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Promotora de Informaciones, S.A.

Special report on the issue of bonds convertible into and/or exchangeable for shares without pre-emptive subscription rights pursuant to articles 414 and 417 of the Spanish Companies Act

KPMG Auditores, S.L.
This report contains 6 pages
This report contains 1 appendix

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

In accordance with articles 414 and 417 of Royal Legislative Decree 1 of 2 July 2010, which approves the revised Spanish Corporations Act (hereinafter the “LSC”) and with the engagement commissioned by Promotora de Informaciones, S.A. (hereinafter “Prisa” or “the Company”), and having been appointed on 19 April 2012 by Mr. José Antonio Calvo y González de Lara, Mercantile Registrar number IX of Madrid in relation to case number 193/2012, we issue this Special report on the proposed issue of bonds for compulsory conversion into Company shares without pre-emptive subscription rights.

1 Background and objective of our engagement

According to the information received, pursuant to article 519 of the LSC, the last 2 June 2012 Promotora de Publicaciones, S.L., shareholder of Prisa, holding over 5% of the share capital of the Company requested to be included, among other, a proposed resolution related to issue of bonds mandatorily convertible into Class A common shares of Prisa in two tranches, Tranche A in an amount of 334 million Euros and Tranche B in an amount of 100 million Euros with exclusion of pre-emption rights and subscription the Tranche A by way of exchange of loans and the Tranche B by cash payment (hereinafter “Issue of Prisa’s Convertible Bonds”). The aforesaid resolution proposal will be submitted for approval under point tenth of the agenda for the Ordinary General Meeting of Shareholders called for 29 June 2012, on first call, or if a sufficient quorum is not achieved on that call, on 30 June 2012, on second call.

In particular, the Company has received from HSBC Bank Plc, Office in Spain, CaixaBank, S.A. and Banco Santander, S.A. commitments to subscribe the Bonds included in the Tranche A for the entire amount of the Issue of Prisa’s Convertible Bonds. Likewise, the Company has received from the Investor the commitment to subscribe the Tranche B of the Issue of Prisa’s Convertible Bonds. Both commitments are subject to the conditions explained on Section 3.6. of the Report and appendices prepared by the Board of Directors of the Company.

In accordance with articles 414 and 417 of LSC, on 19 April 2012 we were appointed by Mr. José Antonio Calvo y González de Lara, Mercantile Registrar number IX of Madrid in relation to case number 193/2012, to issue this Special report.

The purpose of our work was not to certify the bond issue or conversion price. The scope of our work included the following:

- To state, after applying the procedures established in the technical standard on the preparation of special reports on the convertible bond issues pursuant to article 292 of the Revised Spanish Companies Act (replaced by article 414 of the LSC), whether the report drawn up by the Directors of the Company contains the required information specified in the aforementioned standard, which includes an explanation of conversion terms and conditions.

- To issue a professional judgement on the reasonableness of the information in the report prepared by the Board of Directors and on the appropriateness of the conversion ratio and, where relevant, on the adjustment factors used to offset potential dilution of shareholders' interests, pursuant to article 417 of the LSC.

2 Procedures carried out in our engagement

The procedures carried out, which were aimed solely at fulfilling the described objectives, were as follows:

- Procurement of the following information:
 - Document submitted to Madrid Mercantile Registry number IX by Prisa on 15 March 2012 requesting the appointment of an auditor to prepare the Special report.
 - Appointment by Madrid Mercantile Registry number IX of KPMG Auditores, S.L. on 19 April 2012 to draw up the aforementioned Special report.
 - Consolidated annual accounts of the Company for the year ended 31 December 2011 and unqualified audit report thereon issued by Deloitte, S.L. on 26 April 2012.
 - Pursuant to Article 519.1 of the LSC, reason for the request dated 2 June 2012 for an addendum to the announcement of Prisa's annual General Meeting relating to point tenth of the proposed agenda.
 - Report and appendices prepared by the Board of Directors of the Company and dated 13 June 2012 setting out the terms and conditions for the conversion which is attached, as mentioned earlier, as an appendix to this report (hereinafter "Report of the Board of Directors").
 - Minutes of the Board of Directors for the period from 1 January 2011 to the date of this report.
 - Minutes of the annual general meeting of shareholders for the period from 1 January 2011 to the date of this report.
 - Information and explanations by Company management regarding subsequent events, mainly in relation to the following matters:
 - Contingent liabilities or significant commitments at the date of the latest audited annual accounts and, if applicable, existence of any contingent liabilities and significant commitments at the date of our report.
 - Changes in share capital or significant changes in non-current debt or working capital that might have occurred between the date of the last audited annual accounts and the date of our report, if applicable.

- Any changes in accounting principles to date.
- Any events that could significantly affect the Company's financial statements.
- Explanations provided by Company management on the reasons given by the Directors in their report regarding the Company's interest in justifying the proposal of a convertible bond issue and the total suppression of pre-emptive subscription rights, and on the investors who are to receive the convertible bonds.
- Any other information considered useful for our work.
- We have verified that the report issued by the Board of Directors contains the information considered necessary and sufficient to Issue of Prisa's Convertible Bonds, in accordance with the aforementioned technical standard, for an adequate interpretation and comprehension by the recipients of the report. This report should set out the following information:
 - Explanation of the terms and conditions of the conversion.
 - Identification of the deadline for conversion.
 - Audit report on the latest approved consolidated balance sheet.
 - Confirmation that the total amount of the issue does not exceed the paid-in share capital plus reserves as disclosed in the latest approved consolidated balance sheet and the balance sheet adjustment accounts, once these have been accepted by the Ministry of Economy and Finance.

According to the aforementioned report, pursuant to article 510 of the LSC the limit contemplated in article 405.1 of the LSC does not apply to this issue.

 - Indication of the amount of share capital needed for the conversion, based on the number of existing convertible bonds outstanding and the issuer's own shares or shares in a wholly-controlled subsidiary, provided the terms of the conversion allow this amount to be determined.
 - Submission of the issue conditions and of the Company's capacity to formalise them, when they are governed by law, in accordance with the clauses contained in the articles of association.
 - Detail of guarantees issued in favour of current and future issue holders and coverage provided by them as a proportion of the issue amount. In this case, it does not apply given that the bonds with compulsory conversion being issued are not subject to a special guarantee.
 - Specification of the priority rules pursuant to article 410 of the LSC.

- Confirmation that, in accordance with article 407 of the LSC, the bond issue shall be raised to public deed which shall set forth the following information:
 - Name, share capital, purpose and address of the issuer.
 - Issue terms and conditions and the date and deadlines for the subscription period.
 - The nominal amount, interest, maturities, issue premiums and costs for the bonds, if any.
 - Total amount and series of the securities to be placed on the market.
 - Issue guarantees.
 - Fundamental rules that shall govern the legal relationship between the Company and the syndicate of bondholders, and characteristics of this syndicate.
 - Information on significant subsequent events.
 - Reasons for the suppression of shareholders' pre-emptive subscription rights when subscribing the convertible bonds.
 - We have verified the valuation method calculations used by the Directors to determine the conversion terms and conditions.
 - We have verified that the issue price of the convertible bonds is not below their nominal value.
 - We have verified that the price for conversion of the bonds into new shares, set at Euros 1.03 per share, is not below the nominal amount of the shares into which they would be converted, although the issue price is below the underlying net book value disclosed in the Company's audited consolidated annual accounts at 31 December 2011 (latest audited financial statements).
- In accordance with the information contained in Prisa's consolidated annual accounts as at 31 December 2011, the nominal amount of the shares is Euros 0.10 per share and their underlying net book value totals Euros 1.92.
- We have verified that the accounting information contained in the report issued by the Directors is consistent with the accounting data of the entity used as a basis to prepare the consolidated audited annual accounts for the year ended 31 December 2011.
 - We have verified that the report of the Board of Directors sets forth the most significant events, if any, occurring subsequent to approval of the latest audited consolidated accounts, and that they have been confirmed by a member of the board invested with sufficient powers to represent the Company's Board of Directors by means of the representations letter received prior to issuing our final report.

- We have read the available minutes to the general shareholders' meetings and Board of Directors' meetings held in the last year and up to the date of this report.
- We have evaluated the reasonableness of the information contained in the report of the Board of Directors to support the proposal for the Issue of Prisa's Convertible Bonds without pre-emptive subscription rights arising from the application of the conversion ratio.
- We have analysed the appropriateness of the conversion ratio and, where relevant, the adjustment factors used to offset potential dilution of shareholders' interests.
- We have procured a letter signed by a board member invested with sufficient powers to represent the Company's Board of Directors confirming that we have been provided with all relevant assumptions, data and information, and with all the information necessary to prepare our report, and that no subsequent events that could have a significant effect on the results of our work have occurred up to the date of this Special report and not been notified to us.

3 Relevant issues to consider when interpreting the results of our engagement

Both our interpretation of the requirements set forth in articles 414 and 417 of the LSC and the opinions expressed in this report imply, in addition to objective factors, other subjective factors that require judgement. Consequently, it is not possible to ensure that third parties will necessarily agree with the interpretation and judgements expressed herein.

The information required for our work was provided to us by Management of Prisa or obtained from other public information sources.

Our work has not included a comparison of the information obtained from public sources with evidence from outside Prisa. Nonetheless, to the extent possible, we have verified that the information presented is consistent with other data obtained during the course of our work.

We are not obliged to update our report to reflect any events which may arise subsequent to the date of issue thereof. The content of this report should be considered to refer to all information received on events occurring prior to the date of the report.

We have assumed that all authorisations and registrations required, for the purposes of the foreseen transaction, in Spain and other jurisdictions in which Prisa is present, and which have a significant impact on our analyses, will be obtained with no adverse effect for either of the Company or the benefits expected to be generated on the transaction.

Finally, our work is of an independent nature and will not, therefore, constitute a recommendation to Management of Prisa, shareholders thereof or third parties regarding the position they should adopt in relation to the foreseen Issue of Prisa's Convertible Bonds.

4 Conclusion

In accordance with the work carried out, the scope described in the preceding paragraphs and subject to the relevant aspects to consider when interpreting the results of our work, which was performed for the sole purpose of fulfilling the requirements set forth in articles 414 and 417 of the LSC, it is our professional judgement that:

- the accompanying report drawn up by the Board of Directors of Promotora de Informaciones, S.A. on the proposed issue of bonds convertible into Company shares without pre-emptive subscription rights, contains the required information specified in the technical standard for the preparation of special reports on convertible bond issues in accordance with article 292 of the Revised Spanish Companies Act (replaced by article 414 of the LSC),
- the information contained in the aforementioned report drawn up by the Board of Directors of the Company is reasonable as it is adequately documented and expressed,
- the ratio for the conversion of convertible bonds into Company shares without pre-emptive subscription rights and, where relevant, the adjustment factors used to offset potential dilution of shareholders' interests are appropriate given the context for the transaction and the special circumstances surrounding the Company.

* * * * *

This Special report and the information contained herein have been prepared solely for the purposes set forth in articles 414 and 417 of the LSC and should not, therefore, be used for any other purpose.

[Spanish report signed]

Ana Martínez Ramón
Partner

KPMG Auditores, S.L.

13 June 2012

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Appendix

Report prepared by the Board of Directors of Promotora de Informaciones, S.A., on 13 June 2012 on the proposed issue of bonds with compulsory conversion into shares without pre-emptive subscription rights.

(This appendix should be read in conjunction with the KPMG report dated 13 June 2012)