareholders Meeting of the Company, the Board of Directors must issue the present report justifying the proposal, in accordance with articles 286, 318.1 and 335.c) of the Spanish Companies Act, and insofar as the resolution consisting of the share capital reduction results in the necessary amendment of article 6.1 of the Articles of Association of the Company regarding the share capital of the Company.

Similarly, article 287 of the Spanish Companies Act requires that the announcement of the call for the General Shareholders Meeting clearly states the items which are to be amended and the right of all shareholders to examine the entire text of the proposed amendment and

the related report in the Company's registered address, as well as to request the free delivery of such documents.

In light of Company's balance sheet as at 31 August 2017, the Board of Directors resolves to submit to the General Shareholders Meeting this proposal regarding the share capital reduction to set up a reserve which will only be available under the same requirements as those for the share capital reduction.

To this end, it is hereby stated for the record that this reduction will be based on Company's individual balance sheet as at 31 August 2017 submitted for General Shareholders Meeting approval under the third item of the agenda. This balance sheet has been drafted by the Board of Directors of the Company during the meeting held on 29 September 2017 and verified by the Company's auditor, Deloitte, S.L., on the same date. It is important to highlight that the referred balance sheet reflects the impact derived from Prisa's sale of its entire stake in Grupo Media Capital SGPS, S.A.

Pursuant to the referred balance sheet, and taking into account the effects of the share capital reduction to be carried out through the reduction of the par value of the Company's shares which has been proposed to the approval of this Shareholders Meeting under item 4.2 of the Agenda, it is hereby proposed an additional share capital reduction to constitute a reserve which will only be available under the same requirements as those for the share capital reduction, through the reduction of EUR 0.84 of the par value of the Company's shares of each and every outstanding shares of the Company at the time of the execution of this share capital reduction, in accordance with the provisions included in article 320 of the Spanish Companies Act.

The maximum amount of this reduction will be EUR 432,276,983.88 and will be dependent on the number of outstanding shares, taking into account the shares to be issued in the context of the share capital increases submitted for the approval of this General Shareholders Meeting under items 5.1 and 5.2 of the Agenda, as well as the conversion of the mandatory convertible bonds and the warrants issued by the Company. Specifically, the amount of the share capital reduction will be the result of multiplying the number of outstanding shares at the time of the execution of this resolution by the EUR 0.84.

Taking into consideration that after executing the share capital reduction submitted for the approval of this General Shareholders Meeting under item 4.2 of the Agenda, where approved, the par value of the shares would amount to EUR 0.94 per share, after carrying out this capital reduction, where approved, the par value of the shares would amount to EUR 0.10 per share.

The Board of Directors proposes the General Shareholders Meeting that the share capital reduction to be carried out through the reduction of the par value of the shares and the corresponding amendment of the Articles of Association be effective as from the same day as the General Shareholder Meeting approving such resolutions is held, without prejudice of the conditions affecting this resolution as detailed below. For this purpose, it is noted that, pursuant to article 335.c) of the Spanish Companies Act, creditors have no right of opposition to this share capital reduction. As a result, the proposed resolution referred to in the present report would be immediately effective by simple decision of the General

Meeting, if approved (without prejudice to the formalization actions that may be required and the conditions affecting this proposed resolution).

Additionally, it is hereby proposed to expressly delegated on the Board of Directors the power to not execute this resolution if taking into consideration the Company's corporate interest, the general market conditions or the financial structure resulting from the corporate transaction hereby proposed to the General Shareholders Meeting or other circumstances that may affect the Company, it is not advisable or impossible to execute this resolution. The Board of Directors will communicate the decision to not execute through the corresponding publication of a relevant fact in its corporate website and in the website of the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores*). In such case, the Board of Directors and management team of the Company will dedicate their best effort to search for different alternative to protect the corporate interests.

Likewise, together with the share capital reduction proposal, it is proposed to amend article 6.1 of the Articles of Association of the Company in order to reflect the resulting amount of Company's share capital and the par value of the shares.

Finally, it is resolved to grant the necessary powers to the Board of Directors as broadly as required by law, with express authority to sub-delegate to the Chairman, the Chief Executive Officer, any other member of the Board and the Secretary of the Board, to carry out such actions and to execute such documents as may be necessary for the resolutions referred to in this report to become fully effective.

III. Condition precedent:

The effectiveness of the resolution consisting of the share capital reduction shall be subject to the condition precedent consisting on (i) the approval and execution of the resolutions included in item 4.1, 4.2 and 4.3 of the General Shareholders Meeting's Agenda; and (ii) the approval and execution of the share capital increase submitted for the approval of the General Shareholders Meeting under item 5.1 of the Agenda.

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

“6. Reduction of the share capital through the reduction of the par value of the Company's shares by EUR 0.84, to EUR 0.10 per share, to set up a reserve which will only be available under the same requirements as those for the share capital reduction, based on the Company's balance sheet as at August 31, 2017. Amendment of article 6.1 of the Articles of Association. Delegation of powers.

- (i) Reduction of the share capital of the Company to set up a reserve which will only be available under the same requirements as those for the share capital reduction**

The General Meeting resolves to reduce the par value of each of the ordinary voting shares comprising the share capital outstanding at the time of implementation of this resolution from the current EUR 0.94 per share —resulting from the share capital reduction proposed

to the approval of this Shareholder Meeting under item 4.3 of the Agenda—to EUR 0.10 per share, that is, the par value of each of the shares is reduced by EUR 0.84. Hence, the share capital reduction shall amount to a maximum of EUR 432,276,983.88 (taking into account that the maximum number of shares outstanding at such time, in view of the potential conversion of the bonds and warrants issued by the Company and the share capital increases that are submitted for approval of this General Shareholders' Meeting, is 514,615,457 shares). The amount of the capital reduction shall be determined based on the number of shares outstanding, taking into account the shares to be issued within the framework of the share capital increases which are submitted for approval of the General Shareholders' Meeting under items 5.1 and 5.2 of the agenda, as well as the conversion of the mandatorily convertible bonds and the warrants issued by the Company. Specifically, the amount of the reduction shall be obtained by multiplying (x) the number of shares outstanding at the time of execution of the capital reduction by (y) EUR 0.84.

The procedure pursuant to which the share capital reduction is, as pointed out, to be carried out is the reduction of the par value of the shares outstanding at the time of implementing the resolution of EUR 0.94 per share to EUR 0.10 per share.

The purpose of the share capital reduction is to set up a reserve that will only be available under the same requirements as those for the share capital reduction by a maximum amount of EUR 432,276,983.88 –notwithstanding the mentioned automatic adjustment based on the number of shares outstanding at the time of execution of the reduction–.

The adoption of this resolution shall equally affect all of the Company's shares comprising its share capital at the time of its execution.

In accordance with the provisions set forth in article 323 of the Spanish Companies Act, this share capital reduction is based upon Company's individual balance sheet as at 31 August 2017, approved by the General Meeting under the First item of the agenda, and submitted to verification of the Company's statutory auditor, namely, Deloitte, S.L., as reflected in the audit report. The aforesaid balance sheet and audit report are to be attached to the public deed of share capital decrease.

By virtue of article 335.c) of the Spanish Companies Act the creditors have no right of opposition to this reduction of capital. As a result, the reduction will be immediately effective by simple decision of the General Meeting, without prejudice to the provisions stated in the following subsection (iii) regarding the condition precedent to which the resolution is subject. Therefore, once the resolution has been approved by the General Shareholders' Meeting, and once the fulfillment of the condition precedent is verified, this resolution shall be immediately effective.

(ii) Amendment of article 6 of the Articles of Association related to the share capital

It is hereby resolved to delegate to the Board of Directors, as broadly as required by law, with express powers to be substituted by the Chairman, the Chief Executive Officer, one or more directors, and the Secretary, the verification of the calculation of the total amount of the capital reduction and the wording of the section 1 of the article 6 of the Articles of Association so as to adapt it to the new figure of the share capital.

(iii) Condition precedent

The effectiveness of this resolution relating to the share capital reductions is subject to condition precedents consisting of (i) the execution of the reserves and share capital reductions the approval of which is submitted to the General Meeting under items 4.1, 4.2 and 4.3 of the Agenda; and (ii) the execution of the share capital increase the approval of which is submitted to the General Meeting under item 5.1 of the Agenda.

(iv) Delegation of powers

Notwithstanding the specific delegations of powers comprised in separate items of the agenda (which are to be understood to have been granted with express powers to in turn delegate said powers to the bodies and persons specified herein), it is resolved to empower the Board of Directors, as broadly as required by law, with express powers to be substituted by the Chairman, the Chief Executive Officer, one or more directors, and the Secretary, so that any of them interchangeably may implement this resolution and, in particular, without limitation, being empowered as follows:

- a) To expand and develop this resolution by setting the terms and conditions of the share capital reduction in respect of all matters not covered herein.
- b) To carry out all actions necessary in order to comply with the requirements set forth in the Spanish Companies Act, the consolidated text of the Spanish Securities Market Act, the Royal Decree 878/2015, of October 2, on clearing, settlement and registration of securities represented in book-entry form, on the legal framework of central depositories and central counterparties, and on the transparency requirements for securities admitted to trading on a secondary market (*Real Decreto 878/2015, de 2 de octubre, sobre compensación, liquidación y registro de valores negociables representados mediante anotaciones en cuenta, sobre el régimen jurídico de los depositarios centrales de valores y de las entidades de contrapartida central y sobre requisitos de transparencia de los emisores de valores admitidos a negociación en un mercado secundario oficial*) and other applicable rules, including the publication of any mandatory notices.
- c) To carry out all actions and take all the steps necessary to obtain the consents and approvals required for this resolution to become fully effective, including, as the case may be, the consent of Company's bondholders' syndicates' approval in conformity with the article 411 of the Spanish Companies Act.
- d) To carry out on behalf of the Company any action, make any statement or take any step that may be required before the National Securities Market Commission (the "CNMV"), Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (IBERCLEAR), the Governing Bodies of the Stock Markets, the Securities Clearing and Settlement Service and any other agency or entity or public or private Registry, either Spanish or foreign, in connection with the share capital reduction covered by this resolution and, in particular, effective from the beginning of the trading session determined by the latter, and after the public deed of share capital reduction has been executed and registered with the

Commercial Registry, in order for the shares of the Company outstanding with a par value of EUR 0.54 to be excluded from trading, and the same number of shares with a par value of EUR 0.10 to be subsequently admitted to listing in the Barcelona, Bilbao, Madrid and Valencia Stock Exchanges for trading through the Automated Quotation System (*Sistema de Interconexión Bursátil (Mercado Continuo)*).

- e) To amend the article of the Articles of Association corresponding to the share capital, so as to adapt it to the new share capital figure, as well as to verify the exact amount share capital reduction and, where appropriate, to carry out the corresponding automatic adjustment, based on the number of shares to be issued within the framework of the share capital increases which approval is proposed to the General Meeting under items 5.1 and 5.2 of the agenda, as well as based on the conversion of the mandatorily convertible bonds and warrants issued by the Company.
- f) To resolve not to execute the resolution if having regard to the Company's interests, the general market conditions, the foreseeable financial structure of the Company resulting from the operations submitted for approval of the General Shareholders' Meeting or any other circumstances that may affect the Company would make it unadvisable or would impede its execution.
- g) To draft and publish such notices as may be necessary or appropriate in connection to this share capital reduction.
- h) To execute on behalf of the Company such public or private documents as may be necessary or appropriate to carry out the share capital reduction and, in general, to carry out such actions as may be necessary for this resolution to become fully effective.
- i) To correct, clarify, interpret, specify or supplement the resolutions adopted by the General Shareholders Meeting, or those appearing 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, the Official Registries of the CNMV, or any others, including in this case the power to adjust the figure by which the losses are to be offset if, in light of the Commercial Registrar's assessment or other circumstances, this would be necessary due to the offset of some of the reserves included in item 4 of the Agenda of this General Shareholders' Meeting not being allowed, or due to the final figure of the share capital increases that are submitted for approval of this General Shareholders' Meeting or the conversion of the mandatorily convertible bonds and warrants issued by the Company.
- j) In general, to carry out such actions as may be necessary or appropriate in order for the share capital reduction to become fully effective."

Madrid, 13 October 2017