English translation for information purposes only. In case of discrepancies between the Spanish original and the English translation, the Spanish version shall prevail.

MODEL ANNEX I

ANNUAL REPORT ON COMPENSATION OF DIRECTORS

OF LISTED COMPANIES PARTICULARS OF ISSUER

PARTICULARS OF ISSUER

ENDING DATE OF REFERENCE PERIOD:	31/12/2017
C.I.F.	A28297059

COMPANY NAME:

PROMOTORA DE INFORMACIONES, S.A.

REGISTERED ADDRESS:

GRAN VIA, 32, MADRID

ANNUAL REPORT ON COMPENSATION OF DIRECTORS OF LISTED COMPANIES

A. COMPENSATION POLICY OF THE COMPANY FOR THE YEAR IN COURSE

A.1 Explain the company's compensation policy. Within this section include information regarding:

- General bases for and principles of the compensation policy.
- Most significant changes made to the compensation policy by reference to the policy used during the prior period, and the changes that have been made during the year in the terms for exercise of options already granted.
- Standards used and composition of groups of comparable companies whose compensation policies have been examined to establish the company's compensation policy.
- Relative importance of the variable compensation categories by reference to the fixed categories, and criteria used to determine the various components of the compensation package of the directors (compensation mix).

Explain the compensation policy

This report refers to PROMOTORA DE INFORMACIONES, S.A. (hereinafter, PRISA or the Company).

1. Background and changes to Board composition:

For a better understanding of this report, the changes that occurred to the Board of Directors in fiscal year 2017, with nine Directors leaving and six new Directors joining the Board and the new Board officers, are described below.

In June 2017, Manuel Mirat Santiago was appointed to the Board of Directors by co-option. Mr. Minat replaced José Luis Sainz Díaz as CEO effective September 2017, on which date Mr. Sainz Díaz stepped down as a director.

Blanca Hernández Rodríguez resigned from the Board in June 2017.

On 15 November 2017, seven additional members of the Board of Directors stepped down: Glen Moreno, Ernesto Zedillo Ponce de León, Alfonso Ruiz de Assin Chico de Guzmán, Alain Minc, Elena Pisonero, José Luis Leal Maldonado and Gregorio Marañón Bertrán de Lis.

To cover these vacancies, on 20 November 5 new directors were appointed by co-option: Javier Monzón, Javier Gómez- Navarro, Javier de Jaime, Sonia Dulá and Francisco Gil, all independent directors with the exception of Mr. Gil, who is an "other external director".

Finally, at the Board of Directors meeting held in December 2017, the Board accepted the resignation of Juan Luis Cebrián Echarri as a Director and Chairman of the Board of Directors effective 1 January 2018 and agreed to name Manuel Polanco Moreno, at that time Vice Chairman, as the non-executive Chairman of the Board of Directors of PRISA, also effective on 1 January 2018.

Consequently, at 31 December 2017 the Board of Directors comprised 11 nonexecutive Directors and three executive Directors (Juan Luis Cebrián Echarri, Manuel Polanco Moreno and Manuel Mirat Santiago). As of 1 January 2018, there were 12 nonexecutive Directors on the Board (the 11 nonexecutive Directors already on the Board at 31 December 2017 and Manuel Polanco Moreno, who was named nonexecutive Vice Chairman effective 1 January 2018) and just one executive director (the CEO, Manuel Mirat Santiago). As of 1 January there were four vacant seats on the Board.

2. Current compensation policy:

The compensation policy for the Board of Directors for the fiscal years 2017, 2018 and 2019 was approved at the Ordinary General Shareholders Meeting held on 30 June 2017 (2017-2019). Subsequently, at the Extraordinary General Shareholders Meeting that took place on 15 November 2017 this policy was modified as follows: i) to adapt it to the company's new circumstances following the appointment of Manuel Mirat Santiago as CEO and the resignation of his predecessor, José Luis Sainz Díaz; ii) to provide for the possibility of compensating executive directors for key operations that are considered to be in the PRISA Group's interest, by means of share-based compensation designed to align the interests of executive directors with those of the shareholders; and iii) to make other minor adjustments and modifications (e.g., dates and section numbers, technical adjustments to anticipate the inclusion of new executive directors in the policy, etc.).

However, the Board of Directors, at the request of the Appointments and Compensations Committee, has agreed to propose at the next ordinary General Shareholders Meeting the approval of a new directors' Compensation Policy for fiscal years 2018, 2019 and 2020 (2018-2020 Remunaration Policy). The new 2018-2020 Directors Compensation Policy, if approved, would apply retroactively to one January 2018 and would substitute and replace the 2017-2018 Directors Compensation Policy. The above notwithstanding, all compensation previously paid or to be paid in 2018 to current or former directors under that policy would remain unchanged, in particular, the following compensation paid to the former executive Vice Chairman (and current nonexecutive CEO) Manuel Polanco Moreno:

- € 905,000 as indemnification for the mutually agreed early termination of his commercial service agreement with the company as the person in charge of the audio-visual area.

- € 264,000 as a bonus for fiscal year 2017.

The text of the 2018-2020 Compensation Policy to be proposed by the Board of Directors at the next ordinary General Shareholders Meeting is attached to this report.

It is noted that the Board of Directors has also agreed to make a proposal at the General Shareholders Meeting to amend the Bylaws in order to split the Appointments and Compensations, Corporate Governance and Audit Committee into two separate committees: the Appointments, Compensation and Corporate Governance Committee and the Audit and Compliance Committee. However, in this report we will use the term Appointments and Compensation Committee to refer to the appointments, compensation and Corporate Governance Committee assuming that the amendments indicated herein are approved at the General Shareholders Meeting. These amendments will be reflected in the rules of the Board of Directors which will also be addressed at the General Meeting.

In response to the request in part A of this report, the principles of the 2017-2019 Compensation Policy currently in effect are described below.

3. General principles of the Compensation Policy:

3.1. The general principles of the Compensation Policy for directors are contained in PRISA's Bylaws and the Internal Rules of the Board of Directors. The 2017-2019 Compensation Policy, which was approved within this framework, differentiates between executive and nonexecutive directors and seeks to attract, retain and motivate people with the appropriate profile to perform the functions inherent to the office of director in a company such as PRISA, considering the responsibilities involved. The Compensation Policy seeks to contribute to the company achieving its strategic objectives within the framework of its normal operations, in accordance with the laws in force.

The directors may receive a part of their compensation by way of delivery of shares of the Company. Restrictions are imposed on the transfer of such securities for directors who may be privy to inside information.

Additionally, there are certain restrictions on the transfer of shares received by directors as part of their compensation

i. External directors that receive shares in payment of their fixed compensation are required to hold them until leaving their positions as directors.

ii. In the case of shares received as compensation, the executive directors may not transfer ownership of an amount of such shares equivalent to two times their annual fixed compensation, until at least three years have elapsed since allocation.

iii. In the case of shares received as bonuses, restrictions on disposing of them and any other limitations that are deemed appropriate will be determined on a case-by-case basis at the General Shareholders Meeting where the delivery of the shares is approved.

The aforementioned restrictions do not apply if a director has to dispose of such shares to cover any acquisition-related costs.

Shares delivered to directors through April 2019 are covered under the agreement adopted by shareholders at the General Meeting held on 20 April 2014, which authorized the delivery of company shares as compensation to the company's directors and a defined group of PRISA executives.

The company has a liability insurance policy that covers Board members.

3.2. Compensation packages of nonexecutive directors:

According to the Bylaws, the compensation of nonexecutive directors in their capacity as such shall consist of a fixed annual salary for sitting on the Board of Directors and, where applicable, on Board committees.

The annual compensation limit for all directors in their capacities as such shall be determined by the shareholders at the General Meeting.

The shareholders, at the General Shareholders Meeting held on 27 November 2010, decided that the maximum fixed annual salary for Board members acting in their capacity as such (excluding the compensation paid to executive directors for the items referred to in part five below) was €2 million. This limit will remain in effect until it is modified by the General Shareholders Meeting.

The compensation payable to each director for serving on the Board may vary from one director to the next, based on the functions and responsibilities assigned to each of them, positions held on the Board committees, duties performed, and other objective circumstances that are of significance. This is compatible with the payment of per diems for meeting attendance. However, the Board of Directors has resolved, on the recommendation of the Appointments and Compensation Committee, that director shall cease to receive per diems for attending Board meetings and committee meetings. It is up to the Board, on the recommendation of the Appointments and Compensation Committee, to establish the exact amounts of the individual compensation to be paid to each director, which must be within the limits established at the General Shareholders Meeting and the compensation items regulated in the Bylaws

The Board will also ensure that external director compensation is set as per the following guidelines:

- External directors must be remunerated according to their actual time commitments.
- Independent directors' compensation must be calculated so that it offers incentives for time commitment, without undermining their independence.

The policy for the compensation of non-executive directors may also include all or some of the following components:

i. Fixed annual compensation for membership on the Board of Directors, paid to each of the external director either fully in cash or 60% in cash and 40% in PRISA shares, at their discretion.

ii. Fixed annual compensation for membership on various Board committees, (Delegated Committee, Audit Committee, Appointments and Compensation Committee, and Corporate Governance Committee), payable in cash. The amount is different for committee chairs and committee members.

iii. Per diems for attendance at meetings of the Board of Directors and its committees: as indicated above, by agreement of the Board of Directors on the recommendation of the Appointments and Compensation Committee, directors may receive fees for attending Board and committee meetings.

In addition, non-executive directors of PRISA may earn other fees for their participation on the boards of directors of other companies in the PRISA Group, in accordance with their respective Bylaws.

3.3. Compensation policy for executive directors:

The CEO (the company's only executive director) receives none of the payments discussed in the previous section for external directors (fixed compensation for membership on the Board and its committees).

The CEOs compensation is determined by his contract with the company, which is described in further detail below.

The CEO's compensation may include the following components of compensation:

- fixed salary;
- short, medium or long-term variable compensation;
- extraordinary incentives for the execution of key transactions for the interests of Prisa Group;
- social benefits; and
- insurance policies, savings plans, indemnities, exclusivity bonuses, post contractual noncompete bonuses and/or retention bonuses

The CEO is a beneficiary of the liability policy taken out by the company for its directors and officers.

4. <u>Compensation mix of executive directors</u>:

For the CEO, Manuel Mirat Santiago (the only executive director, the relative importance of the variable compensation items compared to the fixed ones (the “compensation mix”), the determination of which is based on 2018 fixed salary and the targeted variable compensation for 2018, is 62.5% of the CEO’s fixed salary and 37.5% of annual variable compensation. Mr. Mirat is not currently the beneficiary of any medium to long term compensation program, but the Board of Directors, on the recommendation of the Appointments and Compensation Committee, has agreed to propose a medium-term incentive plan for fiscal years 2018 to 2020 at the next General Shareholders Meeting which includes the delivery of company shares linked to the attainment of certain objectives. This plan, which is discussed in greater detail in point A.4 below, is for the CEO and other directors of PRISA and its group.

The Board of Directors, on the recommendation of the Appointments and Compensation Committee, reviews the compensation policy each year so that the contribution paid to directors is reasonably commensurate with the size of the company and its economic situation. The criteria used to determine the different components of the compensation package are consistent with the strategic objectives defined by the Board of Directors, best market practices and the laws in force at any given time.

A.2 Information on preparatory work and the decision-making process that has been used to determine the compensation policy and the role, if any, played by the compensation committee and other supervisory bodies in setting the compensation policy. This information if appropriate will include the mandate of the compensation committee, its composition and the identity of the outside advisors the services of which have been used in the determination of the compensation policy. It will also state the nature of the directors, if any, that have participated in determination of the compensation policy.

Explain the process for determination of the compensation policy

1. <u>Definition and proposal of the Compensation Policy</u>:

According to the Regulations of PRISA’s Board of Directors, the Appointments and Compensation Committee defines and proposes the Compensation Policy.

The Appointments and Compensation Committee is composed of five external directors, four of whom are independent directors (Javier Monzón, Javier Gómez-Navarro, Dominique D´Hinnin and John Paton) and one is proprietary (Joseph Oughourlian).

2. <u>Approval of the Compensation Policy</u>:

As indicated in section A.1 above, on the recommendation of the Board of Directors, PRISA's Ordinary General Shareholders Meeting held on 30 June 2017, approved the 2017-2019 Compensation Policy, which was subsequently modified at the Extraordinary General Shareholders Meeting held on 15 November 2017. As indicated above, the Board of Directors has agreed to propose the approval of a new 2018-2020 Compensation Policy, a copy of whic is enclosed, at the Ordinary Shareholders' Meeting.

In all of the above cases, the Board of Directors has acted on the proposal of the Appointments and Compensation Committee. According to the provisions of article 529 novodecies of the Capital Companies Act (LSC), both the Board and the Appointments and Compensation Committee have issued reports to support their positions, which have been made available to the shareholders at the time of announcing the respective Shareholders' Meetings.

In addition, according to the provisions of article 541 LSC, this Compensation Report will be submitted for consultative approval at the next Ordinary General Shareholders Meeting and the full text will be made available to shareholders.

The Board, on the recommendation of the Appointments and Compensation Committee, has also approved: i) the individual compensation package for the Executive Director, Manuel Mirat Santiago, and the other terms and conditions of his contract and ii) the economic terms and conditions regulation the termination of the contracts between the Company and Juan Luis Cebrián, Manuel Polanco and José Luis Sainz as a result of these directors stepping down as Executive Chairman, Executive Vice-Chairman and CEO, respectively.

The Board’s authority over these matters is laid out in article 5 of the Rules of the PRISA Board of Directors.

A.3 Indicate the amount and nature of the fixed components, broken down, if applicable, of the compensation for performance of duties of senior management of the executive directors, the additional compensation as chairman or a member of any Board committee, of the per diems for participation on the Board and its committees or other fixed compensation as a director, as well as an estimate of the fixed annual compensation resulting therefrom. Identify other benefits that are not paid in cash and the basic parameters on the basis of which they are granted.

Explain the fixed components of compensation

1. Fixed components of non-executive directors' compensation:

1.1 Compensation for sitting on the Board of Directors: According to the 2017-2019 Compensation Policy, the compensation for this item is € 75,000 per year per Director. The 2018-2020 Compensation Policy proposes a cap on fixed compensation for this item of € 70,000 per Director per year, effective 1 January 2018.

According to the 2017-2019 Compensation Policy, this amount is paid to each of the external Directors, at their election, in full or in cash, 60% in cash and 40% in shares of PRISA. When the Director's option is the partial payment of PRISA shares, these are delivered on a quarterly basis, taking as a reference the average closing price of the share on the Continuous Market during the thirty working days immediately prior to the last day of each calendar quarter, including the calendar quarter. Cash compensation is paid, also on a pro rata basis, on a monthly basis. As indicated above, external Directors who receive shares in payment of their fixed compensation will be required to maintain ownership of the shares until such time as they cease to hold office as Directors.

However, it will be proposed in the 2018-2020 Compensation Policy that the compensation for sitting on the Board of Directors be paid entirely in cash, pro-rated on a monthly basis.

1.2. Annual compensation of the non-executive Chairman of the Board of Directors according to the 2018-2020 Compensation Policy:

When Manuel Polanco was named non-executive Chairman of the Board of Directors effective 1 January 2018, the Board also agreed to pay him a fixed annual salary of € 500,000 for his status of non-executive Chairman of the Board of Directors, prorated monthly and subject to the approval by the Company's shareholders at the General Meeting of the Directors Compensation Policy. The salary covers the compensation items referred to in points 1.1 above and points 1.3 and 1.4 below. Mr. Polanco will receive payment once the Compensation Policy has been modified by the General Shareholders Meeting, effective retroactively to 1 January 2018.

At the same time, the non-executive Chairman of the Board will be the beneficiary of the life, accident and health insurance policies referred to in section A.10 below.

1.3. Compensation for participation on the Executive Committee: According to the 2017-2019 Compensation Policy, the compensation for this item is € 75,000 per year, per director. The 2018-2020 Compensation Policy contains a proposal for this compensation item to be € 30,000 per director, per year, effective as of 1 January 2018.

This item is paid monthly on a prorated basis, in cash.

1.4. Compensation for participation on the Audit Committee, the Appointments, Compensation and Corporate Governance Committees: According to the 2017-2019 Compensation Policy, the compensation for this item is € 19,000 per year for the Chairmen and € 9,500 per year for members. The 2018-2020 Compensation Policy contains a proposal for this amount to be € 20,000 per year for directors, and twice this amount for the respective Chairmen (i.e. € 40,000). This compensation is paid monthly on a prorated basis, in cash. In this regard, it should be noted that the amendment to the Bylaws that will be proposed by the Board of Directors at the next General Shareholders Meeting, envisages that these three committees will be merged into two committees: the Audit and Compliance Committee and the Appointments, Compensation and Corporate Governance Committee.

2. Fixed components of the CEO's compensation:

As indicated above, the CEO (the Company's only executive director) receives no compensation for sitting on the Board of Directors or its committees and is only paid for his executive management functions. According to his contract, his fixed annual salary for this item is € 500,000.

A.4 Explain the amount, nature and main features of the variable components of the compensation schemes.

In particular:

– Identify each of the compensation plans of which the directors are beneficiaries, the scope thereof, the date of approval, the date of implementation, the term of validity and the main features. In the case of option plans on shares and other financial instruments, the general features of the plan are to include information regarding the conditions for exercise of the options or financial instruments for each plan.

– Indicate any compensation under profit-sharing or bonus plans, and the reason it is paid.

– Explain the basic parameters and basis for any annual bonus system.

– The classes of directors (executive directors, proprietary external directors, independent external directors and other external directors) that are beneficiaries of compensation schemes or plans that incorporate variable compensation

– The underlying basis of such variable compensation schemes or plans, the criteria for evaluation of performance that are used, as well as the components of and methods for evaluation to determine whether or not the evaluation criteria have been met, and an estimate of the absolute amount of the variable compensation resulting from the current compensation plan, based on the degree of fulfilment of the hypotheses or objectives taken as a reference.

– If applicable, the information is to include a report on the payment deferral periods that have been established and/or the periods for retaining shares or other financial instruments, if any.

Explain the variable components of the compensation schemes

A part of the CEO's compensation is variable in order to reinforce his commitment to the Company encourage him to perform his duties more effectively. Variable compensation represents a significant part of total compensation and is linked to the achievement of specific and quantifiable objectives set by the Board of Directors; it is not simply derived from general market performance, the Company's sector of activity or other similar circumstances. The Company's purpose in this regard, as with the Group's senior executives, is to offer compensation packages that will attract and retain outstanding professionals, while linking compensation and performance to the achievement of objectives for the Company and the Group.

The objectives are approved annually by the Board of Directors on the recommendation of the Appointments and Compensation Committee. It is also up to the Board of Directors, on the Committee's recommendation, to assess the level of achievement of the previously-established objectives.

1. Variable annual compensation:

The annual variable remuneration of the Chief Executive Officer, Mr Manuel Mirat, is regulated in his contract with the Company, according to which he will receive variable non-vested remuneration in cash, in accordance with the targets allocated to each annual period within the term of his contract and which will be established every year by the Board of Directors, at the proposal of the Appointment, Remuneration and Corporate Governance Committee. The annual variable remuneration of the Chief Executive Officer, which will be determined in accordance with a scale of compliance, will be mainly linked to meeting quantitative business objectives, including the Group's operational and financial objectives, the value creation and sustainability objectives and, where applicable, the qualitative objectives. The Board shall have the discretion to establish the variable remuneration system for the executive directors within the framework of this policy.

The variable remuneration of the Chief Executive Officer, Mr Manuel Mirat Santiago, for a 100% degree of compliance with the established objectives, amounts to EUR 300,000, with the possibility to increase said amount, in a maximum of 130%, if the degree of compliance with the objectives are over 100%, so that the maximum amount that the Chief Executive Officer can receive for this remuneration item amounts to EUR 390,000.

The annual variable remuneration is paid after the end of the year, whereby the amount accrued during the year by the Chief Executive Officer is settled, where applicable, the following year.

In each annual directors' remuneration report, the Company will provide details of how this policy is implemented and the specific objectives established for each year and their degree of compliance.

For 2018, the criteria to be taken into account for the CEO's variable compensation area are as follows:

(A) Objectives and indicators:

The weighting of objectives is as follows: (i) 80% quantitative objectives; (ii) 20% qualitative objectives.

- Quantitative objectives

The quantitative measurement of compliance is based on the following two indicators that reflect the Group's most relevant indicators, according to the following weighting and definitions:

Metrics	Weighting (scale of 100)	Definition of metric
Adjusted EBITDA	50%	Accounting EBITDA – provisions + short term bonus
Cash generation (Free cash flow)	50%	Cash flow from operations +/– cash flow from investment activities +/– cash flow from financing activities (interest, dividends received from associates and paid to third parties and similar cash flows)

The metrics are reflected in euros and there are no adjustments for the exchange rate effect, except under relevant circumstances, which will be taken into consideration by the Appointments and Compensation Committee.

The Appointments and Compensation Committee may make upward or downward adjustments to the these metrics under extraordinary circumstances (such as adjustments to the scope of consolidation, sales of fixed assets and other exceptional events).

The scale used to determine the fulfilment of each basic metric in order to calculate the variable compensation is as follows. Metrics are based on the 2018 budget.

Metric	Option 1		Option 2		Option 3		Option 4	
	% achieved	Pay-ment	% achieved	Pay-ment	% achieved	Pay-ment	% achieved	Pay-emnt
Adjusted EBITDA	<90%	0%	90%	50%	100%	100%	≥110%	130%
Cash generation (Free cash flow)	<90%	0%	90%	50%	100%	100%	≥110%	130%

The intermediate points of the ranges are calculated by linear interpolation.

- <u>Qualitative objectives</u>

The qualitative portion includes variables to measure individual performance and may account for up to 30%. Therefore, the maximums variable compensation is 130% of the CEO's target variable compensation, or € 390,000.

(B) Key objectives:

There are two "key objectives" which will result in the accrual of the variable compensation once adjusted EBITDA/EBIT and free cash flow targets are met. These key objectives are:

- Net result: must be positive.

- Compliance with saving plan including associated growth of EBITDA.

The target for the consolidated group is a total savings of € 43 million with an impact on EBITDA of € 31.5 million.
The Appointments and Compensation Committee may adjust the key objectives for extraordinary operations upward or downward (e.g. adjustments to the scope of consolidation, fixed asset sales and others).

Annual bonus payments are made at the end of the year so that if the bonus is earned in 2018, it will be paid in 2019.

2. <u>Medium term variable compensation</u>:

If approved by the General Meeting, which is expected to be held on 25 April 2018, the executive director will be the beneficiary of a medium-term incentive plan, referred to a three-year period (2018, 2019 and 2020), without prejudice to the settlement period (the "Incentive Plan").

The Incentive Plan is also aimed at linking a part of the remuneration of the management team (including the executive director) with the shareholders' interest within a multi-year and long-term value creation framework for the Company and its Group.

The Incentive Plan envisages the possibility of the executive director receiving a certain number of ordinary company shares after three years and provided that certain requirements are met. The details of how the Incentive Plan will be applied and executed are regulated in the aforementioned resolution from the General Meeting and the general terms and conditions of the Incentive Plan approved by the Company's Board of Directors, at the proposal of the Appointment, Remuneration and Corporate Governance Committee (the "General Conditions").

Where applicable, the shares will be delivered within sixty calendar days of the date on which the Company's Board approves the financial statements for 2020 ("Delivery Date").

The Company will allocate a certain number of restricted stock units ("RSUs"), which will be used as the reference for determining the final number of shares to be delivered to the executive director.

A portion of the shares to be delivered upon completion of the Incentive Plan will depend on the increase of the Company's share value, to be determined by the difference between the share market value at the beginning and at the end of the Incentive Plan, according to the terms of the General Meeting's resolution and from a minimum value increase level, in the terms to be established by the Company's Board of Directors.

Another portion of the shares to be delivered will depend on the degree of compliance of the Group's consolidated EBITDA and Cash Flow generation objectives for the period 2018-2020, on the basis of a graded scheme also to be established on the referred General Conditions.

At the proposal of the Appointment, Remuneration and Corporate Governance Committee, the Board of Directors will determine what portion of shares would be delivered depending on the value increase and what portion will be delivered depending on the compliance of the EBITDA and Cash Flow objectives (and the respective weighting of these two objectives) and the corresponding graded schemes regarding the value increase and objectives compliance, together with their respective percentages of the shares to be delivered.

At the proposal of the Appointment, Remuneration and Corporate Governance Committee, the Board of Directors can establish different objectives in the interests of the Company and of its shareholders in the event that there are significant events or corporate transactions which, in the Board's opinion, significantly affect the Incentive Plan and which must be stated in the corresponding Annual Directors' Remuneration Report, as well as the establishment of the Incentive Plan objectives, scales and weightings.

The Board of Directors will also be entitled to set a maximum share value increase which would result in the early settlement of the Incentive Plan and the delivery of the corresponding shares to the Chief Executive Officer depending on the market share value of PRISA's shares on that moment and on the compliance of the EBITDA and Cash Flow objectives on that date.

In order to receive the shares the executive director must maintain a contractual relationship with the PRISA Group during the reference period and until the Delivery Date, except for certain cases of termination due to causes non attributable to him (good leaver), which will be duly determined on the General Conditions of the Incentive Plan to be approved by the Board of Directors.

The Incentive Plan will envisage the corresponding malus clauses, which will be applicable during the term of the Incentive Plan and between its termination and the actual delivery of the shares, and the clawback clauses, which may mean that the shares can be reduced or refunded under certain circumstances, in accordance with that established by the Board of Directors at any given time.

The maximum number of shares that the executive director can receive under the Incentive Plan amounts to 2,800,000 shares.

In any case, the Company reserves the right to decide, if it deems this appropriate, to replace the delivery of shares with the payment of an amount in cash.

3. <u>Extraordinary Incentive Plan linked to the recapitalization and financial stabilization of the Company by Mr. Juan Luis Cebrián:</u>

As already indicated in section A.1 before, Juan Luis Cebrián Echarri, who stepped down as President and CEO of the Company effective 1 January 2018, is the beneficiary of an extraordinary incentive plan linked to the recapitalization and financial stabilization of the Company approved by the Extraordinary General Shareholders Meeting held on 15 November 2017, with a volume of 1,600,000 PRISA shares which will accrue in accordance with the terms and conditions set forth in the resolution of the General Meeting if the Company's recapitalization plan is completed, This accrual is contingent upon the successful conclusion of the sale of the indirect stake held by the Company in Media Capital and the Company obtaining a fairness opinion in relation to the capital increase approved by the Extraordinary General Shareholders Meeting held on 15 November 2017.

If, accordance to the aforementioned terms and conditions, shares are delivered under this plan, the participant, merely by accepting them, agrees to lock-up the received shares (the Lock-up). This commitment will last: (i) for one-third of the shares received, for one whole year from the delivery date of the shares; (ii) for another third of the shares received, for two whole years from the delivery date of the shares; (iii) for the remaining one-third of the shares received, for three whole years from the delivery date of the shares. The Lock-up also applies to the shares received by the participant free of charge for an eligible corporate transaction. However, the Lock-up does not apply to shares that the participant must sell to pay the taxes on the shares received.

4. <u>Coverage for the delivery of shares as payment of variable compensation:</u>

As already indicated in section A.1 of this Report, the Ordinary Shareholders' Meeting held on 28 April 2014 authorised the delivery of Company shares as a form of payment of to the Company's Directors and a defined group of executives of the PRISA Group.

5. <u>Early termination and variable compensation:</u>

5.1. Contract with Manuel Mirat Santiago (CEO):

If the contract between the Company and Mr. Mirat is terminated for any reason not attributable to the CEO, the latter will receive the proportional part of the target bonus (i.e. € 300,000) prorated to the time worked during the financial year. The variable compensation for the year in which the CEO leaves the company will not be paid if the Company determines that there was a serious breach of his obligations, if the CEO resigns voluntarily, unless in the latter case the resignation happens in the last two months of the financial year, in which case the prorated part of the variable compensation will be paid, provided that the annual objectives are met. In all cases variable compensation is paid in the first half of the financial year after the year in which it accrued.

Likewise, if the CEO leaves the Company for a reason not ascribable to him, the CEO will receive the proportional part of the multiannual incentive for the time worked during the financial year in question, provided that the annual objectives are met.

5.2. Contracts of the former CEOs, Juan Luis Cebrián Echarri, Manuel Polanco Moreno and José Luis Sainz Díaz:

As already indicated in section A.1 of this report:

i. Juan Luis Cebrián resigned as Chairman and CEO of the Company effective 1 January 2018. When his resignation was accepted, the Board of Directors decided to recognise the following compensation items: (i) an amount equivalent to six million euros as a retirement supplement or pension plan; (ii) an amount equivalent to one million euros as variable compensation for in 2017. Both amounts were paid by the Company in January 2018. In addition, if entitled Mr. Cebrián will receive the share incentive approved by the Extraordinary Shareholders' Meeting held on 15 November 2017, which is linked to the success of the financial restructuring and capitalization as well as the sale of Media Capital.

ii. The appointment of Manuel Polanco Moreno as Non-Executive Chairman (until then, Executive Vice Chairman of the Company) took effect on 1 January 2018.

   The Company and Manuel Polanco agreed to terminate the executive contract and, in accordance with the terms of that contract, agreed to the following economic conditions to terminate the executive relationship: (i) 905,000 euros as compensation for the early termination, by mutual agreement, of the commercial service agreement with the Company, as head of the audio-visual area; and (ii) 264,000 euros as annual variable compensation for the 2015 financial year.

iii. Effective 4 September 2017 Jose Luis Sainz Díaz resigned as Director and CEO of the Company. The Board of Directors approved the payment of variable compensation for 2017 in the, amount of €750,000, which was paid in 2017.

A.5 Explain the principal features of the long-term savings schemes, including retirement and any other survival benefit, financed in whole or in part by the company, whether funded internally or externally, with an estimate of the amount thereof or the equivalent annual cost, indicating the type of plan, whether it is a defined contribution or defined benefit plan, the conditions for vesting of the economic rights in favour of directors and compatibility thereof with any kind of indemnification for early termination of the contractual relationship between the company and the director.

Also indicate the contributions on the director's behalf to defined-contribution pension plans, or any increase in the director's vested rights in the case of contributions to defined-benefit schemes.

Explain the long-term savings schemes

The agreement signed by the Company and the former Chairman Juan Luis Cebrián Echarri, which took effect on 1 January 2014, provided that the Chairman was entitled to an annual contribution of € 1,200,000 each in 2014, 2015, 2016, 2017 and 2018, as a retirement supplement, for a total of € 6,000,000, which would be paid to Mr. Cebrián at the end of his contract and which would be fully vested even in the event of early termination for any reasons.

As indicated in the preceding sections of this Report, Mr. Cebrián's contract was terminated effective 1 January 2018 and the Company paid Mr. Cebrián's retirement supplement in full in January 2018.

As provided for in Mr. Cebrián's contract with the Company, in the event of the early termination of the contract the payment of the pension supplement would not be compatible with any other type of severance pay.

In the event of a breach of the noncompete agreement established in his contract, Mr. Cebrián will be obligated to refund the Company the amount of the retirement supplement.

A.6 Indicate any indemnification agreed or paid in the event of termination of a director's duties

Explain the indemnification

It is the Company's policy, inasmuch as director compensation is concerned, to recognise the right of executive directors to compensation in certain situations under which their executive functions are terminated early. The individual contracts contain the agreements reached by the company and each Executive Director.

The contract of the CEO, Manuel Mirat Santiago, calls for Mr. Mirat to be indemnified in the event of unilateral termination by the company at will or due to a breach by the company. The indemnity would consist of the amount due and owing under the laws regulating common employment relationships in suspension +18 months of fixed and variable annual salary payable in cash on the termination date.

With regard to the contracts of Messrs, Juan Luis Cebrián, Manuel Polanco and Jose Luis Sainz, who were executive directors in 2017:

i. Mr. Cebrian's contract with the company stipulates that in the event of the early termination of the agreement by the company, the only compensation that Mr. Cebrián would receive would be the retirement supplement, payable immediately, which is incompatible with any other type of indemnification.

As already mentioned in part A.1 above, Mr. Cebrian's contract was terminated effective 1 January 2018 and Mr. Cebrián received the full amount of the retirement supplement, €6 million, in January 2018.

ii. Mr. Polanco's contract with the Company provided that in the event of unilateral termination by the Company at will or a breach by the Company, Mr. Polanco would be entitled to an indemnity equivalent to 15 months of fixed and variable annual compensation in cash, taking the last amount paid as a reference.

As already indicated in section A.1 above, Mr. Polanco's contract was terminated on 1 January 2018 and the Board of Directors has recognised Mr. Polanco's right to receive an indemnity equal to fifteen months of his last recorded fixed and variable compensation in the amount of € 905,000. Mr. Polanco has not yet been paid.

iii. The contract between Mr. Sainz (CEO until 4 September 2017) and the company stipulated that in the event of unilateral termination by the company at will or in the event of a breach by the Company, Mr. Sainz, would be entitled to 15 months of fixed and variable annual compensation, using the most recent amounts as a reference.

In 2017, Mr. Sainz received an indemnity in the amount of €1,875,000.

A.7 Indicate the conditions to apply to the contracts of executive directors exercising senior management functions. The report is to include, inter alia, the duration, the limits on amounts of indemnification, minimum terms of employment (cláusulas de permanencia), terms of advance notice, as well as payment as a substitute for the aforesaid advance notice, and any other clauses related to hiring bonuses, indemnification or golden parachutes for early termination of the contractual relationship between the company and the inside director. Include, inter alia, noncompetition, exclusivity, minimum terms or loyalty and post-contractual noncompetition clauses or agreements.

Explain the terms of the contracts of the executive directors

Conditions of contracts of executive directors

The conditions of the contracts between the company and Manuel Mirat Santiago, as CEO, and Juan Luis Cebrián Echarri and Manuel Polanco Moreno which were terminated by the company effective 1 January 2018 are explained below.

	Manuel Mirat Santiago (CEO)	**Juan Luis Cebrián Echarri (Executive Chairman until 1.01.18)**	**Manuel Polanco Moreno (Vice Chairman until 1.01.18)**
Term	4 years starting on 4 September 2017	Until 31 December 2020 (Executive Chairman until 31 December 2018).	Indefinite
Advance notice from director	Three (3) months. Obligation to pay the Company the compensation corresponding to the period of advance notice not honoured. Receipt of the retirement benefit.	Three (3) months. Obligation to pay the Company the compensation corresponding to the period of advance notice not honoured. Receipt of the retirement benefit.	Three (3) months. Obligation to pay the fixed compensation corresponding to the period of advance notice not honoured.
Indemnification for termination	Three (3) months of advance notice. In the event of partial or	Retirement benefit	Advance notice of three

of contract by the company	total noncompliance with advance notice obligation, the Company must pay the fixed salary in cash, including the prorated amount of the twice-yearly extra month's pay for the advance notice time not honoured. Severance pay that would apply under standard labour laws, plus 18 months of fixed salary and CEO's annual cash bonus.		(3) months. Indemnification equivalent to fifteen (15) months of the most recent fixed and variable compensation.
Exclusivity and noncompetition clause	Exclusivity and specific prohibition of competition, except for companies identified in the contract.	Exclusivity while he is in the position of executive chairman. General prohibition of competition.	Exclusivity and specific prohibition of competition, except for companies identified in the contract.
Post-contractual noncompetition	Six (6) months Spanish or foreign undertakings the business of which is identical or similar to those of the companies in the PRISA Group, in particular those of PRISA. Commitment not to hire any person that is or during the twelve (12) months prior to the date of contracting was a member of PRISA Group staff; and not to contribute to any PRISA Group worker leaving it. Compensation: six (6) months of the last fixed gross salary, payable in equal instalments over the term of the noncompetition agreement. Breach: obligation to repay the amount of the compensation and, in addition, indemnification in an amount equal to six (6) months of the fixed compensation received.	Four (4) years Spanish or foreign undertakings the business of which is identical or similar to those of the companies in the PRISA Group, in particular those of PRISA. Commitment not to hire any person that is or during the twelve (12) months prior to the date of contracting was a member of PRISA Group staff; and not to contribute to any PRISA Group worker leaving it. Compensation: retirement benefit. Breach: obligation to return the amount received as retirement benefit.	One (1) year. Spanish or foreign undertakings the business of which is identical or similar to those of the companies in the PRISA Group. Commitment not to hire any person that is or during the twelve (12) months prior to the date of termination of the contract was a member of PRISA Group staff; and not to contribute to any PRISA Group worker leaving it. Compensation: six (6) months of the last fixed gross salary, payable in equal instalments over the term of the noncompetition agreement. Breach: obligation to repay the amount of the compensation and, in addition, indemnification in an amount equal to six (6) months of the fixed compensation received.

Mr Manuel Polanco is entitled to receive, in accordance with the terms agreed for the termination of his former service provision contract, the amount foreseen therein to compensation the non-competition agreement (a clause which was agreed to stop being in force on 31 December 2019), amounting to EUR 230,000 if he ceased being the Board Chairman before 31 December 2019 —as a result of his removal as the Board Chairman through a resolution by the General Meeting or by the Board for reasons other than a serious breach of his obligations which would lead to his removal— and did not compete with the PRISA Group during the period of one year after his. Such amount derives from Mr Manuel Polanco's former contract as executive director and, therefore, is not included in the directors's maximum remuneration cap in their capacity as such.

A.8 Explain any additional compensation accrued to directors as consideration for services rendered other than those inherent in the position.

Explain the additional compensation

Not applicable

A.9 Indicate any compensation in the form of advances, loans and guarantees granted, indicating the interest rate, the essential features and the amounts eventually repaid, as well as the obligations assumed on their behalf by way of guarantee.

Explain the advances, loans and guarantees granted

Not applicable

A.10 Explain the main features of in-kind compensation

Explain the in-kind compensation

1. Accident/life insurance and health insurance:

PRISA has an insurance policy that covers the contingencies of death by any cause, absolute invalidity and total permanent disability caused by an accident with an insured capital equal to one year of the beneficiaries' total compensation (compensation received the year before), plus an additional benefit for accidental death or absolute disability and an additional benefit for death by car accident.

As of 1 January 2018, the only members of the company's Board of Directors who are beneficiaries of this policy are the Chairman, Manuel Polanco Moreno and the CEO, Manuel Mirat Santiago.

There is an age limit of 75 on the death benefit and an age limit of 65 for the supplemental benefits.

The insured amounts under the life insurance policies for the nonexecutive Chairman and CEO for the year 2018 are €500,000 and €800,000 respectively. For the nonexecutive Chairman, the insured capital is linked to fixed salary. For the CEO, under the terms of the policy the insured capital is one year of the fixed salary linked to that position. In particular, for the year 2018, the fixed annual salary and the targeted variable annual salary were used as a reference, bearing in mind that as of the renewal date of the policy he had not occupied the position of CEO for one full year. Starting in 2019, the insured capital will be established using as a reference the fixed salary plus variable compensation actually received the year before.

The policy premiums are adjusted annually in light of the losses reported on the PRISA's group policies and the insureds' ages. To this end, the premiums assigned to each beneficiary are revised in the first quarter of each year. For the year 2018, the premium for the nonexecutive Chairman totalled €1416.45 for the life insurance policy and €118.50 for the accident policy, while the premium for CEO was €855.75 for the life insurance policy and the accident premium was €189.60.

It is also the group's policy to provide directors with private medical insurance in the form of expense reimbursement. As of 1 January 2018, the Chairman, Mr. Manuel Polanco Moreno and the CEO, Mr. Manuel Mirat Santiago and their immediate family members are the beneficiaries of the medical insurance policies, subject to the age limits established in the policy.

Policy premiums are adjusted annually in light of the losses under PRISA's group policies and the evolution of the sanitary Consumer Price Index (CPI), according to the broker's offer. In the last quarter of each year, the premium for the following year is established.

For 2018, the health insurance premium for the nonexecutive Chairman is €3,619.42, while the premium for the CEO is €4,718.40.

The former executive chairman, Juan Luis Cebrián Echarri, was a beneficiary of both insurance policies until 1 January 2018.

2. Rental allowance:

Under the contract between the company and the former chairman, Juan Luis Cebrián, the company was obligated to provide Mr. Cebrián with rental not to exceed 50,000 euros per year to lease a home in the Community of Madrid. This obligation was extinguished when the contract with Mr. Cebrián was terminated.

3. Other:

The CEO is entitled to the use of a chauffeured vehicle according to the terms of PRISA Group's vehicle fleet policy.

the Chairman shall have at his disposal all material and human resources necessary for the adequate discharge of his duties as nonexecutive Chairman of the Board of administration of PRISA, in accordance with PRISA policies and practices, including the right to the use of a chauffeured vehicle according to the terms of PRISA Group's vehicle fleet policy and secretarial services.

A.11 Indicate the compensation earned by a director by virtue of payments made by the listed company to a third party entity within which the director serves, when the purpose of such payments is to compensate the director's services within the company.

Explain the compensation earned by the director by virtue of payments made by the

listed company to a third party entity within which the director serves

Not applicable

A.12 Any category of compensation other than those listed above, of whatever nature and provenance within the group, especially when it may be considered to be a related party transaction or when payment thereof distorts the true and fair view of the total compensation received by the director.

Explain the other compensation categories

The contract with Jose Luis Sainz Díaz (CEO until for September 2017) contained a post contractual noncompete clause in the amount of six months of fixed salary.

The Board of Directors authorised the payment of €375,000 for this item, prorated monthly from October 2017 through March 2018.

A.13 Explain the actions taken by the company regarding the compensation system to reduce exposure to excessive risk and to adapt it to the long-term interests, values and objectives of the company. This if applicable is to include reference to: measures contemplated to ensure that the compensation policy is responsive to the long-term results of the company, measures establishing appropriate balance between fixed and variable components of compensation, measures adopted regarding those categories of personnel the professional activities of which have a material impact on the company's risk profile, recovery clauses or formulas to allow claims for return of variable components of compensation based on results when those components of compensation have been paid based on data the inaccuracy of which is thereafter clearly demonstrated, and measures contemplated for the avoidance of conflicts of interest, if applicable.

Explain the actions taken to reduce risks

The company's variable compensation system includes the following aspects intended to reduce risk:

i) A variable compensation system is defined each year, following the formal procedures in place to determine the amounts payable to the CEO. The objectives are pre-set in writing and determined based on the results recorded and approved by the Board.

ii) There is no guaranteed right to receive variable compensation each year.

iii) The variable compensation link to the company's results should take into account any reduction in profits due to the provisos contained in the auditor's opinion.

The contract with the CEO (like the contracts between the company and Juan Luis Cebrián, Manuel Polanco and Jose Luis Sainz, who were executive directors in 2017) contains a *clawback* clause that enables the company to take back certain variable components of compensation when they have been paid on the basis of information that is later found to be inaccurate.

iv) The system for setting metrics to measure quantitative objectives takes into consideration variables identified on the company's risk map.

v) There are caps on all variable compensation items.

B. Section Withdrawn

C. OVERALL SUMMARY OF HOW THE COMPENSATION POLICY WAS APPLIED DURING THE MOST-RECENTLY CLOSED PERIOD.

C.1 Explain in a summary manner the main features of the compensation categories and structure of the compensation policy applied during the most-recently closed period, which results in the details of individual compensation earned by each of the directors reflected in section D of this report, and summarise the decisions taken by the Board for application of the aforesaid categories.

Explain the compensation categories and structure of the compensation policy applied during the period

The compensation policy effectively applied in fiscal year 2017 was the one approved by the Ordinary Shareholders Meeting on 30 June 2017 and subsequently modified at the Extraordinary General Shareholders Meeting on 15 November 2017 (see sections A.1 and A.2 of this report).

In 2017, Blanca Hernández, Jose Luis Sainz, Glen Moreno, Ernesto Zedillo Ponce de León, Alfonso Ruiz de Assin Chico de Guzmán, Alain Minc, Elena Pisonero, José Luis Leal Maldonado and Gregorio Marañón Bertrán de Lis resigned as Directors. What follows therefore refers to the amounts they received as Directors in 2017 up to the time of their resignation.

At the same time, Manuel Mirat, Javier Monzón, Javier Gómez- Navarro, Javier de Jaime, Sonia Dulá and Francisco Gil joined the Board of Directors in 2017.

What follows is a summary of the items making up the directors' compensation package in fiscal year 2017:

Non-executive Directors:

Non-executive directors received a fixed annual salary for their participation on the Board of Directors and in certain cases for sitting on Board committees (Delegate Committee, Audit Committee, Appointments and Compensation Committee, Corporate Governance and Technological Transformation Committee, which has been temporarily disbanded). In addition, they received per diem allowances for attended the meetings of the Board of Directors and its committees.

John Paton received € 34,000 for sitting on the Board of Directors of Diario El País, S.L.

Executive Directors:

i) Compensation paid to Manuel Mirat Santiago (CEO):

Manuel Mirat received a fixed annual salary in cash and an objective-based annual bonus, payable in cash in 2018.

Mr. Mirat's compensation from 30 June (date of his appointment as CEO of PRISA) through 4 September 2017 refers to the performance of his duties as CEO of Prisa Noticias, while from 4 September through 31 December 2017 it refers to his responsibilities as the CEO of PRISA.

The variable compensation payable to Mr. Mirat for the performance of his functions in 2017 will be settled according to the terms of the service agreement between Mr. Mirat and Prisa Noticias, according to which he is entitled to a target bonus up to €250,000 for 2017. In addition, Mr. Mirat will receive the prorated part of the variable compensation for his performance as CEO of PRISA from 4 September 2017 through 31 December 2017. The Board of Directors determined that Mr. Mirat's target bonus as CEO of PRISA for the year 2017 would be €300,000

Mr. Mirat's annual variable compensation is based on both qualitative objectives (that account for 20%) and quantitative objectives (the count for 80% and refer to the consolidated group).

For the quantitative objectives, certain metrics have been defined to determine the minimum levels that must be achieved in order to be eligible for the bonus. The percentage of the target bonus actually earned is calculated by applying the fulfilment scales to the level of achievement of the different metrics, which for the 2017 fiscal year were as follows:

Target	Manuel Mirat (CEO PRISA)	Manuel Mirat (CEO Prisa Noticias)
1	Group EBITDA (40%)	Prisa Noticias EBITDA (30%)
2	Group transformation revenue (15%)	Prisa Noticias transformation revenue (10%)
3	Group free cash flow (25%)	Prisa Noticias free cash flow (30%)
4		Prisa Noticias unique visitors (10%)

In keeping with the above, the objective-based bonuses earned by the CEO in 2017 were as follows:

- €79,643 for the period from for September through 31 December, in his capacity as CEO of PRISA.
- €16,743 for the period from one July through 3 September 2017, in his capacity as CEO of Prisa Noticias.

ii) Compensation earned by Juan Luis Cebrián (Chairman of the Board of Directors and Delegate Committee through 1 January 2018):

As indicated above, the contract between Juan Luis Cebrián and the company was terminated effective 1 January 2018. In 2017, Mr. Cebrián was paid both a fixed annual salary in cash and an annual bonus. The Board of Directors approved a €1 million bonus for Mr. Cebrián for the 2017 fiscal year (amount of his annual target bonus), which was paid to Mr. Cebrián in January 2018.

As mentioned in section A.10 above, the company also paid €48,000 in rent for Mr. Cebrián.

As indicated in last year's compensation report, Mr. Cebrián was the beneficiary of a non-vested, multi-year in kind incentive bonus plan for the 2016-2018 fiscal years, which was rendered ineffective once the conditions for the termination of Mr. Cebrián's contract had been negotiated.

iii) Compensation earned by Manuel Polanco (Executive Vice Chairman until 1 January 2018):

As indicated above, the contract between Manuel Polanco and the company was terminated effective 1 January 2018. In 2017, Mr. Polanco was paid both a fixed annual salary in cash and an annual bonus. The Board of Directors approved a €264,000 bonus for Mr. Polanco for the 2017 fiscal year. The target bonus established in his contract was €275,000.

The Board of Directors has agreed to pay Mr. Polanco €905,000 for the termination of his service agreement with the company. This amount is not included in the tables shown above, since the payment did not accrue in fiscal year 2017.

iv) Compensation earned by Jose Luis Sainz (CEO until 4 September 2017):

José Luis Sainz was paid a fixed annual salary up to the time he was relieved of his duties as CEO on 4 September 2017.

The Board of Directors has also recognised his right to receive the following sums to compensate for the termination of his contract with the company:

- Settlement of the 2016 bonus, having recovered the 30% reduction contingent upon remaining with the company, for a total of €750,000. As indicated in last year's compensation report, Mr. Sainz voluntarily agreed with the company to reduce the amount of the variable annual compensation for fiscal year 2016 by 30%, bringing it € 538,285.
- 15 months of fixed salary plus the last bonus paid for a total of €1,875,000.
- Payment for three months of advance notice from 30 July to 30 September.
- Settlement of the 2017 target bonus in the amount of €750,000.

- Compensation for the noncompete agreement which represent six months of fixed salary, €375,000, prorated from October 2017 through March 2018.

In addition, and as indicated in last year's compensation report, Mr. Sainz was the beneficiary of an in-kind, multi-year incentive bonus plan for the 2017-2018 fiscal years, which was rendered ineffective once the conditions for the termination of his contract had been negotiated.

D. DETAILS OF COMPENSATION INDIVIDUALLY EARNED BY EACH OF THE DIRECTORS

Name	Type	Period Accrued
MANUEL POLANCO MORENO	Executive	From 01/01/2017 to 31/12/2017
MANUEL MIRAT SANTIAGO	Executive	From 01/07/2017 to 31/12/2017
DOMINIQUE D´HINNIN	Independent	From 01/01/2017 to 31/12/2017.
WALEED AHMAD IBRAHIM ALSA´DI	Representing Significant Shareholdings	From 01/01/2017 to 31/12/2017
ROBERTO ALCANTARA ROJAS	Representing Significant Shareholdings	From 01/01/2017 to 31/12/2017
JOSEPH OUGHOURLIAN	Representing Significant Shareholdings	From 01/01/2017 to 31/12/2017
JUAN LUIS CEBRIAN ECHARRI	Executive	From 01/01/2017 to 31/12/2017
JOHN PATON	Independent	From 01/01/2017 to 31/12/2017
KHALID BIN THANI BIN ABDULLAH AL THANI	Representing Significant Shareholdings	From 01/01/2017 to 31/12/2017
FRANCISCO JAVIER GOMEZ-NAVARRO NAVARRETE	Independent	From 20/11/17 to 31/12/2017
FRANCISCO JAVIER MONZÓN DE CÁCERES	Independent	From 20/11/17 to 31/12/2017
JAVIER DE JAIME GUIJARRO	Independent	From 20/11/17 to 31/12/2017
JOSE FRANCISCO GIL DIAZ	Other External	From 20/11/17 to 31/12/2017
SONIA DULÁ	Independent	From 20/11/17 to 31/12/2017
JOSE LUIS LEAL MALDONADO	Independent	From 01/01/2017 to 15/11/2017
ERNESTO ZEDILLO PONCE DE LEON	Independent	From 01/01/2017 to 15/11/2017
GREGORIO MARAÑON Y BERTRAN DE LIS	Other External	From 01/01/2017 to 15/11/2017
GLEN MORENO	Independent	From 01/01/2017 to 14/11/2017
MARIA ELENA PISONERO RUIZ	Independent	From 01/01/2017 to 15/11/2017
ALAIN MINC	Independent	From 01/01/2017 to 15/11/2017
ALFONSO RUIZ DE ASSIN CHICO DE GUZMÁN	Independent	From 01/01/2017 to 15/11/2017.
JOSE LUIS SAINZ DIAZ	Executive	From 01/01/2017 to 04/09/2017
BLANCA HERNANDEZ RODRIGUEZ	Independent	From 01/01/2017 to 05/06/2017

D.1. Complete the following tables regarding the individual compensation of each of the directors (including compensation for performance of executive duties) earned during the period.

a) Compensation accrued within the reporting company:

i) Cash compensation (in thousands of euros)

NAME	SALARIES	FIXED COMPENSATION	PER DIEMS	SHORT-TERM VARIABLE COMPENSATION	LONG-TERM VARIABLE COMPENSATION	COMPENSATION FOR MEMBERSHIP ON BOARD COMMITTEES	INDEMNIFICATION	OTHER CATEGORIES	TOTAL 2017	TOTAL 2016
MANUEL POLANCO MORENO	460	0	0	264	0	0	905	7	1,636	640
MANUEL MIRAT SANTIAGO	162	0	0	80	0	0	0	4	246	0
DOMINIQUE D´HINNIN	0	75	45	0	0	4	0	100	224	60
WALEED AHMAD IBRAHIM ALSA´DI	0	45	28	0	0	9	0	0	82	46
ROBERTO ALCANTARA ROJAS	0	45	48	0	0	75	0	0	168	145
JOSEPH OUGHOURLIAN	0	75	67	0	0	19	0	0	161	112
JUAN LUIS CEBRIAN ECHARRI	1,000	0	0	1,000	0	0	0	98	2,098	1,762
JOHN PATON	0	75	80	0	0	36	0	0	191	137
KHALID BIN THANI ABDULLAH AL THANI	0	45	2	0	0	10	0	0	57	72
FRANCISCO JAVIER GOMEZ-NAVARRO NAVARRETE	0	8	8	0	0	2	0	0	18	0
FRANCISCO JAVIER MONZÓN DE CÁCERES	0	8	15	0	0	13	0		36	0
JAVIER DE JAIME GUIJARRO	0	8	3	0	0	0	0	0	11	0
JOSE FRANCISCO GIL DIAZ	0	8	3	0	0	0	0	0	11	0
SONIA DULÁ	0	0	0	0	0	0	0	0	0	0
JOSE LUIS LEAL MALDONADO	0	66	33	0	0	8	0	0	107	132
ERNESTO ZEDILLO PONCE DE LEON	0	39	60	0	0	17	0	0	116	119
GREGORIO MARAÑON Y BERTRAN DE LIS	0	40	57	0	0	74	0	91	262	270
GLEN MORENO	0	66	52	0	0	17	0	0	135	103
MARIA ELENA PISONERO RUIZ	0	39	48	0	0	74	0	0	161	127
ALAIN MINC	0	40	77	0	0	82	0	0	199	209

ALFONSO RUIZ DE ASSIN CHICO DE GUZMÁN	0	66	47	0	0	8	0	0	121	86
JOSE LUIS SAINZ DIAZ	563	0		750	0	0	1,875	230	3,418	1,292
BLANCA HERNANDEZ RODRIGUEZ	0	32	10		0	4	0	0	46	86

ii) Compensation schemes based on shares

ERNESTO ZEDILLO PONCE DE LEÓN

Fixed Annual Compensation (40%) for participating in the Board

Implement. Date	Ownership of Options beginning of 2017 FY				Assigned Options during 2017 FY			
	Nº Options	Shares Affected	Exercise Price (€)	Deadline for Exercise	Nº Options	Shares Affected	Exercise Price (€)	Deadline for Exercise
27/11/2010	0	0	0.00	0	0	0	0.00	0

Conditions: 0

Shares delivered in the 2017 FY			Options Exercised in the 2017FY				Options sold and not exercised	Operations at end of 2017FY			
Nº of Shares	Price	Amount	Exercise Price (€)	Nª Options	Shares Affected	Gross Profit (M€)	Nº Options	Nº Options	Shares Affected	Exercise Price (€)	Deadline for Exercise
6,728	0.00	27	0.00	0	0	0	0	0	0	0.00	0

Other requirements to exercise: 0

MARIA ELENA PISONERO RUIZ

Fixed Annual Compensation (40%) for participating in the Board

Implement. Date	Ownership of Options beginning of 2017 FY				Assigned Options during 2017 FY			
	Nº Options	Shares Affected	Exercise Price (€)	Deadline for Exercise	Nº Options	Shares Affected	Exercise Price (€)	Deadline for Exercise
27/11/2010	0	0	0.00	0	0	0	0.00	0

Conditions: 0

Shares delivered in the 2017 FY			Options Exercised in the 2017FY				Options sold and not exercised	Operations at end of 2017FY			
Nº of Shares	Price	Amount	Exercise Price (€)	Nª Options	Shares Affected	Gross Profit (M€)	Nº Options	Nº Options	Shares Affected	Exercise Price (€)	Deadline for Exercise
6,149	0.00	26	0.00	0	0	0	0	0	0	0.00	0

Other requirements to exercise: 0

GREGORIO MARAÑON Y BERTRAN DE LIS

Fixed Annual Compensation (40%) for participating in the Board

Implement. Date	Ownership of Options beginning of 2017 FY				Assigned Options during 2017 FY			
	Nº Options	Shares Affected	Exercise Price (€)	Deadline for Exercise	Nº Options	Shares Affected	Exercise Price (€)	Deadline for Exercise
27/11/2010	0	0	0.00	0	0	0	0.00	0

Conditions: 0

Shares delivered in the 2017 FY			Options Exercised in the 2017FY				Options sold and not exercised	Operations at end of 2017FY			
Nº of Shares	Price	Amount	Exercise Price (€)	Nª Options	Shares Affected	Gross Profit (M€)	Nº Options	Nº Options	Shares Affected	Exercise Price (€)	Deadline for Exercise
6,149	0.00	26	0.00	0	0	0	0	0	0	0.00	0

Other requirements to exercise: 0

ALAIN MINC

Fixed Annual Compensation (40%) for participating in the Board

Implement. Date	Ownership of Options beginning of 2017 FY				Assigned Options during 2017 FY			
	Nº Options	Shares Affected	Exercise Price (€)	Deadline for Exercise	Nº Options	Shares Affected	Exercise Price (€)	Deadline for Exercise
27/11/2010	0	0	0.00	0	0	0	0.00	0

Conditions: 0

Shares delivered in the 2017 FY			Options Exercised in the 2017FY				Options sold and not exercised	Operations at end of 2017FY			
Nº of Shares	Price	Amount	Exercise Price (€)	Nª Options	Shares Affected	Gross Profit (M€)	Nº Options	Nº Options	Shares Affected	Exercise Price (€)	Deadline for Exercise
7,010	0.00	26	0.00	0	0	0	0	0	0	0.00	0

Other requirements to exercise: 0

ROBERTO ALCANTARA ROJAS
Fixed Annual Compensation (40%) for participating in the Board

Implement. Date	Ownership of Options beginning of 2017 FY				Assigned Options during 2017 FY			
	Nº Options	Shares Affected	Exercise Price (€)	Deadline for Exercise	Nº Options	Shares Affected	Exercise Price (€)	Deadline for Exercise
27/11/2010	0	0	0.00	0	0	0	0.00	0

Conditions: 0

Shares delivered in the 2017 FY			Options Exercised in the 2017FY				Options sold and not exercised	Operations at end of 2017FY			
Nº of Shares	Price	Amount	Exercise Price (€)	Nª Options	Shares Affected	Gross Profit (M€)	Nº Options	Nº Options	Shares Affected	Exercise Price (€)	Deadline for Exercise
7,903	0.00	30	0.00	0	0	0	0	0	0	0.00	0

Other requirements to exercise: 0

KHALID BIN THANI ABDULLAH AL THANI
Fixed Annual Compensation (40%) for participating in the Board

Implement. Date	Ownership of Options beginning of 2017 FY				Assigned Options during 2017 FY			
	Nº Options	Shares Affected	Exercise Price (€)	Deadline for Exercise	Nº Options	Shares Affected	Exercise Price (€)	Deadline for Exercise
27/11/2010	0	0	0.00	0	0	0	0.00	0

Conditions: 0

Shares delivered in the 2017 FY			Options Exercised in the 2017FY				Options sold and not exercised	Operations at end of 2017FY			
Nº of Shares	Price	Amount	Exercise Price (€)	Nª Options	Shares Affected	Gross Profit (M€)	Nº Options	Nº Options	Shares Affected	Exercise Price (€)	Deadline for Exercise
7,903	0.00	30	0.00	0	0	0	0	0	0	0.00	0

Other requirements to exercise: 0

WALEED AHMAD IBRAHIM ALSA´DI
Fixed Annual Compensation (40%) for participating in the Board

Implement. Date	Ownership of Options beginning of 2017 FY				Assigned Options during 2017 FY			
	Nº Options	Shares Affected	Exercise Price (€)	Deadline for Exercise	Nº Options	Shares Affected	Exercise Price (€)	Deadline for Exercise
27/11/2010	0	0	0.00	0	0	0	0.00	0

Conditions: 0

Shares delivered in the 2017 FY			Options Exercised in the 2017FY				Options sold and not exercised	Operations at end of 2017FY			
Nº of Shares	Price	Amount	Exercise Price (€)	Nª Options	Shares Affected	Gross Profit (M€)	Nº Options	Nº Options	Shares Affected	Exercise Price (€)	Deadline for Exercise
7,903	0.00	30	0.00	0	0	0	0	0	0	0.00	0

Other requirements to exercise: 0

iii) Long-term savings schemes

Name	Company's contribution during the year (€ thousands)		Cumulative amount (€ thousands)	
	2017 FY	2016 FY	2017 FY	2016 FY
JUAN LUIS CEBRIÁN ECHARRI	0	0	6,000	6,000

iv) Other benefits (€ 000s)

GREGORIO MARAÑÓN Y BERTRÁN DE LIS		
Compensation in the form of advances, loans granted		
Transaction interest rate	Essential characteristics of the transaction	Amounts eventually returned

0,00		None	None
Life assurance premiums		**Security given by the company in favour of the directors**	
Year2017	**Year 2016**	**Year2017**	**Year 2016**
1	1	None	None

MANUEL POLANCO MORENO			
Compensation in the form of advances, loans granted			
Transaction interest rate		**Essential characteristics of the transaction**	**Amounts eventually returned**
0,00		None	None
Life assurance premiums		**Security given by the company in favour of the directors**	
Year 2017	**Year 2016**	**Year 2017**	**Year 2016**
7	5	None	None

MANUEL MIRAT SANTIAGO			
Compensation in the form of advances, loans granted			
Transaction interest rate		**Essential characteristics of the transaction**	**Amounts eventually returned**
0,00		None	None
Life assurance premiums		**Security given by the company in favour of the directors**	
Year 2017	**Year 2016**	**Year 2017**	**Year 2016**
3	0	None	None

JUAN LUIS CEBRIAN ECHARRI			
Compensation in the form of advances, loans granted			
Transaction interest rate		**Essential characteristics of the transaction**	**Amounts eventually returned**
0,00		None	None
Life assurance premiums		**Security given by the company in favour of the directors**	
Year 2017	**Year 2016**	**Year2017**	**Year2016**
51	22	None	None

JOSÉ LUIS SAINZ DIAZ			
Compensation in the form of advances, loans granted			
Transaction interest rate		**Essential characteristics of the transaction**	**Amounts eventually returned**
0,00		None	None
Life assurance premiums		**Security given by the company in favour of the directors**	
Year 2017	**Year 2016**	**Year 2017**	**Year 2016**
6	4	None	None

b) Compensation accrued by directors of the company for membership on boards of other group companies:

i) Cash compensation (€ 000s):

Name	Salary	Fixed compensation	Per diems (Board and Committees)	Short term variable compensation	Long term variable compensation	Compensation for membership on Board Committees	Indemnification	Other Categories	Total 2017	Total 2016
MANUEL MIRAT SANTIAGO	61	0	0	17	0	0	0	1	79	0
JOHN PATON	0	34	0	0	0	0	0	0	34	34

ii) Compensation schemes based on shares

iii) Long-term savings schemes

iv) Other benefits (€ 000s)

MANUEL MIRAT SANTIAGO			
Compensation in the form of advances, loans granted			
Transaction interest rate		**Essential characteristics of the transaction**	**Amounts eventually returned**
0,00		None	None
Life assurance premiums		**Security given by the company in favour of the directors**	
Year 2017	**Year 2016**	**Year 2017**	**Year 2016**
1	0	None	None

c) Summary of compensation

The summary must include the amounts for all items of compensation included in this report that have been accrued by the director, in thousands of euros.

In the case of long-term saving systems, include contributions or funding for these types of systems:

	Compensation accrued in the Company				**Compensation accrued from group companies**				**TOTAL**		**Contribution to savings schemes during period**
NAME	**CASH COMPENSATION**	**COMPENSATION IN SHARES**	**GROSS PROFIT ON OPTIONS**	**TOTAL Company 2017**	**CASH COMPENSATION**	**NUMBER OF SHARES GRANTED**	**GROSS PROFIT ON OPTIONS**	**TOTAL Group Companies 2017**	**TOTAL 2017**	**TOTAL 2016**	
MANUEL POLANCO MORENO	1,636	0	0	1,636	0	0	0		1,636	640	0
MANUEL MIRAT SANTIAGO	246	0	0	246	79	0	0	79	325	0	0
DOMINIQUE D´HINNIN	224	0	0	224	0	0	0	0	224	60	0
WALEED AHMAD IBRAHIM ALSA´DI	82	30	0	112	0	0	0	0	112	66	0
ROBERTO ALCANTARA ROJAS	168	30	0	198	0	0	0	0	198	175	0
JOSEPH OUGHOURLIAN	161	0	0	161	0	0	0	0	161	112	0
JUAN LUIS CEBRIAN ECHARRI	2,098	0	0	2,098	0	0	0	0	2,098	1,762	0
JOHN PATON	191	0	0	191	34	0	0	34	225	171	0
KHALID BIN THANI BIN ABDULLAH AL THANI	57	30	0	87	0	0	0	0	87	102	0
FRANCISCO JAVIER GOMEZ-NAVARRO NAVARRETE	18	0	0	18	0	0	0	0	18	0	0
FRANCISCO JAVIER MONZÓN DE CÁCERES	36	0	0	36	0	0	0	0	36	0	0
JAVIER DE JAIME GUIJARRO	11	0	0	11	0	0	0	0	11	0	0
JOSE FRANCISCO GIL DIAZ	11	0	0	11	0	0	0	0	11	0	0
SONIA DULÁ	0	0	0	0	0	0	0	0	0	0	0
JOSE LUIS LEAL MALDONADO	107	0	0	107	0	0	0	0	107	132	0
ERNESTO ZEDILLO PONCE DE LEON	116	27	0	143	0	0	0	0	143	149	0

GREGORIO MARAÑON Y BERTRAN DE LIS	262	26	0	288	0	0	0	0	288	300	0
GLEN MORENO	135	0	0	135	0	0	0	0	135	130	0
MARIA ELENA PISONERO RUIZ	161	26	0	187	0	0	0	0	187	150	0
ALAIN MINC	199	26	0	225	0	0	0	0	225	239	0
ALFONSO RUIZ DE ASSIN CHICO DE GUZMÁN	121	0	0	121	0	0	0	0	121	86	0
JOSE LUIS SAINZ DIAZ	3,418	0	0	3,418	0	0	0	0	3,418	1,292	0
BLANCA HERNANDEZ RODRIGUEZ	46	0	0	46	0	0	0	0	46	86	0
TOTAL	**9,504**	**195**	**0**	**9,699**	**113**	**0**	**0**	**113**	**9,812**	**5,652**	**0**

(Free translation from the original in Spanish language)

D.2 Report on the relationship between compensation obtained by directors and the results or other measures of profitability of the entity, if applicable explaining how the changes in profitability of the company may have influenced changes in compensation of directors.

An important component of the variable remuneration of executive directors is linked to the results of the businesses of each fiscal year.

In fiscal year 2017, the executive relationship of three of the four executive directors was finalized in the terms and circumstances described in this report. Since the terminations occurred during the year in course and prior to the closing of the fiscal year, changes in the Company's performance corresponding to the year 2017 have not significantly influenced the variable remuneration component of the executive directors.

D.3 Report on the result of the advisory vote of the General Meeting on the annual report and compensation for the prior period, indicating the number of negative votes, if any:

	Number	% of total
Votes cast	60,383,609	100%

	Number	% of cast
Votes against	16,725,845	27.70%
Votes for	41,047,338	67.98%
Abstentions	2,610,426	4.32%

E. OTHER INFORMATION OF INTEREST

If there is any relevant aspect of director compensation that it has not been possible to include in the other sections of this report, but that it is necessary to include in order to set forth more complete and reasoned information regarding the compensation practices and structure of the company as regards its directors, briefly explain.

1.The total amount of the compensation paid to Directors set out in section D of this Report, which follows the accrual criteria set out in "CNMV Circular 4/2013 establishing the model for the annual compensation report of the directors of listed companies", differs from the total amount of directors' compensation stated in the notes to the annual accounts and the half-yearly financial information for 2017, which reflects the accounting provision.

2. In accordance with section A.1 of this Report, Mr. Polanco will be entitled to receive 905,000 euros as compensation for the termination of his commercial service agreement with the Company once the 2018-2020 Compensation Policy is approved. Since there was no accrual in this regard in 2017, it is not reflected in the tables in section D of this report, without prejudice to the accounting expenses recorded in the income statement.
Likewise, and as already stated in section A.12 of this Report, the contract signed by Jose Luis Sainz Díaz (Chief Executive Officer until 4 September 2017) provided for a post-contractual noncompete agreement of six months of fixed salary and the Board of Directors authorised the payment of €375,000 for this item, pro-rated monthly from October 2017 to March 2018. Consequently, only the amount of €187,500 euros that accrued from October to December 2017 period is included in the tables in section D of this Report.

3. Regarding the information contained in table ii) of section D.1.a) of this Report (share-based compensation systems in the Company to which this Report refers), it is noted that:

i) Although the compensation of non-executive directors includes a fixed amount through the delivery of shares whose gross amount is the same for all directors, the number of shares allocated is different because it depends on the retention percentages applicable to each of them.

ii) "Shares delivered in 2017" includes shares accrued in 2017, although they were not delivered in full as at 31 December 2017.

iii) The price of the “shares delivered in the 2017 financial year” to non-executive directors is not a single price. There are four prices corresponding to the quarter of the 2017 financial year (€ 4,683; € 2,617; € 3,103 and € 2,573).

4. With regard to the information contained in "Other Benefits"/Other items", it is noted that:

i) The figures shown in the column entitled "Life Insurance Premiums" include not only the premiums paid for life insurance but also for health insurance and on-the-job accidents, since there is no specific section in this Report for them to be declared.

ii) The € 262 thousand accrued by the former Director, Gregorio Marañón, includes € 90 thousand relating to the provision of legal advisory services to the Company and not his compensation as a director.

Likewise, the € 224 thousand paid to Dominique D´Hinnin includes € 100 thousand for the provision of advisory services to the Chairman and CEO for the Company's Refinancing Plan. These services were provided exclusively in 2017 and, therefore, they should not be included in section A.8 of this Report.

5. With regard to the column titled "Contribution to savings schemes during the year", no contributions were made during the year, reiterating what has already been indicated in section A.5 of the Report: in relation to the pension supplement for the CEO, Juan Luis Cebrián, the Company recorded a provision in 2014 covering the total amount (€6,000,000). However, it is noted that the total amount was not paid to Mr. Cebrián until 2018.

This annual compensation report was approved unanimously by the Board of Directors of the Company at its meeting of 22/03/2017.

State whether there are any directors who voted against or abstained from voting to approve this report.

NO

[*This document is a translation of an original text in Spanish. In case of discrepancy, the Spanish version will prevail*]

DIRECTORS' REMUNERATION POLICY
OF PROMOTORA DE INFORMACIONES, S.A.

INDEX

DIRECTORS' REMUNERATION POLICY OF PROMOTORA DE INFORMACIONES, S.A.

1. INTRODUCTION

In accordance with the provisions of article 529 novodecies of the consolidated text of the Spanish Companies Law, approved by Legislative Royal Decree 1/2010 of 2 July (the "**Spanish Companies Law**"), the General Meeting must approve the directors' remuneration policy at least every three years as a separate item on the agenda.

This document establishes the directors' remuneration policy of Promotora de Informaciones, S.A. ("**PRISA**" or the "**Company**"), which is submitted for approval by the General Meeting to be held on 25 April 2018.

This proposed remuneration policy includes a justification report from the Appointment and Remuneration Committee and a justified proposal from the Company's Board of Directors, in accordance with article 529 novodecies of the Spanish Companies Law. Both documents are available to the shareholders on the Company's website as from the date on which the General Meeting was convened.

2. VALID PERIOD

If approved by the General Meeting, this directors' remuneration policy shall be applied by the Company in 2018, 2019 and 2020. Any amendments to or replacements of the policy during its validity shall require prior approval from the General Meeting in accordance with the provisions of article 529 novodecies of the Spanish Companies Law.

Consequently, this remuneration policy substitutes and replaces the former "directors' remuneration policy 2017-2019" in force (approved by the Annual General Meeting on 30 June 2017 and subsequently amended through a resolution from the Extraordinary General Meeting on 15 November 2017) and shall be applicable with retroactive effects from 1 January 2018.

Without prejudice to the foregoing, the remuneration that was paid or is paid in 2018 to the directors or former directors under the "directors' remuneration policy 2017-2019" shall be valid, in particular the following remuneration in favour of the former Executive Vice Chairman (and current Non-Executive Board Chairman), Mr Manuel Polanco Moreno:

– EUR 905,000 as the benefit for the early termination by mutual agreement of his mercantile service lease with the Company, as the audiovisual officer.

– EUR 264,000 as the annual variable remuneration for 2017.

3. PRINCIPLES AND FUNDAMENTALS

3.1 General principles

The remuneration for the members of the Board of Directors is determined in accordance with that established in the Articles of Association, in the Board of Directors Regulations and in the resolutions adopted by the General Meeting.

The fundamentals of the remuneration policy for PRISA's directors, in their capacity as such and for discharging their executive duties, where applicable, consider the general principle that the directors' remuneration must be essential to attract, retain and motivate directors with an outstanding and appropriate professional profile so that they can contribute to the strategic objectives of the group of which PRISA is the parent company (the "**Group**").

Specifically, the remuneration policy is based on the following principles:

– <u>Restraint and adaptation to the best market practices</u>: PRISA makes sure that the directors' remuneration is restrained and conforms to the remuneration trends and references in its activity sector or among its comparables in terms of size, activity or structure, so that it is aligned with the best market practices.

– <u>Proportionality</u>: External directors' remuneration should sufficiently compensate them for the actual dedication, qualification and responsibilities that the post entails, but should not be so high as to compromise their independence.

– <u>Restrictions to the transfer of shares which the directors receive as part of their remuneration</u>: External directors who receive shares in payment for their fixed remuneration must maintain ownership of such shares until their removal as directors. On the other hand, executive directors who receive shares as a remuneration payment cannot transfer the ownership of a number of shares equal to twice the amount of their fixed annual remuneration until at least three years have elapsed from the time of their allocation. Such conditions shall not apply to any shares that the directors must dispose of to defray costs and taxes related to their acquisition.

– The directors' remuneration for discharging executive duties shall be based on the following criteria:

(a) it must motivate them to stay on and guide their conduct, with responsibility and special focus for the long term, with a reasonable link to the share performance in that time horizon;

(b) it must enable them to deal with the Company's current situation, outlook and sustainable growth targets;

(c) it must include fixed and variable annual and, where applicable, multi-year components, in cash, in kind and in items linked to the share price, determined in accordance with the following criteria in order for the balancing of the different items of the remuneration to be aligned with the market practice:

- the fixed remuneration must be moderate and shall not be modified during the period of this Policy, unless there are specific circumstances which warrant a review.
- the variable remuneration must represent an important part of the total remuneration.
- the medium-term remuneration must have a significant weighting.
- the share-based remuneration must be also significant.
- the variable remuneration must be partially received over time.

(d) a clause must be included in the respective contracts which enables the Company to claim the reimbursement of any variable remuneration paid in the event that it is subsequently objectively proven that it was determined based on incorrect or inaccurate data.

Specifically, the directors' remuneration envisaged in this policy shall maintain a reasonable proportion in line with the Company's relevance, its current economic and financial situation and the comparables' market standards. Likewise, the remuneration system will be aimed at fostering long-term profitability and sustainability and includes the necessary precautions to avoid taking excessive risk and having to offset unfavourable results.

4. REMUNERATION FOR DIRECTORS IN THEIR CAPACITY AS SUCH

4.1 General criteria

The remuneration for directors in their capacity as such shall consist of a fixed annual amount, which is established as follows:

(i) The maximum annual remuneration amount for all the directors in their capacity as such shall be determined by the General Meeting.

(ii) At the proposal of the Appointment, Remuneration and Corporate Governance Committee, the Board of Directors shall distribute among its members the aforementioned remuneration, taking into account the functions and responsibilities of each director, whether they belong to the Board Committees, and the other objective circumstances that the Board of Directors deems relevant. In that sense, a larger remuneration amount has been established for the Chairman of the Board of Directors than for the other Board members based on the required dedication to his institutional and representation duties for the Company at the highest level, among other non-executive functions that he carries out.

4.2 Maximum amount of directors' remuneration in their capacity as such

The maximum annual amount that the Company can pay to all the directors in their capacity as such (excluding the amount they receive as executive directors for the items stated in section 5 below) cannot exceed EUR 2,000,000. That cap shall remain in force until the General Meeting approves an amendment.

4.3 Remuneration items

4.3.1 Fixed annual remuneration for serving on the Board of Directors

The fixed annual remuneration which the non-executive directors receive for serving on the Board of Directors shall be paid to each external director in cash on a prorated monthly basis.

The maximum fixed annual remuneration for this item shall be EUR 70,000 per director.

4.3.2 Fixed annual remuneration for the non-executive Chairman

The non-executive Chairman of the Board of Directors, Mr Manuel Polanco Moreno, shall be entitled to receive a gross fixed annual remuneration of EUR 500,000 in his capacity as a director and as the non-executive Board Chairman. That remuneration shall be paid in cash on prorated monthly basis and will be incompatible with the remuneration items referred to in sections 4.3.1 above and 4.3.3 below.

Likewise, the non-executive Chairman shall be a beneficiary of the life and health insurance policy referred to in section 6 below.

4.3.3 Fixed annual remuneration for serving on the Board Committees:

The fixed annual remuneration which the non-executive directors receive for serving on the Board Committees shall be paid in cash on a prorated monthly basis and the maximum amounts are as follows:

i. Remuneration for serving on the Delegated Committee: EUR 30,000 per year per director.

ii. Remuneration for serving on the Audit and Compliance Committee and on the Appointment, Remuneration and Corporate Governance Committee: EUR 20,000 per year for each member, being twice that amount for their respective Chairpersons (i.e. EUR 40,000).

4.3.4 Serving on the Boards of Directors of other Group companies

PRISA's directors, except the executive ones, can accrue other fees for serving on the Boards of Directors of other Group companies, in accordance with their respective Articles of Association.

4.3.5 Other remuneration items

Mr Manuel Polanco is entitled to receive, in accordance with the terms agreed for the termination of his former service provision contract, the amount foreseen therein to compensation the non-competition agreement (a clause which was agreed to stop being in force on 31 December 2019), amounting to EUR 230,000 if he ceased being the Board Chairman before 31 December 2019 —as a result of his removal as the Board Chairman through a resolution by the General Meeting or by the Board for reasons other than a serious breach of his obligations which would lead to his removal— and did not compete with the PRISA Group during the period of one year after his removal . Such amount derives from Mr Manuel Polanco’s former contract as executive director and, therefore, is not included in the directors’s maximum remuneration cap referred to in section 4.2. above.

The remuneration policy for the directors in their capacity as such does not envisage granting credits, advance payments or guarantees. Likewise, it does not envisage the non-executive directors participating in employee welfare systems or being entitled to compensation in the event that they terminate their duties as directors; also, it does not envisage granting remuneration other than that described in this policy, without prejudice to that envisaged in section 6.

4.4 Other provisions

4.4.1 Expenses related to Board and Committee meetings

The travel and accommodation expenses for attending the meetings of both the Board of Directors and the Committees shall be reimbursed by the Company to the directors, provided that they have been previously notified to the Company and accepted by it and are duly justified.

In addition, PRISA's directors do not receive allowances for serving on the Board or on the Committees or any other fixed remuneration as directors.

4.4.2 Civil liability insurance

The Company has arranged civil liability insurance for all its directors under the usual market conditions and proportionate to the Company's specific circumstances.

5. REMUNERATION FOR DIRECTORS FOR PERFORMING EXECUTIVE DUTIES

Mr Manuel Mirat Santiago is the only member of the Board of Directors who carries out executive duties at PRISA.

5.1 Remuneration items

The remuneration items comprising the executive directors' remuneration as well as the basic terms and conditions of their functions must be stated in a contract signed between the Company and the director and it must be approved previously by the Board of Directors, where the director must abstain from voting on and discussing the matter and there must be a majority of two-thirds of its members.

Executive directors shall not receive any amounts for the items envisaged in section 4 below. Nevertheless, executive directors are beneficiaries of the civil liability insurance arranged by the Company for its directors.

The executive directors' remuneration can include the following items:

– fixed remuneration;

– short-term variable remuneration and medium- or long-term variable remuneration;

– employee welfare;

– remuneration in kind; and

– insurance, savings plans, indemnities and exclusivity, post-contractual non-compete or seniority covenants.

5.2 Fixed remuneration

Executive director shall receive for their executive and senior management duties a fixed annual remuneration in cash amounting to EUR 500,000.

5.3 Variable remuneration

Part of the executive directors' remuneration will be variable, with a view to strengthening their commitment to the Company and incentivise better performance. The variable remuneration of the executive directors shall represent a relevant part of their total remuneration and be linked to meeting targets established by the Board of Directors, which will be mostly specific and quantifiable, so that this is not due simply to the general performance of the markets, of the Company's activity sector or other similar circumstances. The Company's purpose in this respect, like with the Group's other senior managers, is to provide competitive remuneration packages which attract and retain outstanding professionals while establishing a link between the remuneration and results and the achievement of the targets for the Company and the Group.

The executive directors' variable remuneration currently includes a short-term annual variable amount and may also include a medium or large term variable remuneration.

The executive directors' variable remuneration targets are approved by the Board of Directors, at the proposal of the Appointment, Remuneration and Corporate Governance Committee. At the proposal of that Committee, the Board of Directors is also responsible for assessing the degree of compliance with the established targets.

5.3.1 Actions adopted by the Company with respect to the variable remuneration system to reduce exposure to excessive risks and adjust it to the company's long-term objectives, value or interests

The variable remuneration system established by the Company includes the following provisions for these purposes:

– Every year, a variable remuneration system is defined based on the formal procedures to determine the amounts to be paid to the executive director. The objectives are established previously in writing and their achievement determined on the basis of the results approved by the Board.

– The right to receive guaranteed annual variable remuneration does not exist.

– The remuneration linked to company earnings should take into account any qualifications stated in the audit report that reduce their amount.

– The contract with the Chief Executive Officer, Mr Manuel Mirat Santiago, includes a clawback clause, which enables the Company to claim the reimbursement of the variable components of the remuneration which have been paid based on data subsequently found to be inaccurate. This measure has effects for the remuneration received after the entry into force of his contract with the Company, i.e. from 4 September 2017. Likewise, the Incentive Plan will envisage the corresponding malus and clawback clauses (as defined below).

– The system established for the quantitative targets takes into account the variables which have been identified within the Company's risk map.

– All the variable remuneration has established a payment cap.

5.3.2 Annual variable remuneration

The annual variable remuneration of the Chief Executive Officer, Mr Manuel Mirat, is regulated in his contract with the Company, according to which he will receive variable non-vested remuneration in cash, in accordance with the targets allocated to each annual period within the term of his contract and which will be established every year by the Board of Directors, at the proposal of the Appointment, Remuneration and Corporate Governance Committee. The annual variable remuneration of the Chief Executive Officer, which will be determined in accordance with a scale of compliance, will be mainly linked to meeting quantitative business objectives, including the Group's operational and financial objectives, the value creation and sustainability objectives and, where applicable, the qualitative objectives. The Board shall have the discretion to establish the variable remuneration system for the executive directors within the framework of this policy.

The variable remuneration of the Chief Executive Officer, Mr Manuel Mirat Santiago, for a 100% degree of compliance with the established objectives, amounts to EUR 300,000, with the possibility to increase said amount, in a maximum of 130%, if the degree of compliance with the objectives are over 100%, so that the maximum amount that the Chief Executive Officer can receive for this remuneration item amounts to EUR 390,000.

The annual variable remuneration is paid after the end of the year, whereby the amount accrued during the year by the Chief Executive Officer is settled, where applicable, the following year.

In each *annual directors' remuneration report*, the Company will provide details of how this policy is implemented and the specific objectives established for each year and their degree of compliance.

5.3.3 Medium- or long-term variable remuneration

– <u>Medium-term incentive plan 2018-2020</u>

If approved by the General Meeting, which is expected to be held on 25 April 2018, the executive director will be the beneficiary of a medium-term incentive plan, referred to a three-year period (2018, 2019 and 2020), without prejudice to the settlement period (the "**Incentive Plan**").

The Incentive Plan is also aimed at linking a part of the remuneration of the management team (including the executive director) with the shareholders' interest within a multi-year and long-term value creation framework for the Company and its Group.

The Incentive Plan envisages the possibility of the executive director receiving a certain number of ordinary company shares after three years and provided that certain requirements are met. The details of how the Incentive Plan will be applied and executed are regulated in the aforementioned resolution from the General Meeting and the general terms and conditions of the Incentive Plan approved by the Company's

Board of Directors, at the proposal of the Appointment, Remuneration and Corporate Governance Committee (the "**General Conditions**").

Where applicable, the shares will be delivered within sixty calendar days of the date on which the Company's Board approves the financial statements for 2020 ("**Delivery Date**").

The Company will allocate a certain number of restricted stock units ("**RSUs**"), which will be used as the reference for determining the final number of shares to be delivered to the executive director.

A portion of the shares to be delivered upon completion of the Incentive Plan will depend on the increase of the Company's share value, to be determined by the difference between the share market value at the beginning and at the end of the Incentive Plan, according to the terms of the General Meeting's resolution and from a minimum value increase level, in the terms to be established by the Company's Board of Directors.

Another portion of the shares to be delivered will depend on the degree of compliance of the Group's consolidated EBITDA and Cash Flow generation objectives for the period 2018-2020, on the basis of a graded scheme also to be established on the referred General Conditions.

At the proposal of the Appointment, Remuneration and Corporate Governance Committee, the Board of Directors will determine what portion of shares would be delivered depending on the value increase and what portion will be delivered depending on the compliance of the EBITDA and Cash Flow objectives (and the respective weighting of these two objectives) and the corresponding graded schemes regarding the value increase and objectives compliance, together with their respective percentages of the shares to be delivered.

At the proposal of the Appointment, Remuneration and Corporate Governance Committee, the Board of Directors can establish different objectives in the interests of the Company and of its shareholders in the event that there are significant events or corporate transactions which, in the Board's opinion, significantly affect the Incentive

Plan and which must be stated in the corresponding *Annual Directors' Remuneration Report*, as well as the establishment of the Incentive Plan objectives, scales and weightings.

The Board of Directors will also be entitled to set a maximum share value increase which would result in the early settlement of the Incentive Plan and the delivery of the corresponding shares to the Chief Executive Officer depending on the market share value of PRISA's shares on that moment and on the compliance of the EBITDA and Cash Flow objectives on that date.

In order to receive the shares the executive director must maintain a contractual relationship with the PRISA Group during the reference period and until the Delivery Date, except for certain cases of termination due to causes non attributable to him (good leaver), which will be duly determined on the General Conditions of the Incentive Plan to be approved by the Board of Directors.

The Incentive Plan will envisage the corresponding malus clauses, which will be applicable during the term of the Incentive Plan and between its termination and the actual delivery of the shares, and the clawback clauses, which may mean that the shares can be reduced or refunded under certain circumstances, in accordance with that established by the Board of Directors at any given time.

The maximum number of shares that the executive director can receive under the Incentive Plan amounts to 2,800,000 shares.

In any case, the Company reserves the right to decide, if it deems this appropriate, to replace the delivery of shares with the payment of an amount in cash.

5.4 The right to receive an indemnity in certain cases of early termination of the executive duties is stated in the executive director's contract with the Company.

The right to receive an indemnity in certain cases of early termination of the executive duties is stated in the executive director's contract with the Company.

In that sense, the contract of the Chief Executive Officer, Mr Manuel Mirat Santiago, envisages that, once the four years stated in the contract or any of its extensions have elapsed, if the Board of Directors of PRISA decides not to renew this position, he will be entitled to an indemnity equivalent to 18 months of his fixed and variable annual remuneration. Likewise, in this case the Chief Executive Officer will be entitled, as part of his settlement, to the proportional part of the variable remuneration target (i.e. EUR 300,000) and, where applicable, of the multi-year incentive.

In the case of unilateral termination simply by the Company's decision or because it has committed a breach, Mr Manuel Mirat Santiago will receive the corresponding employment indemnity in accordance with the regulations applicable to the ordinary employment relations on hold plus 18 months of the fixed and variable annual compensation in cash, at the date of his termination.

5.5 Other terms and conditions of the contract with the executive director

The essential terms and conditions of the mercantile contract with the executive director are, in addition to the aforementioned remuneration terms, as follows:

(i) Term: Four years from 4 September 2017.

(ii) Advance notice given by the director: Three months. Obligation to pay the fixed remuneration in cash, including the proportional distribution of the salary bonuses corresponding to the period of notice that he fails to comply with.

(iii) Indemnity for terminating the contract at the Company's request: Advance notice of three months. In the event of partial or full breach of the advance notice, the Company must pay the fixed remuneration in cash, including the proportional distribution of the salary bonuses corresponding to the period of notice that it fails to comply with. The corresponding employment indemnity in accordance with the regulations applicable to the ordinary employment relations on hold plus 18 months of the fixed and variable annual compensation of the Chief Executive Officer.

(iv) Exclusivity and non-compete covenants: Exclusivity and the specific prohibition to not compete, except the companies excluded in the contract itself.

(v) Post-contractual non-compete covenant: Six months. Spanish or foreign companies with an identical or similar activity to the Group companies. Commitment not to hire any person who is or during the twelve months prior to the date of termination of the contract was a member of the Group staff; and not to contribute to any Group worker leaving it.

Compensation: six months of the last fixed gross salary, payable in equal instalments over the term of the non-compete covenant. Breach: obligation to refund the amount of compensation and, in addition, an indemnity for an amount equal to six months of the fixed remuneration received.

6. OTHER REMUNERATION IN KIND

6.1 Life and accident insurance

PRISA has signed a policy with an insurance company that covers the contingencies of death for any reason, absolute disability and total permanent disability by reason of accident with a coverage amount equivalent to one year of the total remuneration of the beneficiary (the remuneration received in the previous year), additional coverage in the case of accidental death or absolute disability by reason of accident and further additional coverage in the event of death by traffic accident. Within the Company's Board of Directors, the only beneficiaries of this policy are the non-executive Chairman and the Chief Executive Officer. The death benefit has an age limit of 75 years, and the supplementary risk coverage also has an age limit of 65 years.

The insured capitals of the non-executive Chairman and the Chief Executive Officer's life insurance for the year 2018 amount to EUR 500,000 and EUR 800,000, respectively. Non-executive Chairman's insured capital is linked to his fixed remuneration. In the Chief Executive officer's case, pursuant to the terms and conditions of the policy, the insured capital is equivalent to one year of the remuneration associated to his post. In particular, for the year 2018 the fixed remuneration and the annual target variable remuneration (i.e. EUR 300,000) have been taken for reference, given that at the time the policy was renewed the one year period since his appointment as Chief Executive Officer had not elapsed. As from 2019, the insured capital will be determined taking for reference the fixed remuneration plus the variable remuneration received in the previous year.

This policy's premiums are revised on an annual basis depending on the accident indices of the Group's collective policies and vary according to the age of the insured person. For this purpose, in the first quarter of each year the premiums attributable to each of the beneficiaries are revised. For the year 2018, the premiums corresponding to the non-executive Chairman amount to EUR 1,416.45 for he life insurance and EUR 118.50 for the accident insurance, while with respect to the Chief Executive Officer, the premiums amount to EUR 855.75 for the life insurance and EUR 189.60 for accident insurance.

6.2 Private health insurance

In addition, the Group, within its policy applicable to all executives, has private health insurance in the form of reimbursement of expenses. Within the Company's Board of Directors, the beneficiaries of this insurance are the non-executive Chairman and the Chief Executive Officer, as well as the family members thereof, respecting the age limits appearing in the corresponding policy.

The private health insurance's premiums are revised on an annual basis depending on the accident rate of the Group's policies and the evolution of the health Consumer Index Price following the proposal of the insurance broker. For this purpose, the last quarter of the year the premium to be applied during the following year is determined. For the year 2018, the premium corresponding to the non-executive Chairman's health insurance amounts to EUR 3,619.42, while the premium corresponding to the Chief Executive Officer amounts to EUR 4,718.40.

6.3 Other remunerations in kind

The Chief Executive Officer is also entitled to use a vehicle with driver, under the terms set out in the PRISA Group's vehicle fleet policy.

Finally, the Chairman will have the necessary material and human resources to appropriately discharge his duties as the non-executive Chairman of PRISA's Board of Directors, all of this in accordance with PRISA's practices and policies, including the right to use a vehicle with driver, under the terms set out in the PRISA Group's vehicle fleet policy, as well as the secretary service.

7. OTHER DIRECTORS' REMUNERATION FOR SERVICES PROVIDED OUTSIDE THEIR DUTIES AS A BOARD MEMBER

The Company can remunerate certain directors for providing other services, at the proposal of the Appointment, Remuneration and Corporate Governance Committee and through a resolution by the Board of Directors.

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