



**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)

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**

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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

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

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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.

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

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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.

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

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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.

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

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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.

# 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

- 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



# 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

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.

# 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

- 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

# 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

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

# 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

- 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

# 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

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

# 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

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).

# 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

- (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

# 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

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.



# 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

- 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

# 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

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

# 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

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.

# 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

- (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.

# 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

- (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)

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

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)

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

## 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;

# 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

- (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)**

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

## **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)

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

## 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)

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

## **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)

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

## **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;

# 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

- (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.