



ANNUAL REPORT ON CORPORATE GOVERNANCE

LISTED COMPANIES

FINANCIAL YEAR: 31.12.2014

TAX ID CODE: A-28297059

Corporate Name: **PROMOTORA DE INFORMACIONES, S.A.**

Registered address: Gran Vía, 32. Madrid 28013

A. OWNERSHIP STRUCTURE

A.1. Complete the following table concerning the company's share capital:

Date Last Modified	Share Capital (€)	Number of Shares	Number of Voting Rights
17/12/2014	215,807,875.30	2,158,078,753	2,158,078,753

Indicate whether there are different classes of shares having different rights:

NO

A.2. Indicate the direct or indirect owners of significant holdings in your organization at the end of the financial year, excluding Board Members:

Shareholder's Name	Number of Direct Voting Rights	Indirect Voting Rights Number of Direct Voting Rights	Total % of Voting Rights
RUCANDIO, S.A	0	206,178,256	9.55%
NICOLAS BERGGRUEN	183,465	28,422,994	1.33%
AMBER CAPITAL LP	0	64,703,441	3.00%
FUNDACIÓN BANCARIA CAIXA D ESTALVIS I PENSIONS DE BARCELONA	0	89,936,378	4.17%
BANCO SANTANDER, S.A.	1,046,000	97,406,182	4.56%
HSBC HOLDINGS PLC	0	175,372,741	8.13%
MONARCH MASTER FUNDING 2 (LUXEMBOURG S.A.R.L.)	70,136,667	0	3.25%
TELEFÓNICA, S.A.	97,087,378	0	4.50%
GRUPO HERRADURA DE OCCIDENTE, S.A. DE CV	0	188,912,295	8.75%
MORGAN STANLEY	0	88,279,312	4.09%

(Free translation from the original in Spanish language)

Indirect Shareholder 's Name	Direct Shareholder 's Name	Number of Direct Voting Rights
RUCANDIO, S.A.	TIMON, S.A.	7,928,140
RUCANDIO, S.A.	RUCANDIO INVERSIONES SICAV.	339,094
RUCANDIO, S.A.	PROMOTORA DE PUBLICACIONES, S.L.	77,248,921
RUCANDIO, S.A.	ASGARD INVERSIONES, S.L.U	27,662,101
RUCANDIO, S.A.	OTNAS INVERSIONES, S.L.	93,000,000
NICOLAS BERGGRUEN	BH STORES, IV, B.V	28,422,994
AMBER CAPITAL LP	SUCCINITE XI HOLDINGS II, SARL	64,703,441
FUNDACIÓN BANCARIA CAIXA D ESTALVIS I PENSIONS DE BARCELONA	CAIXABANK, S.A.	89,936,378
BANCO SANTANDER, S.A	BANCO SANTANDER, S.A	97,406,182
HSBC HOLDINGS PLC	HSBC BANK PLC	175,372,741
GRUPO HERRADURA DE OCCIDENTE, S.A. DE CV	CONSORCIO TRANSPORTISTA OCCHER, S.A. DE C.V	188,912,295
MORGAN STANLEY	MORGAN STANLEY	88,279,312

(Free translation from the original in Spanish language)

Indicate the most significant changes in shareholder structure during the financial year:

Shareholder's Name	Date of Transaction	Description of transaction
DEUTSCHE BANK AG	17/03/2014	Dropped from 3% of share capital
DEUTSCHE BANK AG	07/01/2014	Reached 3% of share capital
UBS AG	18/07/2014	Reached 3% of share capital
RUCANDIO, S.A.	21/02/2014	Dropped from 30% of share capital
DEUTSCHE BANK AG	18/03/2014	Reached 3% of share capital
DEUTSCHE BANK AG	20/03/2014	Dropped from 3% of share capital
UBS AG	20/03/2014	Dropped from 3% of share capital
UBS AG	05/09/2014	Reached 3% of share capital
UBS AG	09/09/2014	Dropped from 3% of share capital
RUCANDIO, S.A.	26/08/2014	Dropped from 15% of share capital
RUCANDIO, S.A.	19/09/2014	Reached 15% of share capital
HALCYON MASTER FUND LP	27/03/2014	Reached 1% of share capital
HALCYON MASTER FUND LP	14/07/2014	Dropped from 1% of share capital
INMOBILIARIA CARSO, S.A. DE CV	20/02/2014	Dropped from 3% of share capital
FINANCIERE DE LECHQUIER	07/05/2014	Reached 3% of share capital
FINANCIERE DE LECHQUIER	14/07/2014	Dropped from 3% of share capital
SILVER POINT CAPITAL LP	07/03/2014	Dropped from 3% of share capital
SILVER POINT CAPITAL LP	03/03/2014	Dropped from 5% of share capital
SILVER POINT CAPITAL LP	25/02/2014	Reached 5% of share capital
FIL LIMITED	27/01/2014	Reached 1% of share capital
FIL LIMITED	29/01/2014	Reached 2% of share capital
FIL LIMITED	07/02/2014	Reached 3% of share capital
FIL LIMITED	20/02/2014	Dropped from 3% of share capital
FIL LIMITED	04/03/2014	Reached 3% of share capital
FIL LIMITED	06/06/2014	Dropped from 3% of share capital
FIL LIMITED	14/07/2014	Dropped from 2% of share capital
FIL LIMITED	03/10/2014	Dropped from 1% of share capital
GRUPO HERRADURA DE OCCIDENTE, S.A. DE CV	12/09/2014	Reached 5% of share capital
RUCANDIO, S.A.	24/04/2014	Dropped from 25% of share capital
RUCANDIO, S.A.	08/07/2014	Dropped from 20% of share capital
RUCANDIO, S.A.	17/07/2014	Dropped from 15% of share capital

(Free translation from the original in Spanish language)

A.3. Complete the following tables concerning members of the Board of Directors who hold voting rights in the Company:

Director's Name	Number of Direct Voting Rights	Number of Indirect Voting Rights	Total % of Voting Rights
JUAN LUIS CEBRIÁN ECHARRI	3,698,521	1,461,143	0.24
MANUEL POLANCO MORENO	257,925	385,266	0.03
JOSE LUIS SAINZ DIAZ	214,350	0	0.01
FERNANDO ABRIL-MARTORELL	0	2,003,068	0.09
CLAUDIO BOADA PALLERÉS	100	0	0.000
AGNES NOGUERA BOREL	223,463	500	0.01
ALAIN MINC	280,102	0	0.01
ARIANNA HUFFINGTON	400	0	0.00
BORJA JESÚS PÉREZ ARAUNA	231,363	40,350	0.01
EMMANUEL ROMAN	200,613	0	0,01
ERNESTO ZEDILLO PONCE DE LEON	253,324	0	0.01
GREGORIO MARAÑÓN BERTRÁN DE LIS	223,438	493,088	0.03
JOSE LUIS LEAL MALDONADO	18,193	0	0.00
JUAN ARENA DE LA MORA	91,846	0	0.00
JOHN PATON	4,000	0	0.00
ROBERTO LAZARO ALCANTARA ROJAS	53,462	0	0.00

(Free translation from the original in Spanish language)

Indirect Shareholder's Name	Through: Direct Shareholder's Name	Number of Voting Rights
GREGORIO MARAÑÓN BERTRÁN DE LIS	GREGORIO MARAÑÓN BERTRÁN DE LIS	493,088
AGNES NOGUERA BOREL	AGNES NOGUERA BOREL	500
MANUEL POLANCO MORENO	MANUEL POLANCO MORENO	385,266
FERNANDO ABRIL-MARTORELL	FERNANDO ABRIL-MARTORELL	2,003,068
BORJA JESÚS PÉREZ ARAUNA	BORJA JESÚS PÉREZ ARAUNA	40,350
JUAN LUIS CEBRIÁN ECHARRI	JUAN LUIS CEBRIÁN ECHARRI	1,461,143

Total % of Voting Rights controlled by the Board of Directors	1.12%
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Complete the following table concerning Members of the Board of Directors holding stock options in the Company:

A.4. Indicate, if applicable, any family, commercial, contractual or corporate relationships existing between the owners of significant shareholdings that are known to the Company, unless they are irrelevant or derive from ordinary commercial transactions:

Names of the Related Persons or Entities
RUCANDIO, S.A.
TIMON, S.A.

Type of Relationship
Corporate

Brief Description:
Rucandio, S.A. controls directly 56.53% of the share capital of Timón, S.A.

Names of the Related Persons or Entities
ASGARD INVERSIONES, SLU
TIMON, S.A.

Type of Relationship
Corporate

Brief Description:
Timón, S.A. directly controls 100% of Asgard Inversiones, S.L.U.

Names of the Related Persons or Entities
PROMOTORA DE PUBLICACIONES, S.L.
TIMON, S.A.

(Free translation from the original in Spanish language)

Type of Relationship

Corporate

Brief Description:

Timón, S.A. controls directly 82.95% of the share capital of Promotora de Publicaciones, S.L.

Names of the Related Persons or Entities

OTNAS INVERSIONES, S.L.

ASGARD INVERSIONES SLU

Type of Relationship

Corporate

Brief Description:

Asgard Inversiones, S.L.U controls directly 91.79% of the share capital of Otnas Inversiones, S.L.

Names of the Related Persons or Entities

RUCANDIO, S.A.

OTNAS INVERSIONES, S.L.

Type of Relationship

Contractual

Brief Description:

In order to facilitate the refinancing of the financial debt of PRISA, Timón, S.A., Promotora de Publicaciones, S.L., Asgard Inversiones, S.L.U, Berggruen Acquisition Holdings S.A.R.L and Mr. Martin Franklin, reached an agreement and set up a company named as OTNAS INVERSIONES, S.L., indirectly controlled by Rucandio, destined to convert 75,000,000 warrants, amounting 150,000,000 euros, into PRISA shares. The transaction was executed in January 2012. In April 2014 Mr. Martin Franklin and Promotora de Publicaciones, S.L. transferred all the shares they held in Otnas Inversiones, S.L. to Asgard Inversiones.

Names of the Related Persons or Entities

RUCANDIO, S.A.

RUCANDIO INVERSIONES SICAV, S.A.

Type of Relationship

Corporate

Brief Description:

Rucandio, S.A. controls directly 30.90% of the share capital of Rucandio Inversiones SICAV, S.A.

Names of the Related Persons or Entities

RUCANDIO, S.A.

PROMOTORA DE PUBLICACIONES, S.L.

Type of Relationship

Corporate

Brief Description:

Rucandio, S.A. controls directly 8,32% of the share capital of Promotora de Publicaciones, S.L.

Names of the Related Persons or Entities

PROMOTORA DE PUBLICACIONES, S.L.

RUCANDIO, S.A.

(Free translation from the original in Spanish language)

Type of Relationship

Contractual

Brief Description:

On 22/12/2011 Promotora de Publicaciones, S.L. executed some corporate arrangements that allow its shareholders to replace an indirect shareholding into a direct shareholding in PRISA. Some shareholders who acquired the direct shareholding, entered into a shareholders agreement by virtue of which they maintain the syndicated right to vote in PRISA. The execution of such Reversion Plan was completed in February 2012. The shareholders agreement was amended in October 2013 and February 2014 by means of the allocation of additional PRISA shares. Said shareholders agreement was cancelled in April 2014.

Names of the Related Persons or Entities
RUCANDIO, S.A.
CONSORCIO TRANSPORTISTA OCCHER, S.A. DE CV

Type of Relationship

Contractual

Brief Description:

In April 2014 a shareholders agreement was signed (see section A.6 below) between Timón, S.A., Promotora de Publicaciones, S.L., Asgard Inversiones, S.L.U, Otnas Inversiones, S.L. (all direct or indirect subsidiaries of Rucandio, S.A.) together with the shareholder CONSORCIO TRANSPORTISTA OCCHER, S.A. DE CV (subsidiary of Grupo Herradura Occidente, S.A. de CV) and other shareholders of PRISA.

Names of the Related Persons or Entities
CONSORCIO TRANSPORTISTA OCCHER, S.A. DE CV
GRUPO HERRADURA DE OCCIDENTE, S.A. DE CV

Type of Relationship

Corporate

Brief Description: CONSORCIO TRANSPORTISTA OCCHER, S.A. DE CV holds 99.99% of the share capital of Grupo Herradura de Occidente, S.A. de CV.

Names of the Related Persons or Entities
CONSORCIO TRANSPORTISTA OCCHER, S.A. DE CV
GRUPO HERRADURA DE OCCIDENTE, S.A. DE CV

Type of Relationship

Corporate

Brief Description: The company CONSORCIO TRANSPORTISTA OCCHER, S.A. DE CV is a subsidiary of Grupo Herradura de Occidente, S.A. de CV, as a result of which there are various legal, fiscal and commercial links between them.

A.5. Indicate, if applicable, any commercial, contractual or corporate relationships existing between significant shareholders and the Company and/or its Group, unless they are of little relevance or derive from ordinary commercial transactions:

(Free translation from the original in Spanish language)

A.6. Indicate whether any shareholders' agreement have been communicated to the Company pursuant to articles 530 and 531 LSC. If applicable, describe them briefly and list the shareholders bound by those agreements:

YES

Parties to the Shareholders' Agreement
OTNAS INVERSIONES, S.L.
EVIEND SARL
CONSORCIO TRANSPORTISTA OCCHER, S.A. DE CV
MANUEL VARELA UÑA
JOSE BUENAVENTURA TERCEIRO LOMBA
JOSE MARIA ARANAZ CORTEZO
ANDRÉS VARELA ENTRECANALES
JUAN LUIS CEBRIAN ECHARRI
TIMON, S.A.
LIBERTAS 7, S.A.
PROMOTORA DE PUBLICACIONES, S.L.
EDICIONES MONTE ANETO, S.L.
ASGARD INVERSIONES, SLU
INVERSIONES MENDOZA SOLANO, S.L.

% of share capital

9.53%

Brief Description of the Agreement

2014 PRISA Shareholders' Agreement (See the note in section H)

Parties to the Shareholders' Agreement
RUCANDIO, S.A.
TIMÓN, S.A.

% of share capital

3.58%

Brief Description of the Agreement

Shareholders' Agreement in Promotora de Publicaciones, S.L. (See the note in section H)

Parties to the Shareholders' Agreement
IGNACIO POLANCO MORENO
ISABEL MORENO PUNCEL
MARIA JESÚS POLANCO MORENO
MARTA LOPEZ POLANCO
ISABEL LOPEZ POLANCO
MANUEL POLANCO MORENO
JAIME LOPEZ POLANCO
LUCIA LOPEZ POLANCO

% of share capital

19.08

Brief Description of the Agreement

Shareholders' Agreement in Rucandio, S.A. (See the note in section H)

Indicate, if applicable, any concerted actions among company shareholders that are known to the Company:

(Free translation from the original in Spanish language)

NO

Expressly indicate any change or breach of those agreements or concerted actions during the financial year.

As the CNMV was informed in material disclosures no. 201041 and 204178, dated 27 February and 28 April 2014, respectively, the PRISA shareholder agreement of 22 December 2011 was firstly amended (by means or the allocation of new shares) and subsequently terminated.

The aforementioned material disclosure no. 204178, of 28 April, also reported the issue of a new shareholders agreement on 24 April 2014 (the 2014 Shareholders Agreement), described in section H, which was also modified in September 2014 (material disclosure no. 211007 of 22 September 2014) by the allocation to the shareholders' syndicate of additional shares in Consorcio Transportista Occher, S.A.

A.7. Indicate whether any individual or corporate entity controls or may control the Company pursuant to Article 4 of the Securities Market Law, and if so, identify:

NO

A.8. Complete the following tables concerning the Company's treasury stock:

At year's end:

Number of Direct Shares	Number of Indirect Shares (*)	Total % of Share Capital
12,076,666	0	0.56%

(*) Through:

Name or Corporate Name of the direct holder	Number of Direct Shares
Total:	0

Indicate any significant variations during the financial year with respect to the provisions of Royal Decree 1362/2007:

A.9. Indicate the conditions and terms of any current powers conferred upon the Board of Directors at the Shareholders' Meeting to issue, repurchase or transfer treasury stock.

Regarding the derivative acquisition of own shares, the Shareholders' Meeting held on June 22, 2013 passed the following resolution:

"1. To revoke, to the extent not used, the authorization granted by the Ordinary General Meeting of 30 June 2012, in point eleventh of the agenda therefore, regarding the authorization for direct or indirect derivative acquisition of own shares.

2. To grant express authorization for derivative acquisition of Class A shares of the Company, directly or through any of its subsidiaries, by purchase or by any other inter vivos act for consideration, for a maximum term of 5 years from the holding of this Meeting.

(Free translation from the original in Spanish language)

3. To approve the limits or requirements for these acquisitions, which will be as follows:

The par value of the shares acquired directly or indirectly, added to that of those already held by the Company and its subsidiaries and, if applicable, the controlling company and its subsidiaries, at no time will exceed the permissible legal maximum.

The acquired shares must be free of any liens or encumbrances, must be fully paid up and not subject to performance of any kind of obligation.

A restricted reserve may be established within net worth in an amount equivalent to the amount of the treasury shares reflected in assets. This reserve shall be maintained until the shares have been disposed of or cancelled or there is been a legislative change so authoring.

The acquisition price may not be less than par value or more than 20 percent higher than market price at the moment of the acquisition. The transactions for the acquisition of own shares will be in accordance with the rules and practices of the securities markets.

All of the foregoing will be understood to be without prejudice to application of the general scheme for derivative acquisitions contemplated in article 146 of the current Capital Companies Act.

4. It is expressly stated that the authorization for the acquisition of own shares granted pursuant to this resolution, may be used, in whole or in part, to acquire shares of the Company to be delivered by it in fulfillment of any compensation plan by means of or any agreement for the delivery of shares or options on shares to the members of the Board of Directors and to the managers of the Company in force at any time, and that express authorization is granted for the shares acquired by the Company or its subsidiaries pursuant to this authorization, and those owned by the Company at the date of holding of this General Meeting, to be used, in whole or in part, to facilitate fulfillment of the aforementioned plans or agreements.

5. The Board of Directors is also authorized to substitute the delegated powers granted by this General Shareholders Meeting regarding this resolution in favor of the Delegated Committee, the Chairman of the Board of Directors or the Chief Executive Officer.”

Likewise, the current powers conferred to issue shares, upon the Board of Directors at the Shareholders Meeting, are the following:

- Capital increase in the amount necessary for the rights under the Prisa Warrants issued by the Company to certain of the Company’s creditors, that give holders the right to subscribe for new Class A ordinary shares of Prisa exclusively by way of the set-off of receivables, in a maximum foreseen of 37,266,130 euros, through the issue of up to a maximum total set of 372,661,305 new shares with a nominal value of 0.10 euros and with a share premium of 0.1673 euros, although this price will be adjusted in circumstances provided in the agreement. The Prisa Warrants may be exercised by holders, in whole or in part, at any time within a maximum of five (5) years. This resolution was adopted by the Extraordinary Shareholders Meeting of December 10, 2013.
- Resolution delegating authority to increase capital to the Board of Directors, with delegation to exclude preemption rights, if any, adopted by the General Shareholders Meeting of June 22, 2013, in effect until June 2018.
- Resolution delegating to the Board of Directors authority to issue fixed income securities, both straight and convertible into newly-issued shares and/or shares exchangeable for outstanding shares of Prisa and other companies, warrants (options to subscribe new shares or acquire outstanding shares of Prisa or other companies), bonds and preferred shares, with delegation of the authority to increase capital by the amount necessary to cover applications for conversion of debentures or exercise of warrants, and to exclude the preemption rights of shareholders and holders of convertible debentures

(Free translation from the original in Spanish language)

or warrants on newly-issued shares, adopted by the General Shareholders Meeting of June 22, 2013 in effect until June, 2018.

- Agreement for the transfer of shares in the Company as remuneration for members of the Board of Directors and managerial staff. The total number of shares to be transferred each year may not in any case exceed 1.5% of total capital at any time. The Board of Directors is empowered to adopt such agreements as may be required to meet the obligations derived from this share transfer system in the way that best suits the interests of the Company. The shares to be transferred to participants may be Prisa treasury shares or shares from any other financial instrument specified by the Company. The above agreement was adopted by the General Shareholders Meeting held on 28 April 2014 and remains in force until April 2019.

A.10. State whether there are any restrictions on the transfer of securities and/or any restrictions on voting rights. In particular, information must be provided on the existence of any kind of restriction that may impede the takeover of the company by means of share purchases on the market.

NO

Description of the restrictions

A.11 Indicate whether shareholders at the Annual Meeting have resolved to adopt any anti-takeover measures pursuant to Law 6/2007.

NO

If applicable, explain the measures passed and the terms in which restrictions would not apply:

A.12. State whether the company has issued securities that are not traded on an official market in the EU.

YES

If appropriate, state the different classes of share and, for each class of share, the rights and obligations it confers.

i) “American Depositary Shares ”(“ADS”): At the Extraordinary General Meeting of PRISA held on 27 November 2010, ordinary class A shares and convertible class B shares were issued and were formally subscribed by a depositary bank (Citibank NA), acting purely in a fiduciary capacity for the benefit of the real owners of the PRISA shares. Simultaneously with the subscription, the depositary bank issued “American Depositary Shares ”(“ADS”), representing Class A (ADS-A) and Class B (ADS-B) shares.

The ADS representing Class A and Class B PRISA shares were listed on the New York Stock Exchange (NYSE) until: i) the mandatory conversion of the ADS-B shares in July 2014 and ii) the delisting of the ADS-A shares (requested by the Company) in September 2014.

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PRISA has continued the ADS-A program in the European Union via the non-organized OTC market on which the ADS-A shares may be traded.

Each PRISA ADS- A gives the right to four ordinary Class A PRISA shares. The owners of the ADS have had the right to ask the depositary institution holding the aforementioned ADS (Citibank NA) for the direct delivery of the corresponding shares and their consequent trading on the Spanish stock exchanges.

ii) “PRISA Warrants 2013”: In the context of the refinancing of the Company’s bank debt, that has been signed with all the banks and certain institutional investors representing the entirety of PRISA’s financial debt, the Extraordinary Shareholders Meeting of PRISA held on December 10, 2013, agreed and issuance of warrants (the “PRISA Warrants 2013 ”which give the right to subscribe for new Class A ordinary shares of the Company. Likewise at the same Meeting it was approved the Company’s capital increase in the amount necessary for the rights under the “PRISA Warrants 2013 ”to be exercised, exclusively by way of the set-off of receivables, consequently, without pre-emption rights, delegating to the board of directors the power to execute the share issue agreed upon on one or more occasions as rights over the shares are exercised.

B. SHAREHOLDERS MEETING

B.1 Concerning the quorum required at Shareholders Meetings, indicate whether there are differences with respect to the minimum stipulated in the Corporations Law (LSC), and if so, explain.

NO

B.2 Concerning rules for adopting corporate resolutions, explain whether there are differences with respect to those provided in the Corporations Law (LSC) and, if so, explain:

YES

Describe how it differs from the regime provided for in the LSC.

	Qualified majority other than as provided for in Article 201.2 LSC for matters under Article 194.1 LSC	Other instances of qualified majority
Percentage established by the entity for the adoption of resolutions	69.00%	69.00%
Describe the differences		
<p>Article 15 bis of the Bylaws provides that, without prejudice to the provisions of law, the favorable vote of 69 percent of the voting shares present or represented at a General Shareholders ’Meeting will be required for approval of the following matters:</p> <p>a) Bylaws ’amendments including, among others, change of the corporate purpose and increase or reduction of share capital, except for such transactions as are imposed by mandate of law.</p> <p>b) Any form of transformation, merger or splitup, as well as bulk assignment of assets and liabilities.</p>		

(Free translation from the original in Spanish language)

- c) Winding-up and liquidation of the Company.
- d) Suppression of preemption rights in monetary share capital increases.
- e) Change of the management body of the Company.
- f) Appointment of directors by the General Shareholders 'Meetings, except when the nomination is by the Board of Directors.

B.3 State the rules applicable to amendment of the bylaws. In particular, information must be provided on the majorities established for amendment of the bylaws and, if appropriate, the rules established to safeguard the rights of shareholders when the bylaws are amended.

The amendment of the Bylaws is a matter for the General Shareholders Meeting and shall be carried out in accordance with the provisions contained in the Capital Companies Act and the Bylaws.

As provided in article 15 bis of the Bylaws, the favorable vote of 69 percent of the voting shares present or represented at a General Shareholders 'Meeting will be required for approval of the Bylaws 'amendments including, among others, change of the corporate purpose and increase or reduction of share capital, except for such transactions as are imposed by mandate of law.

The Corporate Governance Committee shall report on proposals for amending the Bylaws.

B.4. Provide attendance statistics for the general shareholders 'meetings held during the year to which the present report refers and during the previous year:

Date of Shareholders ' Meeting	Attendance Statistics				Total
	% physically present	% represented by proxy	% distance voting		
			Vote by electronic means	Others	
28 April 2014	25.48%	22.84%	0.00	0.00	48.32%

B.5 Indicate whether there are any restrictions in the company bylaws with respect to the minimum number of shares required to attend the Annual Shareholders Meeting:

YES

Number of shares required to attend the Annual Shareholders Meeting	60
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B.6 State whether it has been agreed that specific decisions entailing a structural modification of the company ("subsidiarization", sale/purchase of key operating assets, transactions equivalent to the liquidation of the company ...) must be submitted to the shareholders' meeting for approval, even though this is not expressly required under commercial law.

NO

(Free translation from the original in Spanish language)

B.7 State the address and manner of accessing the company's website to view corporate governance content and other information on the shareholders' meetings which must be made available to shareholders through the company's website.

In accordance with the provisions of Article 29 ter of the Bylaws, the Company maintains a website for the information of shareholders and investors whose URL is <http://www.prisa.com>.

Within this website there is a section entitled "Shareholders and Investors", within which is posted all information PRISA must make available to its shareholders.

The section "Shareholders and Investors" is organized into the following sections: i) PRISA share quote, ii) Financial Information iii) Analysts, iv) Share Capital, v) Corporate Governance vi) Relevant Events, vii) General Shareholders Meetings and viii) Prospectus.

C. COMPANY MANAGEMENT STRUCTURE

C.1. Board of Directors

C.1.1. Indicate the maximum and minimum number of directors provided for in the Bylaws:

Maximum Number of Directors	17
Minimum Number of Directors	3

C.1.2. Complete the following table providing information concerning Board Members:

Director's Name	Representative	Position on the Board	Date of First Appointment	Date of Last Appointment	How Elected
JUAN LUIS CEBRIÁN ECHARRI		CHAIRMAN -CEO	15 June 83	27 November 10	APPOINTED AT THE ANNUAL SHAREHOLDERS' MEETING
MANUEL POLANCO MORENO		DEPUTY CHAIRMAN	19 April 01	27 November 10	APPOINTED AT THE ANNUAL SHAREHOLDERS' MEETING
JOSE LUIS SAINZ DIAZ		CEO	22 July 2014	22 July 2014	COOPTATION
FERNANDO ABRIL-MARTORELL		DIRECTOR	24 June 11	24 June 11	APPOINTED AT THE ANNUAL SHAREHOLDERS' MEETING
CLAUDIO BOADA PALLERES		DIRECTOR	18 December 13	28 April 2014	APPOINTED AT THE ANNUAL SHAREHOLDERS' MEETING
JUAN ARENA DE LA MORA		DIRECTOR	27 November 10	27 November 10	APPOINTED AT THE ANNUAL SHAREHOLDERS' MEETING

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ARIANNA HUFFINGTON		DIRECTOR	24 October 2012	22 June 2013	APPOINTED AT THE ANNUAL SHAREHOLDERS ' MEETING
JOSE LUIS LEAL MALDONADO		DIRECTOR	24 October 2012	22 June 2013	APPOINTED AT THE ANNUAL SHAREHOLDERS ' MEETING
GREGORIO MARAÑÓN BERTRÁN DE LIS		DIRECTOR	15 June 83	27 November 10	APPOINTED AT THE ANNUAL SHAREHOLDERS ' MEETING
ALAIN MINC		DIRECTOR	27 November 10	27 November 10	APPOINTED AT THE ANNUAL SHAREHOLDERS ' MEETING
AGNES NOGUERA BOREL		DIRECTOR	20 April 06	27 November 10	APPOINTED AT THE ANNUAL SHAREHOLDERS ' MEETING
BORJA JESÚS PÉREZ ARAUNA		DIRECTOR	18 May 00	27 November 10	APPOINTED AT THE ANNUAL SHAREHOLDERS ' MEETING
EMMANUEL ROMAN		DIRECTOR	27 November 10	27 November 10	APPOINTED AT THE ANNUAL SHAREHOLDERS ' MEETING
ERNESTO ZEDILLO PONCE DE LEON		DIRECTOR	27 November 10	27 November 10	APPOINTED AT THE ANNUAL SHAREHOLDERS ' MEETING
ROBERTO ALCANTARA ROJAS		DIRECTOR	24 February 2014	28 April 2014	APPOINTED AT THE ANNUAL SHAREHOLDERS ' MEETING
JOHN PATON		DIRECTOR	24 February 2014	28 April 2014	APPOINTED AT THE ANNUAL SHAREHOLDERS ' MEETING
Total Number of Board Members		16			

Indicate any Members retiring from the Board of Directors during the financial year

Board Member	Board member status upon retirement	Retirement Date
NICOLAS BERGGRUEN	EXTERNAL DIRECTOR REPRESENTING SIGNIFICANT SHAREHOLDINGS	March 18, 2014

C.1.3 Complete the following tables concerning the Members of the Board and their functions:

EXECUTIVE DIRECTORS

Director's Name	Committee that informed His/Her Appointment	Post or Functions
MR. JUAN LUIS CEBRIÁN ECHARRI	NOMINATION AND COMPENSATION COMMITTEE	CHAIRMAN OF THE BOARD OF DIRECTORS AND

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		OF THE DELEGATED COMMITTEE
MR. MANUEL POLANCO MORENO	NOMINATION AND COMPENSATION COMMITTEE	DEPUTY CHAIRMAN AND CHAIRMAN OF DTS DISTRIBUIDORA DE TELEVISION DIGITAL
MR. JOSE LUIS SAINZ DIAZ	NOMINATION AND COMPENSATION COMMITTEE	CEO

Total Number of Executive Directors	3
% of the Board	18.75

EXTERNAL DIRECTORS REPRESENTING SIGNIFICANT SHAREHOLDINGS

Director's Name	Committee that informed His/Her Appointment	Name of Significant Shareholder Who He/She Represents or Who Proposed His/Her Appointment
MRS. AGNES NOGUERA BOREL	NOMINATION AND COMPENSATION COMMITTEE	PROMOTORA DE PUBLICACIONES, S.L.
MR. BORJA JESÚS PÉREZ ARAUNA	NOMINATION AND COMPENSATION COMMITTEE	TIMÓN, S.A.
MR. ROBERTO LAZARO ALCANTARA ROJAS	NOMINATION AND COMPENSATION COMMITTEE	CONSORCIO TRANSPORTISTA OCCHER, S.A. DE C.V

Total number of external directors representing significant shareholdings	3
% of the Board	18.75

INDEPENDENT EXTERNAL DIRECTORS

Director's Name	Profession
MR. ALAIN MINC	ENGINEER, POLITICAL AND ECONOMIC ADVISER. PROFESSOR
MRS ARIANNA HUFFINGTON	JOURNALIST. CHAIRMAN AND CHIEF OF "THE HUFFINGTON POST MEDIA GROUP"
MR. EMMANUEL ROMAN	FINANCIAL. CEO MAN GROUP
MR. ERNESTO ZEDILLO PONCE DE LEON	ECONOMIST. EX PRESIDENT OF MEXICO
MR. GREGORIO MARAÑÓN Y BERTRÁN DE LIS	LAWYER
MR JOSE LUIS LEAL MALDONADO	ECONOMIST. EX ECONOMY MINISTER AND EX PRESIDENT OF THE SPANISH BANKING ASSOCIATION
MR. JUAN ARENA DE LA MORA	ENGINEER AND FINANCIAL. EX PRESIDENT OF BANKINTER. EX PROFESSOR OF HARVARD BUSINESS SCHOOL.
MR JOHN PATON	JOURNALIST. CEO OF FIRST DIGITAL MEDIA

Total number of independent external directors	8
% of the Board	50.00

(Free translation from the original in Spanish language)

State whether any director classed as independent receives from the company, or from its group, any amounts or benefits in respect of an item other than director remuneration, or maintains or has maintained, during the previous year, a business relationship with the company or with any company in its group, either in his own name or as a significant shareholder, director or senior manager of an entity that maintains or has maintained such a relationship.

If appropriate, include a statement from the Board explaining the reasons why it considers that the director in question is able to discharge his functions in his capacity as independent director.

MR. GREGORIO MARAÑÓN Y BERTRÁN DE LIS: Legal advice, in the sum of 90,000 euros per annum, provided to Promotora de Informaciones, S.A. (PRISA).

The Board of Directors takes the view that the legal advice provided by Mr Gregorio Marañón to PRISA does not compromise the independence of the Director as the remuneration that he receives in respect of it is not significant for the Director.

OTHER EXTERNAL DIRECTORS

Director's Name	Committee that informed or proposed His/Her Appointment
FERNANDO ABRIL-MARTORELL HERNANDEZ	NOMINATION AND COMPENSATION COMMITTEE
CLAUDIO BOADA PALLERES	NOMINATION AND COMPENSATION COMMITTEE

Total number of other external directors	2
% of the Board	12.50

Explain why they may not be considered significant shareholders or independent and their relationships with the company, its managers or shareholders:

Director's Name	FERNANDO ABRIL-MARTORELL HERNANDEZ
Relationships with the company, managers or Shareholders	PROMOTORA DE INFORMACIONES, S.A.
Reasons	Fernando Abril- Martorell has been CEO of PROMOTORA DE INFORMACIONES, S.A. until September 30, 2014

Director's Name	CLAUDIO BOADA PALLERES
Relationships with the company, managers or Shareholders	HSBC HOLDINGS PLC
Reasons	Claudio Boada Pallerés is Senior Advisor of HSBC in Spain and Portugal

(Free translation from the original in Spanish language)

If applicable, indicate any changes that have occurred during the year in each director's status:

Director's Name	Date	Previous status	Current Status
FERNANDO ABRIL-MARTORELL HERNANDEZ	01/10/2014	Executive	Other External
ROBERTO LAZARO ALCANTARA ROJAS	18/03/2014	Independent	Representing Significant Shareholdings
CLAUDIO BOADA PALLERES	31/12/2014	Independent	Other External

C.1.4. Complete the following table with information on the number of female directors during the previous four years, as well as the type of directorship held:

	Number of female directors				Percentage of the total number of directors in each category			
	Year 2014	Year 2013	Year 2012	Year 2011	Year 2014	Year 2013	Year 2012	Year 2011
Executive	0	0	0	0	0.00	0.00	0.00	0.00
Proprietary	1	1	1	1	33.33	33.33	25.00	16.66
Independent	1	1	1	0	12.50	12.50	12.50	0.00
Other External	0	0	0	0	0.00	0.00	0.00	0.00
Total:	2	2	2	1	12.50	14.28	12.50	6.25

C.1.5 Explain the measures that, as the case may be, have been taken to seek to include on the Board of Directors a number of women which enables there to be a balanced presence of both men and women.

Explanation of measures
No particular action has been taken. See next section C.1.6.

C.1.6. Explain the measures that, as the case may be, have been taken by the Appointments Committee to ensure that there is no implicit bias in selection procedures which could obstruct the selection of female directors, and so that the company actively looks for and includes women who meet the required professional profile in the potential candidates:

Explanation of measures
Article 8.1 of the Board Regulation provides that in the composition of the Board of Directors the external, independents and ownership directors, will represent a majority with respect of the executive directors. To such effects, in exercising its right to fill vacancies and to propose appointments at Annual Shareholders Meetings, the Board of Directors shall procure, in the composition of this body, a majority of external or non-executive directors with respect to executive directors.
The selection process is based solely on the suitability and prestige of the candidates. No ad hoc procedure for selecting

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female directors has been implemented, precisely due to the non-sexist nature of the company's procedures.

Nevertheless, within the competences of the Corporate Governance Committee has been included "report to the Board on issues of gender diversity in relation to the composition of the Board".

If, despite the measures that may, as the case may be, have been taken there are few female directors, or none at all, explain the reasons for this situation:

Explanation of reasons

It was not considered as necessary the appointment of additional directors.

C.1.7. Explain how shareholders with significant holdings are represented on the Board.

As already indicated in section C.1.3 of this Report, the Company has three directors representing significant shareholders of the Company: Mr Borja Perez Arauna , Mrs. Agnes Noguera Borel and Mr Roberto Alcántara Rojas.

Mr Borja Perez Arauna represents Timon, S.A. (Timon) and Mrs. Agnes Noguera Borel represents Promotora de Publicaciones, SL (Propu). Both Timon as Propu are ultimately controlled by Rucandio , S.A, that has an indirect interest of 19.08% in the share capital of PRISA (being included in this percentage the voting rights of the Company that are syndicated through the Shareholders Agreement dated April 24, 2014, which is described in Section A.6 of this Report).

Mr Roberto Alcántara Rojas represents Consorcio Transportista Occher, S.A. de CV, that has a direct interest of 8.75% in the share capital of PRISA and that is linked to Rucandio through the above mentioned shareholders agreement dated April 24, 2014.

Finally it is noted that Mr Manuel Polanco Moreno is a Director representing significant shareholders at the instance of Timon, SA and also is executive director.

C.1.8. Explain, if applicable, why directors representing significant shareholdings have been appointed at the request of shareholders whose stake is less than 5% of share capital:

Indicate whether formal requests for representation on the board have been denied shareholders whose stake is equal or higher than others whose requests to appoint a director to represent a significant shareholding was granted. If so, explain why such requests were denied:

NO

C.1.9. Indicate whether any board member has left his post before the end of his mandate, whether he explained his reasons to the board and by what means, and if expressed in writing to the entire board, provide the reasons given:

Board Member's Name	Reasons
MR NICOLAS BERGGRUEN	He has resigned as a director for personal reasons.

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C.1.10. If applicable, indicate the powers delegated to members of the Board of Directors:

Board Member's Name	Brief Description
MR JUAN LUIS CEBRIÁN ECHARRI	HE HAS BEEN DELEGATED ALL POWERS OF THE BOARD OF DIRECTORS EXCEPT THOSE THAT CANNOT BE DELEGATED BY LAW
MR JOSE LUIS SAINZ DIAZ	HE HAS BEEN DELEGATED ALL POWERS OF THE BOARD OF DIRECTORS EXCEPT THOSE THAT CANNOT BE DELEGATED BY LAW

C.1.11. If applicable, identifies board members who hold posts as directors or officers in subsidiary companies within the listed company's group:

Director's Name	Name of the Group Company	Position
JUAN LUIS CEBRIAN ECHARRI	DIARIO EL PAIS, S.L.	CHAIRMAN
JUAN LUIS CEBRIAN ECHARRI	DTS DISTRIBUIDORA DE TELEVISION DIGITAL, S.A.	DIRECTOR
JUAN LUIS CEBRIAN ECHARRI	EDICIONES EL PAIS	CHAIRMAN
JUAN LUIS CEBRIAN ECHARRI	PRISA INC	CHAIRMAN AND CHIEF EXECUTIVE OFFICER
JUAN LUIS CEBRIAN ECHARRI	PROMOTORA DE ACTIVIDADES AMERICA 2010 MEXICO, S.A. DE CV.	CHAIRMAN AND CHIEF EXECUTIVE OFFICER
MANUEL POLANCO MORENO	DTS DISTRIBUIDORA DE TELEVISION DIGITAL, S.A.	CHAIRMAN
MANUEL POLANCO MORENO	GRUPO MEDIA CAPITAL, SGPS, S.A.	DIRECTOR
MANUEL POLANCO MORENO	MCP MEDIA CAPITAL PRODUCOES, S.A	CHAIRMAN
MANUEL POLANCO MORENO	MEDIA CAPITAL PRODUCOES INVESTIMENTOS SGPS, S.A.	CHAIRMAN
MANUEL POLANCO MORENO	PLURAL ENTERTAINMENT CANARIAS, S.L.U	SOLE DIRECTOR
MANUEL POLANCO MORENO	PLURAL ENTERTAINMENT ESPAÑA, S.L.U	JOINT AND SEVERAL DIRECTOR
MANUEL POLANCO MORENO	PLURAL ENTERTAINMENT PORTUGAL, S.A	CHAIRMAN
MANUEL POLANCO MORENO	PLURAL JEMPSA SL	DEPUTY CHAIRMAN AND JOINT CEO
MANUEL POLANCO MORENO	PRODUCTORA CANARIA DE PROGRAMAS, S.L.	DIRECTOR
MANUEL POLANCO MORENO	SOCIEDAD CANARIA DE TELEVISION REGIONAL, S.A.	JOINT AND SEVERAL CEO
MANUEL POLANCO MORENO	TESELA PRODUCCIONES CINEMATOGRAFICAS, S.L.	JOINT AND SEVERAL DIRECTOR DIRECTOR
MANUEL POLANCO MORENO	TVI - TELEVISÃO INDEPENDENTE, SA	CHAIRMAN
MANUEL POLANCO MORENO	VERTIX, SGPS, S.A.	CHAIRMAN
ARIANNA HUFFINGTON	DIARIO EL PAIS, S.L.	DIRECTOR
ARIANNA HUFFINGTON	EDICIONES EL PAIS, S.L.	DIRECTOR

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JOHN PATON	DIARIO EL PAIS, S.L.	DIRECTOR
JOHN PATON	EDICIONES EL PAIS, S.L.	DIRECTOR
JOSE LUIS SAINZ DIAZ	DIARIO EL PAIS, S.L.	DIRECTOR
JOSE LUIS SAINZ DIAZ	EDICIONES EL PAIS, S.L.	DIRECTOR
JOSE LUIS SAINZ DIAZ	DIARIO AS, S.L.	DIRECTOR

C.1.12. If applicable, indicate the directors of your company who are members of the boards of directors of other companies listed on official Spanish securities markets, other than companies in your own group, which have been reported to the company:

Director's Name	Name of Listed Company	Position
FERNANDO ABRIL-MARTORELL	ENCE, ENERGIA Y CELULOSA, S.A.	DIRECTOR
AGNES NOGUERA BOREL	LIBERTAS 7, S.A.	CHIEF EXECUTIVE OFFICER
ALAIN MINC	CAIXABANK, S.A.	DIRECTOR
BORJA JESUS PEREZ ARAUNA	CARAUNA INVERSIONES SICAV, S.A.	CHAIRMAN
BORJA JESUS PEREZ ARAUNA	NOMIT GLOBAL SICAV	DIRECTOR
GREGORIO MARAÑÓN Y BERTRÁN DE LIS	COMPAÑÍA DE DISTRIBUCION INTEGRAL LOGISTA HOLDINGS, S.A.	CHAIRMAN
JUAN ARENA DE LA MORA	FERROVIAL, S.A.	DIRECTOR
JUAN ARENA DE LA MORA	MELIÁ HOTELS INTERNATIONAL, S.A.	DIRECTOR
JUAN ARENA DE LA MORA	ALMIRALL, S.A.	DIRECTOR
ARIANNA HUFFINGTON	ONEX CORPORATION	DIRECTOR

C.1.13. Indicate, and if applicable explain, whether the company has established rules regarding the number of boards on which its directors may sit:

YES

In view of the recommendation in the Unified Code of the Spanish Securities & Exchange Commission (CNMV) that listed companies should establish rules on the number of boards on which their directors may sit, the Board of Directors has agreed to include the following limitations in the Board Regulations:

1. Executive directors may not act as administrator in more than 4 listed companies (other than PRISA and its Group) and may not assume executive responsibilities of any kind in such companies.
2. External directors (proprietary, independent or other) may not act as administrator in more than 4 listed companies (other than PRISA and its Group).
3. For the purposes of the above rules:

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a) All the administrative bodies of companies in the same group will be counted as a single administrative body as will those on which the director sits as a proprietary member proposed by a company in the group, even if the holding in the company's capital or the degree of control do not allow it to be considered as a member of the group.

b) This does not include the administrative bodies of investee companies or companies which are vehicles for or complementary to the professional activities of the director, his/her spouse or person with an analogous relationship to him/her, or a direct family member.

c) Exceptionally, where it is justified, the Board of Directors may exempt the director from this prohibition.

C.1.14. Indicate the general company policies and strategies that must be approved by the board in full:

Investment and financing policy	YES
Definition of group company structure	YES
Corporate governance policy	YES
Corporate social responsibility policy	YES
Strategic or business plan, as well as management goals and annual budgets	YES
Remuneration policy and assessment of performance of senior management	YES
Risk management and control policy, as well as periodic monitoring of internal information and control systems	YES
Dividends policy, and treasury stock policy, particularly with regard to limitations thereon	YES

C.1.15. State the overall remuneration of the Board of Directors:

Remuneration of the Board of Directors (thousands of €)	7,313
Amount of overall remuneration in respect of rights accumulated by directors in the area of pensions (thousands of €)	0
Overall remuneration of the Board of Directors (thousands of €)	7,313

(Free translation from the original in Spanish language)

C.1.16. Identify members of senior management who are not executive directors and indicate the total remunerations paid in their favor during the financial year:

Name	Position
MIGUEL ANGEL CAYUELA SEBASTIAN	CHIEF EXECUTIVE OFFICER OF GRUPO SANTILLANA
ANTONIO GARCIA-MON MARAÑES	SECRETARY GENERAL
PEDRO GARCÍA GUILLÉN	CHIEF EXECUTIVE OFFICER OF DTS DISTRIBUIDORA DE TELEVISION DIGITAL
MANUEL MIRAT SANTIAGO	CEO PRISA NOTICIAS
FERNANDO MARTINEZ ALBACETE	DIRECTOR OF STRATEGIC PLANNING, MANAGEMENT CONTROL AND BUDGETING AT PRISA
BARBARA MANRIQUE DE LARA	CORPORATE COMMUNICATIONS, MARKETING & EXTERNAL RELATIONS DIRECTOR
VIRGINIA FERNANDEZ IRIBARNEGARAY	INTERNAL AUDIT DIRECTOR
ANDRES CARDÓ SORIA	CEO PRISA RADIO
JAVIER LAZARO RODRIGUEZ	CHIEF FINANCIAL OFFICER (CFO) OF PRISA
ROSA CULLEL	CEO MEDIA CAPITAL.

Total Senior Management Salaries (in Euros 000)	5,893
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C.1.17. If applicable, identify the members of the Board of Directors who are likewise members of the boards of directors of significant shareholder's companies and/or in companies within its group:

Director's Name	Significant Shareholder's Corporate Name	Position
MANUEL POLANCO MORENO	RUCANDIO, S.A.	DIRECTOR
MANUEL POLANCO MORENO	TIMÓN, S.A.	DEPUTY CHAIRMAN
BORJA PÉREZ ARAUNA	TIMÓN, S.A.	DEPUTY CHAIRMAN
BORJA PÉREZ ARAUNA	OTNAS INVERSIONES, S.L.	DIRECTOR
BORJA PÉREZ ARAUNA	PROMOTORA DE PUBLICACIONES, S.L.	JOINT AND SEVERAL DIRECTOR
BORJA PÉREZ ARAUNA	ASGARD INVERSIONES, SLU	JOINT AND SEVERAL DIRECTOR
ROBERTO LAZARO ALCANTARA ROJAS	CONSORCIO TRANSPORTISTA OCCHER, S.A. DE CV	CHAIRMAN
ROBERTO LAZARO ALCANTARA ROJAS	GRUPO HERRADURA DE OCCIDENTE, S.A. DE CV	CHAIRMAN
ALAIN MINC	CAIXABANK, S.A.	DIRECTOR

(Free translation from the original in Spanish language)

If applicable, indicate the relevant relationships (other than those listed in the previous table) existing between members of the Board of Directors and significant shareholders and/or companies in the group:

Director's Name	Significant Shareholder's Name	Description of the Relationship
MANUEL POLANCO MORENO	RUCANDIO, S.A.	THE DIRECTOR OWNS 13.55% OUTRIGHT AND IS THE NAKED OWNER OF 11.45% OF THE SHARE CAPITAL OF RUCANDIO, S.A.
MANUEL POLANCO MORENO	RUCANDIO INVERSIONES SICAV, S.A.	THE DIRECTOR HAS DIRECT HOLDINGS (13.20%) IN THE SHARE CAPITAL OF RUCANDIO INVERSIONES SICAV, S.A.
BORJA JESÚS PÉREZ ARAUNA	TIMÓN, S.A.	THE DIRECTOR HAS AN EMPLOYMENT RELATIONSHIP WITH TIMÓN, S.A.
BORJA JESÚS PÉREZ ARAUNA	PROMOTORA DE PUBLICACIONES, S.L.	THE DIRECTOR HAS DIRECT HOLDINGS (0.0081%) IN THE SHARE CAPITAL OF PROMOTORA DE PUBLICACIONES, S.L.
ROBERTO LAZARO ALCANTARA ROJAS	GRUPO HERRADURA DE OCCIDENTE, S.A. DE CV	THE DIRECTOR HAS INDIRECT HOLDINGS (18.1815%) IN THE SHARE CAPITAL OF GRUPO HERRADURA DE OCCIDENTE, S.A. DE CV
CLAUDIO BOADA PALLERES	HSBC HOLDINGS PLC	THE DIRECTOR IS SENIOR ADVISOR OH HSBC IN SPAIN AND PORTUGAL
ARIANNA HUFFINGTON	NICOLAS BERGGRUEN	THE HUFFINGTON POST (WHOSE PRESIDENT AND MANAGER IS ARIANNA HUFFINGTON, DIRECTOR OF PRISA) AND THE BERGGRUEN INSTITUTE (WHOSE CHAIRMAN IS NICOLAS BERGGRUEN, SHAREHOLDER OF PRISA) PARTNERED IN 2014 ON THE CREATION OF THE ONLINE PUBLICATION THEWORLDPOST.

C.1.18. Indicate if the Board Regulation has been amended during the year.

NO

C.1.19. Indicate the procedures for the selection, appointment, reelection, evaluation and removal of directors. Describe the bodies empowered to do so, the steps to be taken and the criteria to be applied in each of those procedures.

Procedures for the selection, appointment, reelection, evaluation and removal of directors are regulated by the Bylaws and the Board Regulations.

However, the Company's internal regulations (Bylaws, Shareholders Meeting Regulation and Board Regulations) are being reviewed and will be modified, among other reasons, to bring them into line with Law 31/2014, which modifies the Corporations Law (LSC) with a view to improving corporate governance. The Board of Directors is expected to ask the next General Shareholders Meeting to approve modifications to the Bylaws and the Shareholders Meeting Regulation, and will also modify the Board Regulations in line with the foregoing.

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The Bylaws and Regulations described below are thus subject to change in the short term. Certain stipulations of the aforementioned Law 31/2014 have already come into force and are compulsory in connection with procedures for the selection, appointment, reelection, evaluation and removal of directors.

According to Article 17 of the Company Bylaws, the Board shall have a minimum of three and a maximum of seventeen members, who shall be appointed by and whose number shall be determined at the Shareholders ' Meeting. In that regard, the shareholders may expressly determine the number at a Meeting, or may do so indirectly by choosing to fill or not to fill vacancies or to appoint or not to appoint new Directors within the aforementioned minimum and maximum number of members.

The Board of Directors shall appoint a Chairman from among its members and may likewise appoint one or several deputy chairmen. It may also appoint a Delegated Committee from one of its members, or one or several Chief Executive Officers, to whom the Board may grant joint or joint and several powers to represent the Company. The Board shall also appoint a secretary, who need not be a board member, and may appoint a deputy secretary, who likewise need not be a board member.

As provided in article 15 bis of the Bylaws, a favorable vote of 69% percent of the shares having voting rights, present or represented by proxy at a General Meeting shall be required to adopt resolutions concerning changes in the Board of Directors and a appointment of members of the Board at the Shareholders ' Meeting, except for candidates proposed by the Board of Directors.

Article 17 bis of the Bylaws also provides that the composition of the Board of Directors shall be such that external directors or non-executive directors represent a majority with respect to executive directors, with the presence of independent directors.

Chapter VI of the Board Regulations provides for the following procedures for appointing, reelection, evaluating and removing Directors:

- Appointment of Directors: Directors shall be appointed by the participants at the Shareholders ' Meeting or, provisionally, by the Board of Directors in accordance with the provisions of the Companies Law and the Company Bylaws.

Proposals for the appointment of directors submitted by the Board of Directors for consideration at shareholders meetings and resolutions appointing directors that the Board adopts by virtue of its legally-attributed powers of co-optation must conform to the provisions of this Regulation, and must be accompanied by a non-binding proposal or advisory opinion issued by the Nomination and Compensation Committee or of the Corporate Governance Committee, as the case may be.

- Appointment of External Directors: The Board of Directors and the Nomination and Compensation Committee shall seek to ensure, within the scope of their respective powers, that the candidates selected are persons of acknowledged competence and experience.

The Corporate Governance Committee shall evaluate the skills, knowledge and experience on the Board, and therefore, define functions and capabilities required of candidates to fill each vacancy and evaluate dedication necessary to properly perform their duties.

- Re-appointment of Directors: Motions for re-appointment of directors submitted by the Board of Directors at a shareholders meeting shall be subject to a formal drafting process. A necessary part of this process is an opinion issued by the Nomination and Compensation Committee in which the performance and commitment of the directors proposed during the previous mandate shall be evaluated.

- Tenure of Service: Directors shall be appointed for a term of five (5) years, and may be re-appointed. Directors appointed by co-optation may be ratified in office by resolution of the first shareholders meeting following his appointment.

- Termination of Tenure: Directors shall leave their posts when the period for which they were appointed has expired, or when so decided by shareholders at a shareholders meeting in the exercise of the powers that are conferred upon them by statute or in the bylaws. Directors shall offer their resignations to the Board of Directors and, if deemed appropriate, formally resign in cases provided in article 21.2 of the Board of Directors Regulation, which are described in section C.1.21 below.

The Board of Directors shall not propose the removal of any independent director before completing the term of office set forth in the bylaws for which he was appointed, unless the Board deems that there is just cause for doing so and after seeking the opinion of the Corporate Governance Committee. In that regard, just cause shall be deemed to exist when the director has failed to fulfill the duties inherent in his post.

Committee members shall leave their posts when they cease to be directors.

- Voting Objectivity and Secrecy: Directors affected by motions for re-appointment or termination shall absent themselves from the meeting during deliberations and voting on such matters.

If any director so requests, Board of Director votes involving the appointment, re-appointment or termination of directors shall be by secret ballot, without prejudice to the right of any director to have his vote recorded in the minutes.

-Evaluation: As provided in the Board of Directors Regulation, periodic evaluation of the performance and composition of the Board of Directors shall be submitted to Board approval with the previous report by the Corporate Governance Committee.

C.1.20 State whether the Board of Directors has conducted an evaluation of its activities during the year:

YES

If appropriate, explain to what extent the self-evaluation has produced significant changes to its internal organization and to the procedures applying to its activities:

Description of changes
<p>In view of the self-evaluation of its activity conducted by the Board of Directors, and as proposed by the Corporate Governance Committee, in 2014 the Board approved a "Guide to Good Practice", which contains a number of practices that must be implemented by the Company's Directors and certain internal departments.</p> <p>The practices listed constitute a guide to good governance in internal matters and it is hoped that it will lead to better and more efficient functioning of the Company's governing bodies, improving the present framework of Corporate Governance in the Company, complementing the requirements of applicable legislation and the Company's internal regulations.</p>

C.1.21. Indicate under what circumstances Directors are obliged to resign.

As set forth in Article 21.2 of the Board Regulations, Directors shall offer their resignations to the Board of Directors and, if deemed appropriate, formally resign in the following cases:

- 1) When they are subject to any of the legally-established prohibitions or grounds for disqualification or cease.

- 2) When based on a criminal offense they are indicted in ordinary felony proceedings or have been convicted in a misdemeanor proceeding.
- 3) When they have received a serious reprimand from the Board of Directors for failure to fulfill their obligations as Directors.
- 4) When the reasons for which they were appointed have ceased to exist and, in particular, when an independent director or an owner-director loses his respective status as such.
- 5) When in the course of a year they fail to attend physically to more than two meetings of the Board of Directors, of the Delegated Commission or to the Committees which they participate, which one of them must be necessarily of the Board, without just cause, in the opinion of the Board, the delegated Committee or the Committees to whom he/she participates.
- 6) When the belonging to the Board for lack of fitness, in the manner described in Article 31.5 of these Regulations, may jeopardize directly, indirectly or through persons connected with him/her, the loyal and diligent exercise of his/her functions under the corporate interest.

Article 33.5 of the Board of Director Regulations provides that in cases where the conflict of interest is, or reasonably expected to be, of such nature as to constitute a structural and permanent conflict between the Director (or a person related to him/her, or in the case of a proprietary Director, the shareholder or shareholders who proposed or made the appointment or persons directly or indirectly related thereto) and the Company and the companies in its group, it is understood that the Director has no, or no longer has, the required qualifications for the performance of duties for the purposes of Article 21 of this Regulation.

C.1.22. Indicate whether the functions of Chief Executive Officer of the Company are also performed by the Chairman of the Board of Directors. If so, explain the measures adopted to limit the risks of conferring those powers upon a single person:

YES

Risk-Limiting Measures
<p>The Chairman of the Board of Directors is the chief individual responsible for the management of the Company. His main assistant is the Chief Executive Officer who is responsible for the effective management of the business of the Company, always in accordance with the decisions and criteria adopted at the Shareholders' Meeting and by the Board of Directors, the Delegated Committee and the Chairman, in the framework of their respective competences. There is likewise an Audit Committee, a Corporate Governance Committee, and Appointments and Remuneration Committee, and neither the Chairman nor any of the Executive Directors are members of those committees.</p> <p>There is also a Committee for Strategic Digital Change, on which the Executive Chairman and the Chief Executive Officer sit, together with 2 independent Board members.</p>

Indicate, and if so explain, whether rules have been passed to enable an independent director to request that a board meeting be held or that new items be included on the agenda, to coordinate and reflect the concerns of external directors and to direct assessment by the board of directors.

YES

Explain de Rules
<p>Article 529 (7) of Law 31/2014, which modifies the Corporations Law (LSC), introduced a legal requirement for the Board to appoint a coordinator from among the independent directors, with special powers to request a call for a</p>

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meeting of the Board of Directors or include new items in the agenda of a meeting which has already been called, coordinate and organize meetings of non-executive directors and, when required, direct the regular assessment of the Chairman of the Board of Directors. Compliance with this rule is compulsory for listed companies and will, therefore, soon be incorporated in the Company's internal regulations.

Nevertheless, notwithstanding this legal obligation, since 2013 the Company's external directors have met occasionally to coordinate and express their concerns, even though this role was not expressly regulated in the Company's internal regulations.

Moreover, the "Guide to Good Practice", approved in 2014 and to which reference is made in section C.1.20 above, already envisages that, when each meeting of the Board of Directors is held, the external directors will meet without the presence of the Company's executive directors and that a coordinator will be appointed from among the independent directors, with the abstention of the executive directors, with powers to perform the same functions as are specified in Article 529 (7) of the Corporations Law (LSC).

C.1.23. Are reinforced majorities required for taking certain types of decisions, other than those required by law?

NO

C.1.24. Indicate whether the requirements for being elected Chairman differ from those required for election to the Board:

NO

C.1.25. Indicate whether the Chairman may exercise a casting vote:

YES

Matters in which the Chairman has a Casting Vote
Pursuant to Article 23 of the Company Bylaws and Article 16.2 of the Board Regulations, the Chairman may exercise a casting vote to break any possible ties that may arise concerning any matter.

C.1.26. Indicate whether the Bylaws of the Board Regulations set an age limit for Directors:

NO

B.1.27. Indicate whether the Bylaws or Board Regulations limit the term of office of independent directors, different from that required by law:

NO

C.1.28 State whether the bylaws or regulations of the Board of Directors lay down specific rules for granting proxies at Board Meetings, how this is done and, in particular, the maximum number of proxies a director can have, as well as whether

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proxies must be given to directors holding the same type of directorship. If so, provide a brief description of the rules.

Article 23 of the Company Bylaws and Article 16 of the Board Regulations provide that directors may delegate their votes to another director. In that regard, proxies must be in writing, specifically for the meeting in question and instructing to the representative about the sense of any vote.

According to Article 529 (4) of Law 31/2014, non-executive directors can only delegate their representation to other non-executive directors.

C.1.29. Indicate how many Board Meetings were held during the year. Also indicate, if appropriate, how often the Board met without the chairman's attendance. Proxies granted with no specific instructions will be treated as attendances.

Number of Board Meetings	8
Number of Meetings That the President Did Not Attend	0

Indicate the number of meetings held by the Board's committees:

Committees	Number of Board Meetings
Delegated Committee	5
Audit Committee	7
Compensations and Nominations Committee	5
Corporate Governance Committee	5
Committee for Strategic Digital Change	2

C.1.30. Indicate the number of meetings held by the Board of Directors during the financial year in which all members were in attendance. Proxies in attendance with specific instructions should be counted as attendances:

Attendances of board members	120
% of attendances with respect to the total number of votes during the year	96.77%

C.1.31. Indicate whether the individual and consolidated annual accounts submitted to the Board for its approval are previously certified:

NO

Identify, if applicable, the person or persons who certified the individual and consolidated annual accounts of the Company, for submission to the Board:

C.1.32. Explain, if they exist, the mechanisms established by the Board of Directors to prevent the annual and consolidated accounts from being submitted at the Shareholders' Meeting with provisos in the Auditor's Report.

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Pursuant to article 24.4.b) of the Board of Directors Regulation, the Audit Committee has the following competences in connection with the preparation and publication of the Company's financial information

- i. Review legal compliance requirements and monitor proper application of generally accepted accounting principles, and report on the proposed changes to accounting principles and criteria suggested by management.
- ii. Know and oversee the effectiveness of internal control systems of the Company, and risk management systems, and discuss with the auditors or audit firms significant weaknesses in internal control, identified in the development of audit
- iii. Oversee the preparation and presentation of financial information regulated.

C.1.33. Is the Secretary of the Board of Directors likewise a Director?

NO

C.1.34 Explain the procedures for the appointment and removal of the Secretary to the Board, indicating whether the Nominations Committee issued an opinion and the Board approved his appointment and removal.

Procedure for appointment and removal
<p>Pursuant to Articles 13 and 25 of the Board of Directors Regulation, the Board of Directors appoints a secretary, who must be a lawyer and need not be a member of the Board. The Board of Directors may appoint a Deputy Secretary, who need not be a director, to assist the Secretary to the Board of Directors.</p> <p>The Board Regulations stipulate that the basic responsibilities of the Nomination and Compensation Committee include reporting proposals for the appointment of the Secretary and Deputy Secretary but not for their removal.</p> <p>However, Law 31/2014, which modifies the Corporations Law (LSC), requires the Board, when it has been informed by the Nomination and Compensation Committee, to rule on the appointment and removal of the Secretary and, where appropriate, the Deputy Secretary. Compliance with this legal requirement is already compulsory for listed companies (and for this reason in the questions answered below the Company states that the Nomination and Compensation Committee reports on the removal of the Secretary) and is expected to be incorporated in the Company's internal regulations.</p>

Does the Nomination Committee issue an opinion concerning the appointment?	YES
Does the Nomination Committee issue an opinion concerning the removal?	YES
Is the appointment approved by the full Board?	YES
Is the removal approved by the full Board?	YES

Is the Secretary to the Board specifically responsible for overseeing compliance with good governance recommendations?

YES

Observations
Yes, with regard to the recommendations accepted by the Company and including in its internal regulations.

(Free translation from the original in Spanish language)

C.1.35. Indicate, if applicable, the mechanisms established by the Company to preserve the independence of auditors, financial analysts, investment banks and rating agencies.

Pursuant to article 24.4.c) of the Board of Directors Regulation, the Audit Committee has the following competences in connection with the external Auditor of the Company

- i. To propose to the Board of Directors the appointment of external account auditors pursuant to Section 263 of the Companies Act, to be submitted at the annual shareholders meeting.
- ii. To report and propose to the Board the external Auditor engagement conditions, the scope of its charge, and, if is the case, the removal or not renewal of the Auditor, and the oversight of the engagement fulfillment.
- iii. To maintain contact with the external auditors in order to receive information on those issues related to the accounts auditing process, together with any other communication provided for in accounts auditing legislation and rules.
- iv. To receive from the external auditors any information about all the issues that may compromise the Auditor's independence. In any event, the Committee shall receive every year written confirmation from the Auditor of its independence from the entity or entities linked to auditors, directly or indirectly, and information of any additional services provided to these entities by external auditors, or by persons or entities linked to them in accordance with the provisions of Law 19/1988 of July 12, Audit of Accounts.
- v. Pre-approve, before its execution, any engagement with the Company's Auditor, for any works related with audit services or any other kind of services rendered by the Auditor.
- vi. To issue every year, prior to the issuance of the Audit Report, a report expressing an opinion on the independence of external auditors. This report shall, in any case, make reference on the provisions of additional services rendered by the Auditor.

Likewise, article 40 of the Board Regulations stipulates that:

1. The Board of Directors shall refrain from proposing the appointment or renewal of a firm of auditors when the fees paid by the Company for all of its services represent more than 5% of the annual income of that auditing firm, based on the average for the last five years.
2. The Board of Directors shall publicize the total fees that the Company has paid to the auditors, differentiating between fees for auditing company accounts and those paid for other services rendered. The Annual Report of company accounts must likewise include a breakdown of the fees paid to auditors, as well as those paid to any company belonging to the firm of auditor's corporate group or to any company sharing common property, management or control with the Company's auditors.

C.1.36 Indicate whether during the financial year the company has changed external auditors. If so, specify the former and present auditors:

NO

In the event there were discrepancies with the former auditor, explain the nature of those discrepancies:

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C.1.37. Indicate whether the auditing firm renders other non-auditing services to the Company and/or its corporate group and, if so, state the amount of fees paid for those services and the percent that this represents of the total fees invoiced to the Company and/or its group.

YES

	Company	Group	Total
Amount paid for non-auditing services (Euros 000)	641	754	1,395
Amount paid for non-auditing services / Total amount invoiced by the auditing firm (%)	78%	32%	44%

C.1.38. Indicate whether the report on the audit of the annual accounts for the previous year contained any reservations or qualifications. If so, indicate the reasons provided by the chairman of the Audit Committee to explain the content and scope of those reservations or qualifications.

NO

C.1.39. Indicate the number of consecutive years that the present auditing firm has audited the annual accounts of the Company and/or its group. Likewise indicate the percent that the number of years with this auditing firm represents with respect to the total number of years that the annual accounts have actually been audited.

	Company	Group
Number of consecutive years	24	23

	Company	Group
Number of years audited by the present auditing firm / Number of years that the Company has been audited (%)	100.00	100.00

C.1.40. Indicate whether there is a procedure for Directors to obtain outside counsel and, if so, describe that procedure.

YES

Description of the Procedure
The Board Regulations incorporate this principle in the following terms: Directors shall have broad powers to obtain information and counsel that they may need with regard to any aspect of the Company, provided that it is required in the fulfillment of their duties.
Likewise, it is established that in order to be assisted in exercising their functions, any Director may request the hiring, under the Company cost, legal, accounting, technical, financial, commercial or other experts. The engagement must deal with specific problems of certain importance and complexity that arise in the performance of their duties. The

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application for hire will be channeled through the President or Secretary of the Board of Directors, who may subject to prior approval of the Board of Directors, which may be denied when there are reasons that justify it.

Likewise it is established that the Delegated Commission and the Committees may seek outside advice when they deem it necessary for the fulfillment of their obligations.

C.1.41. Indicate whether there is a procedure for Directors to obtain the information they need in sufficient time to enable them to prepare for the meetings of the governing bodies and, if so, describe that procedure:

YES

Description of the Procedure

The Corporations Law (LSC) and the text of the current Board Regulations of PRISA (under review to bring them into line with the changes introduced by Law 31/2014 which modifies the Corporations Law to improve corporate governance), contain the following provisions:

The Chairman of the Board, with the assistance of the Secretary (who must take all necessary measures for the correct functioning of the Board), must ensure that, prior to meetings and with sufficient notice, members receive the necessary information to discuss issues and reach agreements regarding the items on the agenda for meetings of the Board of Directors.

Meetings of the Board of Directors must be announced at least 7 days in advance and must include details of the agenda for the meeting. The Chairman will ensure that the Chief Executive Officer draws up and makes available to the other Directors information on the progress of the Company and any information necessary for approval of the motions proposed in the agenda for each meeting of the Board.

The Board of Directors Regulation provides that Directors may request, with the broadest powers, any information and advice they require concerning any aspect of the Company, provided that this is needed in the fulfilment of their functions. This right to information is extended to subsidiary companies, whether national or foreign, and shall be channeled through the Chairman, who shall answer requests from directors, providing them with the information directly, directing them to the appropriate sources, or taking any measures necessary for the inspection requested. Furthermore, the Chairman of the Board shall ensure that all directors receive all documentation to be distributed at meetings of the Delegated Committee and the various committees and their respective minutes.

Moreover, as pointed out in section C.1.20 of this Report, the Board of Directors has approved a Guide to Good Practice which constitutes a guide to internal conduct in matters of good governance and which makes a series of practices compulsory, including the sending of information to directors.

C.1.42. Indicate whether the company has rules (and if so, describe those rules) compelling directors to inform and, if warranted, resign in circumstances that may damage the prestige and reputation of the company:

YES

Description of the Procedure

(Free translation from the original in Spanish language)

As established in section 21.2. of the Rules of the Board of Directors, Directors shall offer their resignations to the Board of Directors and, if deemed appropriate, formally resign in the following cases:

- 1) When they are subject to any of the legally-established prohibitions or grounds for disqualification or cease.
- 2) When based on a criminal offense they are indicted in ordinary felony proceedings or have been convicted in a misdemeanor proceeding.
- 3) When they have received a serious reprimand from the Board of Directors for failure to fulfill their obligations as Directors.
- 4) When the reasons for which they were appointed have ceased to exist and, in particular, when an independent director or an owner-director loses his respective status as such.
- 5) When in the course of a year they fail to attend physically to more than two meetings of the Board of Directors, of the Delegated Commission or to the Committees which they participate, which one of them must be necessarily of the Board, without just cause, in the opinion of the Board, the delegated Committee or the Committees to whom he/she participates.
- 6) When the belonging to the Board for lack of fitness, in the manner described in Article 31.5 of these Regulations (conflicts of interest), may jeopardize directly, indirectly or through persons connected with him/her, the loyal and diligent exercise of his/her functions under the corporate interest.

C.1.43. Indicate whether any member of the Board of Directors has informed the company that he has been prosecuted or that proceedings have been brought against him for any of the offenses listed in Article 213 of the Corporations Law:

NO

Indicate whether the Board of Directors has reviewed the case. If yes, explain the reasons underpinning the decision on whether or not the director should continue in office or, if appropriate, detail the steps taken by the Board of Directors up to the date of this report or the steps it intends to take.

C.1.44. Detail the major agreements entered into by the company that come into force, are changed or terminate in the event that the control of the company changes as a result of a tender offer, and its effects.

i) Shareholders agreement signed by Prisa and Telefónica de Contenidos, S.A. (December 2010)

The shareholders agreement envisages a purchase option in favor of Telefónica de Contenidos, S.A. for all of Prisa's holding in DTS Distribuidora de Televisión Digital, S.A. ("DTS") if there is a change in control at Prisa.

However, on 2 June 2014, Prisa and Telefónica de Contenidos, S.A. signed an agreement for the sale of all shares in DTS held by PRISA, which account for 56% of the company's capital. This contract is subject to a series of conditions, including authorization by the relevant authorities.

ii) Refinancing agreement signed by Prisa, HSBC Plc., as agent, and other financial institutions (Override Agreement), in December 2013:

(Free translation from the original in Spanish language)

The refinancing agreement includes grounds for acceleration, which include the acquisition of control of PRISA (understood as meaning the acquisition by one or more people acting in concert of more than 30% of the capital with voting rights).

iii) Financing agreement signed by Prisa and Wilmington Trust (London) Limited, as agent, and other financial institutions (New Money Facility Agreement) in December 2013:

The refinancing agreement includes grounds for acceleration, which include the acquisition of control of PRISA (understood as meaning the acquisition by one or more people acting in concert of more than 30% of the capital with voting rights).

C.1.45. Identify, in aggregate terms, and indicate, in detail, the agreements between the company and its managers, executives or employees which provide for indemnification, safeguard or golden parachute clauses in the event of their resignation or unjustified dismissal, or in the event that the contractual relationship ends as a result of a tender offer or another type of transaction.

Number of Beneficiaries	9
Type of Beneficiaries	Description of the agreement
3 Executive Directors 5 members of Senior Management 1 Manager of de Promotora de Informaciones, S.A. (PRISA)	On December 31, 2014, contracts of 8 members of the management team (three executive directors and five members of senior management) included a special clause that provides, in general, compensation for improper dismissal in an amount between an annuity and an annuity and a half of their respective total annual compensation (fixed salary plus normally last bonus received). In addition, another manager of PRISA (not forming part of the senior management) has a safeguard clause in an amount equivalent to one year of compensation.

Indicate whether such contracts must be reported and/or approved by the governing bodies of the Company or Group:

	Board of Directors	Shareholders ' Meeting
Body authorizing these clauses	YES	NO
Are the participants at the Shareholders ' Meeting informed of these clauses?	YES	

C.2. Committees of the Board of Directors

C.2.1 List all of the Board committees, their members and the proportion of proprietary and independent directors on them:

(Free translation from the original in Spanish language)

DELEGATED COMMITTEE

Name	Position	Classification
MR. JUAN LUIS CEBRIÁN ECHARRI	CHAIRMAN	EXECUTIVE DIRECTOR
MR. JOSE LUIS SAINZ DIAZ	MEMBER	EXECUTIVE DIRECTOR
MR. MANUEL POLANCO MORENO	MEMBER	EXECUTIVE DIRECTOR
MR. GREGORIO MARAÑÓN Y BERTRAN DE LIS	MEMBER	INDEPENDENT EXTERNAL DIRECTOR
MR. ALAIN MINC	MEMBER	INDEPENDENT EXTERNAL DIRECTOR
MR. ROBERTO LAZARO ALCANTARA ROJAS	MEMBER	EXTERNAL DIRECTOR REPRESENTING SIGNIFICANT SHAREHOLDINGS

% Executive Directors	50.00
% External Directors representing significant shareholdings	17.00
% Independent Directors	33.00
% Other Directors	00.00

AUDIT COMMITTEE

Name	Position	Classification
MR. ALAIN MINC	CHAIRMAN	INDEPENDENT EXTERNAL DIRECTOR
MR CLADIO BOADA PALLERES	MEMBER	OTHER EXTERNAL
MR JUAN ARENA DE LA MORA	MEMBER	INDEPENDENT EXTERNAL DIRECTOR
MR. EMMANUEL ROMAN	MEMBER	INDEPENDENT EXTERNAL DIRECTOR
MR. FERNANDO ABRIL-MARTORELL	MEMBER	OTHER EXTERNAL

% Executive Directors	00.00
% External Directors representing significant shareholdings	00.00
% Independent Directors	60.00
% Other Directors	40.00

NOMINATION AND COMPENSATION COMMITTEE

Name	Position	Classification
MR. GREGORIO MARAÑÓN Y BERTRÁN DE LIS	CHAIRMAN	INDEPENDENT EXTERNAL DIRECTOR
MR. BORJA PEREZ ARAUNA	MEMBER	EXTERNAL DIRECTOR REPRESENTING SIGNIFICANT SHAREHOLDINGS
MR. ALAIN MINC	MEMBER	INDEPENDENT EXTERNAL DIRECTOR
MRS. AGNES NOGUERA BOREL		EXTERNAL DIRECTOR REPRESENTING SIGNIFICANT SHAREHOLDINGS

(Free translation from the original in Spanish language)

% Executive Directors	00.00
%External Directors representing significant shareholdings	50.00
%Independent Directors	50.00
%Other Directors	00.00

CORPORATE GOVERNANCE COMMITTEE

Name	Position	Classification
MR. ERNESTO ZEDILLO	CHAIRMAN	INDEPENDENT EXTERNAL DIRECTOR
MRS ARIANNA HUFFINGTON	MEMBER	INDEPENDENT EXTERNAL DIRECTOR
MR JOSE LUIS LEAL	MEMBER	INDEPENDENT EXTERNAL DIRECTOR
MRS AGNES NOGUERA BOREL	MEMBER	EXTERNAL DIRECTOR REPRESENTING SIGNIFICANT SHAREHOLDINGS

% Executive Directors	00.00
%External Directors representing significant shareholdings	25.00
%Independent Directors	75.00
%Other Directors	00.00

COMMITTEE FOR STRATEGIC DIGITAL CHANGE

Name	Position	Classification
MR. JUAN LUIS CEBRIÁN ECHARRI	MEMBER	EXECUTIVE DIRECTOR
MR. JOSE LUIS SAINZ DIAZ	MEMBER	EXECUTIVE DIRECTOR
MR JOHN PATON	CHAIRMAN	INDEPENDENT EXTERNAL DIRECTOR
MR JUAN ARENA DE LA MORA	MEMBER	INDEPENDENT EXTERNAL DIRECTOR

% Executive Directors	50.00
%External Directors representing significant shareholdings	00.00
%Independent Directors	50.00
%Other Directors	00.00

(Free translation from the original in Spanish language)

C.2.2 Complete the following table with information on the number of female directors who have sat on Board committees during the previous four years:

	Number of female directors			
	Year 2014 Number %	Year 2013 Number %	Year 2012 Number %	Year 2011 Number %
Delegated Committee	0 (00.00)	0 (00.00)	0 (00.00)	0 (00.00)
Audit Committee	0 (00.00)	1 (25.00)	1 (25.00)	1 (25.00)
Nomination and Compensation Committee	1 (25.00)	0 (00.00)	0 (00.00)	0 (00.00)
Corporate Governance Committee	2 (50.00)	2 (50.00)	2 (50.00)	1 (25.00)
Committee for Strategic Digital Change	0 (00.00)	0 (00.00)	0 (00.00)	0 (00.00)

C.2.3 Indicate whether the Audit Committee performs the following duties:

Supervision of the preparation and integrity of the company's, and if applicable, the group's financial information, monitoring compliance with regulatory requirements, the appropriate composition of the consolidation perimeter and the correct application of accounting rules	YES
Periodic review of internal control and risk management systems, so that the main risks are adequately identified, managed and notified	YES
Ensuring the independence and accuracy of the operations of the internal audit department; proposing the selection, appointment, reelection and removal of the head of the internal audit department; receiving periodic information concerning audit activities; and verifying that senior managers take into account the conclusions and recommendations contained in its reports	YES
Setting up and supervising a mechanism whereby employees may confidentially and, if deemed appropriate, anonymously notify the company of any potentially relevant irregularities within the company, particularly financial or accounting irregularities, of which they may be aware	YES
Submission to the Board of Directors of proposals for the selection, appointment, reelection and substitution of the external auditor, as well as the conditions of its contract	YES
Receiving regularly from the external auditor information concerning the audit plan and the results of its application, and verifying that senior managers take its recommendations into account	YES
Ensuring the independence of the external auditor	YES
In the case of group companies, encouraging the group auditor to assume responsibility for auditing group companies.	YES

C.2.4. Describe the rules governing the organization and functions, as well as the responsibilities attributed to each of the board committees.

(Free translation from the original in Spanish language)

The functioning, powers and composition of the Delegated Committee, Audit Committee, Nomination and Compensation Committee and Corporate Governance Committee are regulated by the Bylaws and by the Board Regulations.

However, the Company's internal regulations (Bylaws, Shareholders Meeting Regulation and Board Regulations) are being reviewed and will be modified, among other reasons, to bring them into line with Law 31/2014, which modifies the Corporations Law (LSC) with a view to improving corporate governance. The Board of Directors is expected to ask the next General Shareholders Meeting to approve modifications to the Bylaws and the Shareholders Meeting Regulation, and will also modify the Board Regulations in line with the foregoing.

The regulations governing the Board's committees, as listed below, are subject to change in the short term. Moreover, certain provisions of Law 31/2014 have already come into force and their application is compulsory for the Board's committees.

DELEGATED COMMITTEE

The rules governing the organization and operations of the Delegated Committee that are described below are contained in articles 5 and 14 of the Board of Directors Regulations:

The Delegated Committee shall comprise no more than eight board members and shall be presided by the Chairman of the Board of Directors. Appointment of the members of the Delegated Committee shall be made upon a proposal from the Chairman of the Board of Directors and a two-thirds favorable vote of board members.

The composition of the Delegated Committee with regard to the type of directors shall be similar to that of the Board of Directors.

Members of the Delegated Committee shall cease in their functions when they cease to be board members or upon a decision of the Board of Directors.

The Secretary of the Board shall act as Secretary of this Committee.

Without prejudice to the powers vested in the Chairman of the Board and the Chief Executive Officer, and under the provisions of Art. 5 of this Rules, all powers of the Board of Directors that may legally be delegated shall be delegated to the Delegated Committee. As provided for in that rule, the decisions that must be submitted to the Board of Directors and that may be legally delegated to the Delegated Committee may be taken by it for urgency reasons, which must be justified in the next Board meeting to be held. Said decisions are the following: i) Financial information related to listed securities that the Company must disclose periodically; ii) The undertaking of investments, assumption of financial obligations or the granting of any financial commitments that derive, among others, from loans, credits, sureties or other guarantees, as well as entering into contracts that are of significant importance to the Company or its subsidiary and/or controlled companies, except for cases of extreme urgency in which it is impossible for the Board of Directors to meet; iii) Any transfer or encumbrance of assets relating to the Company or its subsidiary or controlled companies, iv) Motions or resolutions for capital increases or reductions. Any other changes in capital structure; v) Strategic alliances of the Company or its controlled companies; vi) The creation or acquisition of interests in entities domiciled in countries or territories considered tax havens; vii) Mergers, spin-offs and any other relevant decision regarding the position of the Company as a listed company; viii) The remuneration of directors as well as, in the case of executive directors, any additional remuneration for their executive functions and other conditions set forth in their contracts; ix) Authorization of linked transactions in the terms provide for in this Regulation; x) Periodic evaluation of the performance and composition of the Board of Directors and the senior management.

The Delegated Committee shall meet at least six times a year and at any time that, in the opinion of the Chairman, company interests warrant a meeting or when two or more members of the Delegated Committee request that a meeting be called, the Chairman being obliged to give notice of meetings sufficiently in advance.

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A Committee meeting may be validly held when a majority of the directors on the committee are present or represented by proxy, and members not in attendance may give their proxies to another director who is a committee member.

Resolutions shall be passed by an absolute majority vote of the Delegated Committee members present or represented by proxy.

When there are no specific procedures, those set forth in this Regulation for the Board of Directors shall apply to the Delegated Committee, provided that they are compatible with the Committee's nature and functions.

When requested to do so by the Chairman of the Committee, other directors who are not committee members, as well as managers whose reports are necessary for company operations, may attend committee meetings, having voice but no vote

The Delegated Committee shall keep minutes of its meetings in the terms provided for the Board of Directors.

The Delegated Committee shall report on its activities at the first full board meeting following its sessions, and shall be accountable for the work it undertakes. The Board shall always be informed of all matters discussed and all resolutions adopted by the Delegated Committee. All board members shall receive a copy of the minutes of the Delegated Committee's meetings.

The Delegated Committee may seek outside expert advice when it is deemed necessary for the fulfillment of its functions.

CORPORATE GOVERNANCE COMMITTEE:

The rules governing the organization and operations of the Corporate Governance Committee that are described below are contained in Article 21 ter of the Bylaws and Article 26 of the Board Regulations:

The Corporate Governance Committee shall consist of a minimum of three (3) and a maximum of five (5) external or non executive directors. The appointment and removal of Committee members will be made by the Board of Directors upon a motion from the Chairman of the Board. Members of the Corporate Governance Committee will cease when they do so in their capacity as Directors or as otherwise agreed by the Board of Directors.

The Chairman of the Committee shall be elected by the Board of Directors from among its independent directors.

The Secretary of the Board of Directors and, in his absence, the Deputy Secretary, if any, shall act as Secretary of the Committee and in case of absence, any member of the Committee.

The Corporate Governance Committee shall have the following competences:

- a) Regarding the composition of the Board of Directors and Board Committees:
 - i. Propose the appointment of independent directors.
 - ii. Propose the qualification of directors into the categories of executive, external proprietary, external independent and other directors, when the appointment or renewal of the directors is going to be executed by the General Shareholders Meeting or when that classification is revised annually in the Corporate Governance Report.
 - iii. Inform on the removal of executive and independent directors, when the Board of Directors propose the decision to the Shareholders Meeting or when occurs *justa causa* due to a breach of the director of the duties inherent to his/her position and when is carrying out a disciplinary procedure that could mean the removal of the director.

- iv. Report, together with the Nomination and Compensation Committee, on proposals for the appointment of the Chairman and Vice Chairman, Chief Executive Officer, and members of the Delegated Committee and other committees of the Board of Directors.
 - v. Evaluate the skills, knowledge and experience on the Board, and therefore, define functions and capabilities required of candidates to fill each vacancy and evaluate dedication necessary to properly perform their duties.
 - vi. Report to the Board on issues of gender diversity in relation to the composition of the Board.
 - vii. Submit to the Board of Directors, a report evaluating the performance and composition of the Board and the performance of their duties by the Chairman and the Chief Executive of the Company.
- b) In connection with the strategy of corporate governance and corporate social responsibility of the Company:
- i. Promoting corporate governance strategy of the Company.
 - ii. Know, promote, guide and monitor the performance of the Company regarding corporate social responsibility and sustainability and corporate reputation and to report thereon to the Board and Delegated Committee as appropriate.
 - iii. Inform and propose to the Board the approval of the Corporate Governance Report.
 - iv. Inform and propose to the Board the approval of the annual corporate social responsibility report and, in general, issue reports and develop actions in the field of corporate social responsibility and sustainability, in addition, in accordance with corporate governance of the Company and when being asked by the Board of Directors or its Chairman.
- c) In connection with the internal rules of the Company:
- i. Propose to the Board the approval of a Code of Ethics
 - ii. Propose to the Board the approval of a Code of Conduct of the employees.
 - iii. Report on proposals for amending the Bylaws, Rules of the Board, Rules of the Shareholders Meetings, Rules of Operation of the Shareholders Electronic Forum, the Internal Rules of Conduct, the Code of Ethics and Code of Conduct of the employees and any other rules of governance of the Company.
 - iv. Review the implementation of the Board Rules, the Internal Rules of Conduct, the Code of Conduct of the employees and, in general, the rules of governance of the Company and to make proposals for their improvement.
- d) In connection to transactions with related parties to the Company and companies of the Group:
- i. Report of transactions of the company with a significant shareholder, prior to its approval by the Board.
 - ii. Report professional or commercial transactions of directors, prior to its approval by the Board.
 - iii. Authorize transactions by persons related to directors under the terms provided for in Article 33 of this Regulation.
- e) Other competences:
- i. Review compliance policies and propose all necessary measures for its strengthening.
 - ii. Approve annually a report on the performance of the Committee and propose to the Board of Directors its publication, when the Annual General Meeting is called.
 - iii. Exercise all other powers granted to the Committee in this Regulation.

The Committee shall meet whenever the Board of Directors of the Company or the Delegated Committee requests the issuance of a report or the approval of proposals within the scope of its competencies and when, in the opinion of the Chairman, be appropriate for the proper performance of its functions.

Any member of the company management team or staff who may be required for such purpose shall be compelled to attend committee meetings and to provide it with assistance and access to any information at its disposal.

NOMINATION AND COMPENSATION COMMITTEE

(Free translation from the original in Spanish language)

The rules governing the organization and operations of the Nomination and Compensation Committee that are described below are contained in Article 21 quater of the Bylaws and Article 25 of the Board Regulations:

The Nomination and Compensation Committee shall have a minimum of three (3) and a maximum of five (5) external directors. The appointment and removal of the Committee members will be determined by resolution of the Board of Directors upon a motion from the Chairman.

The Nomination and Compensation Committee may request the attendance of the company's Chief Executive Officer or any other officer or employee of the Company at its meetings.

The members of the Nomination and Compensation Committee shall leave their posts when they do so in their capacity as directors or when so resolved by the Board of Directors.

The Chairman of the Committee shall be selected by the Board of Directors from among its independent directors.

The Secretary of the Board of Directors and, in his absence, the Deputy Secretary, if any, shall act as Secretary of the Committee and in case of absence, any member of the Committee.

The Nomination and Compensation Committee shall have the following core competencies:

- a) Regarding the composition of the Board of Directors and Board Committees of PRISA and management bodies of its subsidiaries:
 - i. Report on proposals for appointment, reappointment and removal of directors.
 - ii. Report, together with the Corporate Governance Committee, on proposals for appointment of Chairman and Vice Chairman, Chief Executive Officer, members of the Delegated Committee and other committees of the Board of Directors.
 - iii. Report on the nomination of the Secretary and Deputy Secretary.
 - iv. Review and organize the succession of the chairman and chief executive of the Company and make recommendations to the Board of Directors to facilitate that such succession occurs in an orderly and well planned.
 - v. Report on proposals for appointment of representatives of the Society in the managing bodies of its subsidiaries.
- b) In connection with the senior management of the Group:
 - i. Propose the definition of senior management.
 - ii. Report the appointment and removal of senior management.
 - iii. Approve contracts for senior management.
 - iv. Inform and, where appropriate, issue reports on disciplinary action to senior management of the Company.
- c) In relation to the compensation policy:
 - i. Propose to the Board of Directors: i) the Compensation Plan for directors, ii) the amounts and/or compensation limits that apply to directors, based on their dedication to the Board and the Committees thereof, iii) the individual remuneration of executive directors and other conditions of their contracts and iv) a statement of compensation policy for Directors and senior management.
 - ii. Approve the key objectives linked with the variable compensation for executive directors and/or the management.
 - iii. Propose to the Board of Directors the compensation system for senior managers of PRISA and its subsidiaries and report to the Board about the liquidation of the variable compensation for them and to establish other incentive plans for them.
 - iv. Ensure compliance with the remuneration policy set by the Company.

(Free translation from the original in Spanish language)

d) Other competences

- i. Approve annually a report on the performance of the Committee and propose to the Board of Directors its publication, when the Annual General Meeting is called.
- ii. Exercise all other powers granted to the Committee in this Regulation.

The Committee shall meet whenever the Board of Directors of the Company or the Delegated Committee requests the issuance of a report or the approval of proposals within the scope of its competencies and when, in the opinion of the Chairman, be appropriate for the proper performance of its functions.

Any member of the company management team or staff who may be required for such purpose shall be compelled to attend committee meetings and to provide it with assistance and access to any information at its disposal.

AUDIT COMMITTEE:

The rules governing the organization and operations of the Audit Committee that are described below are contained in article 21bis of the Company Bylaws and Article 24 of the Board of Directors Regulations:

The Audit Committee shall have the number of members that is determined by the Board of Directors from time to time, with a minimum of three (3) and a maximum of five (5) members. It shall have a majority of non-executive directors who shall not have a contractual relationship with the Company other than the position to which they are appointed. The composition of the committee shall provide appropriate representation to independent directors. At least one member of the Committee shall be independent and shall be appointed taking into account his/her knowledge and experience in accounting, auditing or both.

Additionally, to the extent that the Company's securities are listed, directly or indirectly through other financial instruments, in the New York Stock Exchange (NYSE), the Company will adjust the composition of the Committee to the rules established by United States of America laws and the NYSE.

The appointment and termination of committee members shall be made by the Board of Directors on a motion from the Chairman.

Committee members shall leave their posts when they cease to be directors or when so agreed by the Board of Directors.

The Chairman of the committee shall be elected by the Board of Directors from among its members who are independent directors, and may not maintain a contractual relation with the Company other than the position for which he is appointed. The committee chairman shall be replaced every four years, and may be re-appointed one year after having left the post.

The Secretary of the Board of Directors and, in his absence, the Deputy Secretary or any member of the Committee, shall act as Secretary of the Committee.

The primary function of the Audit Committee is to assist the Board of Directors in its tasks of overseeing the management of the company.

The Audit Committee shall have the following competences:

- 7) To report at annual shareholders meetings on issues raised by shareholders, pursuant to the provisions of the Law and the Shareholders Meeting Regulation.
- 8) In connection with the preparation and publication of the Company's financial information

(Free translation from the original in Spanish language)

- a. Review legal compliance requirements and monitor proper application of generally accepted accounting principles, and report on the proposed changes to accounting principles and criteria suggested by management.
- b. Know and oversee the effectiveness of internal control systems of the Company, and risk management systems, and discuss with the auditors or audit firms significant weaknesses in internal control, identified in the development of audit
- c. Oversee the preparation and presentation of financial information regulated.
- d. Review any admission or trading prospectus, and the information on the financial statements to be filed by the Board to the markets and to the Regulators.

9) In connection with the external Auditor of the Company

- a. To propose to the Board of Directors the appointment of external account auditors pursuant to Section 263 of the Companies Act, to be submitted at the annual shareholders meeting.
- b. To report and propose to the Board the external Auditor engagement conditions, the scope of its charge, and, if is the case, the removal or not renewal of the Auditor, and the oversight of the engagement fulfillment.
- c. To maintain contact with the external auditors in order to receive information on those issues related to the accounts auditing process, together with any other communication provided for in accounts auditing legislation and rules.
- d. To receive from the external auditors any information about all the issues that may compromise the Auditor's independence. In any event, the Committee shall receive every year written confirmation from the Auditor of its independence from the entity or entities linked to auditors, directly or indirectly, and information of any additional services provided to these entities by external auditors, or by persons or entities linked to them in accordance with the provisions of Law 19/1988 of July 12, Audit of Accounts.
- e. Pre-approve, before its execution, any engagement with the Company's Auditor, for any works related with audit services or any other kind of services rendered by the Auditor.
- f. To issue every year, prior to the issuance of the Audit Report, a report expressing an opinion on the independence of external auditors. This report shall, in any case, make reference on the provisions of additional services rendered by the Auditor.

10) In connection with the Internal Audit services

- a. To propose the selection, appointment, reappointment or removal of the person in charge of the company's internal audit service.
- b. To oversee internal auditing services and the annual report of the Internal Audit Department.

11) Other competences

- a. To analyze and issue opinions concerning specific investment transactions when, owing to their importance, the Board so requests
- b. To issue opinions concerning the creation or acquisition of interests in entities domiciled in countries or territories considered as tax havens.
- c. To exercise all other powers granted the committee in this Regulation.
(Free translation from the original in Spanish language)

- d. To approve an annual report about the Committee performance and propose to the Board the edition when the Shareholders is called.

The Audit Committee shall establish and oversee a procedure which may allow to communicate to the Company the relevant irregularities, specially financing and accounting, in the Company. When these claims are presented by Company or its Group employees, this mechanism will be confidential, and when appropriate, anonymous.

The Audit Committee shall meet periodically as warranted, and at least four (4) times a year.

Any member of the company management team or staff who may be required for such purpose shall be compelled to attend committee meetings and to provide it with assistance and access to any information at his disposal. The committee may likewise request the attendance of the accounts auditors at its meetings.

C.2.5. Indicate, if applicable, whether there are board committee regulations, and if so, where they are available for consultation and any amendments made to them during the financial year. Likewise indicate whether any non-mandatory annual reports are issued concerning the activities of each committee:

As already pointed out in section C.2.4 above, the functioning, powers and composition of the Delegated Committee, Audit Committee, Nomination and Compensation Committee and Corporate Governance Committee are regulated by the Bylaws and by the Board Regulations. The texts currently in force are available on the Company's website (www.prisa.com) and no changes have been made in the course of the year 2014.

The Company's internal regulations (Bylaws, Shareholders Meeting Regulation and Board Regulations) are being reviewed and will be modified, among other reasons, to bring them into line with Law 31/2014, which modifies the Corporations Law (LSC) with a view to improving corporate governance. The Board of Directors is expected to ask the next General Shareholders Meeting to approve modifications to the Bylaws and the Shareholders Meeting Regulation, and will also modify the Board Regulations in line with the foregoing.

The internal regulations governing the Board's committees are therefore subject to change in the short term. Certain provisions of Law 31/2014 which affect the Board's committees have already come into force and are applicable to them.

In 2014 the Audit, Nomination and Compensation and Corporate Governance Committees published reports on their functions and activity during 2013.

C.2.6. Indicate whether the composition of the Executive Committee reflects the Board Member's holdings within their category:

NO

If not, explain the composition of the Executive Committee

There is a predominance of executive directors in the Delegated Commission (3 of its members have this nature) and likewise it is composed by one director who represents significant shareholdings and by 2 independent directors.

The Board of Directors is composed by 3 executive directors, 3 directors representing significant shareholdings, 8 independent directors and by 2 other external directors.

D. RELATED-PARTY TRANSACTIONS AND INTRAGROUP TRANSACTIONS

D.1 Identify the competent body and explain, if appropriate, the procedure for approving related-party transactions or intra-group transactions.

Competent body for approving related-party transactions

BOARD OF DIRECTORS

Procedure for approving related-party transactions

The Board of Directors Regulation only empowers the Board to authorize the Company's transactions with directors or significant shareholders, in the following terms:

Transactions with Directors (article 33 of the Board of Directors Regulation)

Direct or indirect professional or commercial transactions of directors (or of persons related to them if they involve operations in excess of 60,000 euro) with the Company or any of its subsidiaries must be authorized by the Board of Directors, pursuant to Article 5 of this Regulation, after it has considered the opinion of the Corporate Governance Committee.

Transactions carried out by persons related to directors and which do not exceed 60,000 euro must be authorized by the Corporate Governance Committee.

Directors shall refrain from intervening in deliberations concerning matters in which they have direct or indirect interests.

In addition to not exercising their voting rights, directors affected by a linked operation must absent themselves from the boardroom during deliberations and voting on such matters.

Authorization of the Board of Directors shall not be required for linked operations that fulfill the following conditions:

- i) Those involving compliance with standard contract conditions applied extensively to multiple customers;
- ii) Those involving predetermined prices or fees carried out by the suppliers of the goods and services in question;
- iii) Those which amount to less than 1% of the annual income of the person or entity receiving the service.

Transactions with Significant Shareholders (article 36 of the Board of Directors Regulation)

The Board of Directors formally reserves the right to oversee any Company transaction with a significant shareholder.

Under no circumstances shall a transaction be authorized if an opinion of the Corporate Governance Committee assessing the operation from the point of view of market conditions has not been issued.

Nevertheless, authorization of the Board of Directors shall not be required for those transactions that fulfill all of the following conditions:

- a) Those involving compliance with standard contract conditions applied extensively to multiple customers;
- b) Those involving predetermined prices or fees carried out by the suppliers of the goods and services in question;
- c) Those which amount to less than 1% of the annual income of the person or entity receiving the service.

State whether the approval of related-party transactions has been delegated, indicating, where appropriate, the body or persons to whom the delegation was made.

As already indicated, transactions carried out by persons related to directors and which do not exceed 60,000 euro must be authorized by the Corporate Governance Committee. Likewise, related-party transactions operations with the Directors and with the major shareholders may be authorised by the Executive Committee

(Free translation from the original in Spanish language)

for reasons of urgency, which must be justified at the next Board meeting (article 5 of the Regulations of the Board of Directors).

Nevertheless, it must be borne in mind that Article 529 (14) of Law 31/2014 reserves to the Audit Committee responsibility for informing the Board about related-party transactions.

D.2. Give details of transactions of a significant nature on account of the sums involved or material transactions on account of the subject-matter involved carried out between the company or entities of its group and the significant shareholders of the company:

Significant Shareholder's Name	Name of the Company or Entity in the Group	Nature of the Relationship	Type of Transaction	Amount (Euros 000)
TELEFÓNICA, S.A.	GRUPO PRISA	Commercial	Rendering of services	184,056
CAIXABANK, S.A.	GRUPO PRISA	Commercial	Rendering of services	3,045
BANCO SANTANDER, S.A.	GRUPO PRISA	Commercial	Rendering of services	4,372
RUCANDIO, S.A.	GRUPO PRISA	Commercial	Rendering of services	47
TELEFÓNICA, S.A.	GRUPO PRISA	Commercial	Reception of services	19,388
BANCO SANTANDER, S.A.	PROMOTORA DE INFORMACIONES, S.A.	Commercial	Reception of services	253
HSBC HOLDINGS, PLC	PROMOTORA DE INFORMACIONES, S.A.	Commercial	Reception of services	417
BANCO SANTANDER, S.A.	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Financing Agreements: Loans	100,833
BANCO SANTANDER, S.A.	GRUPO SANTILLANA DE EDICIONES, S.L.	Contractual	Financing Agreements: Loans	4,118
BANCO SANTANDER, S.A.	MEDIA GLOBAL, SGPS	Contractual	Financing Agreements: Loans	10,000
BANCO SANTANDER, S.A.	ANTENA 3 DE RADIO, S.A.	Contractual	Financing Agreements: Loans	7,957
CAIXABANK, S.A.	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Financing Agreements: Loans	58,390
HSBC HOLDINGS, PLC	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Financing Agreements: Loans	586,131
MORGAN STANLEY	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Financing Agreements: Loans	91,279
BANCO SANTANDER, S.A.	PROMOTORA DE INFORMACIONES, S.A.	Corporate	Contributions of capital in cash or in kind	100,000
CAIXABANK, S.A.	PROMOTORA DE INFORMACIONES, S.A.	Corporate	Contributions of capital in cash or in kind	100,000
HSBC HOLDINGS, PLC	PROMOTORA DE INFORMACIONES, S.A.	Corporate	Contributions of capital in cash or in kind	134,000
MONARCH MASTER FUNDING 2 (LUXEMBOURG, S.A.R.L)	PROMOTORA DE INFORMACIONES, S.A.	Corporate	Contributions of capital in cash or in kind	22,217
GRUPO HERRADURA OCCIDENTE, S.A. DE C.V	PROMOTORA DE INFORMACIONES, S.A.	Corporate	Contributions of capital in cash or in kind	100,000
TELEFÓNICA, S.A.	DTS DISTRIBUIDORA DE TELEVISION DIGITAL, S.A.	Contractual	Other	1,179
BANCO	GRUPO PRISA	Contractual	Warranties	1,469

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SANTANDER, S.A.				
CAIXABANK, S.A.	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Warranties	917
HSBC HOLDINGS, PLC	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Warranties	7,461
BANCO SANTANDER, S.A.	GRUPO PRISA	Contractual	Other instruments that may imply a transfer of resources or liabilities between the Company and the related party.	25,445
CAIXABANK, S.A.	GRUPO PRISA	Contractual	Other instruments that may imply a transfer of resources or liabilities between the Company and the related party.	74
HSBC HOLDINGS, PLC	GRUPO PRISA	Contractual	Other instruments that may imply a transfer of resources or liabilities between the Company and the related party.	668
BANCO SANTANDER, S.A.	GRUPO PRISA	Contractual	Interest paid	3,200
BANCO SANTANDER, S.A.	GRUPO PRISA	Contractual	Interest accrued but not paid	2,970
CAIXABANK, S.A.	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Interest paid	1,506
CAIXABANK, S.A.	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Interest accrued but not paid	2,180
HSBC HOLDINGS, PLC	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Interest paid	4,296
HSBC HOLDINGS, PLC	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Interest accrued but not paid	9,374
MORGAN STANLEY	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Interest paid	381
MORGAN STANLEY	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Interest accrued but not paid	749
MONARCH MASTER FUNDING 2 (LUXEMBOURG, S.A.R.L)	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Interest paid	3,204
MONARCH MASTER FUNDING 2 (LUXEMBOURG, S.A.R.L)	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Interest accrued but not paid	5,191
TELEFONICA, S.A.	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Sale of investments	719,086

D.3 Give details of transactions of a significant nature on account of the sums involved or material transactions on account of the subject-matter involved carried out between the company or entities of its group and the company's directors or executives:

Manager's or Director's Name	Name of the Company or Entity in the Group	Relationship	Nature of the Relationship	Amount (Euros 000)
GREGORIO MARAÑÓN Y BERTRÁN DE LIS	PROMOTORA DE INFORMACIONES, S.A.	PROVISION OF SERVICES	Contractual	90

(Free translation from the original in Spanish language)

D.4 Provide information on significant transactions carried out by the company with other entities of the same group, where such transactions are not eliminated in the process of preparing the consolidated financial statements and do not fall within the usual course of the company's business, as regards their subject-matter or terms and conditions.

In all cases, information must be provided on any intra-group transactions carried out between entities established in countries or territories regarded as tax havens:

Name of the Group Entity	Brief Description of the Transaction	Amount (Euros 000)
LE MONDE LIBRE	LOAN GRANTED BY PRISA NOTICIAS, S.L. TO LE MONDE LIBRE SOCIETÉ COMANDITÉ SIMPLE.	8,988
PLURAL JEMPSA, S.L.	LOANS GRANTED BY SEVERAL COMPANIES OF GRUPO MEDIA CAPITAL TO PLURAL JEMPSA.	2,232
SOCIEDAD ESPAÑOLA DE RADIODIFUSION, S.L.	LOANS GRANTED BY SOCIEDAD ESPAÑOLA DE RADIODIFUSION, S.L. TO THE COMPANIES IN WHICH IT HOLDS HOLDINGS, W3COMM CONCESIONARIA, S.A. DE CV AND GREEN EMERALD BUSINESS INC.	3,453
SOCIEDAD ESPAÑOLA DE RADIODIFUSION, S.L.	DIVIDENDS PAID BY SISTEMAS RADIOPOLIS, S.A. DE CV TO ITS SHAREHOLDER SOCIEDAD ESPAÑOLA DE RADIODIFUSION, S.L.	4,265
EDICIONES CONELPA, S.A.	LOAN GRANTED BY EDICIONES EL PAIS, S.L. TO EDICIONES CONELPA, S.L.	2,038
EDICIONES CONELPA, S.A.	PURCHASE OF MAGAZINES BY EDICIONES EL PAIS, S.L. TO EDICIONES COELPA, S.L.	2,068
MEDIASET ESPAÑA COMUNICACIÓN, S.L.	SALE OF ADVERTISING SPACES OF DTS, DISTRIBUIDORA DE TELEVISION DIGITAL, S.A. BY THE DISTRIBUTOR OF MEDIASET.	10,657

D.5 State the amount involved in related-party transactions.

D.6. Describe the mechanisms in place to detect, determine and resolve possible conflicts of interest between the Company and/or its group and its directors, managers and significant shareholders.

Notwithstanding the duty of loyalty and the need to avoid situations where there are conflicts of interest, which are compulsory for directors under the terms of Articles 227, 228 and 229 of the Corporations Law (LSC), as expressed in Law 31/2014, which modifies the Corporations Law in the interests of better corporate governance, the text currently in force of the Board Regulations of PRISA (now being revised to bring it into line with Law 13/2014) stipulates the following:

(Free translation from the original in Spanish language)

i. Directors shall inform the Company of any situation that may involve a conflict of interest as defined in “Promotora de Informaciones, S.A. and its Group Companies’ Internal Code of Conduct Concerning Securities Market Transactions (RIC)”

ii. Direct or indirect professional or commercial transactions of directors (or of persons related to them if they involve operations in excess of 60,000 euro) with the Company or any of its subsidiaries must be authorized by the Board of Directors after it has considered the opinion of the Corporate Governance Committee. Transactions carried out by persons related to directors and which do not exceed 60,000 euro must be authorized by the Corporate Governance Committee.

iii. Directors shall refrain from intervening in deliberations concerning matters in which they have direct or indirect interests. In addition to not exercising their voting rights, directors affected by a linked operation must absent themselves from the boardroom during deliberations and voting on such matters.

iv. Authorization of the Board of Directors shall not be required for linked operations that fulfill the following conditions: a) Those involving compliance with standard contract conditions applied extensively to multiple customers; b) Those involving predetermined prices or fees carried out by the suppliers of the goods and services in question; c) Those which amount to less than 1% of the annual income of the person or entity receiving the service.

v.- Nonetheless, in cases where the conflict of interest is, or reasonably expected to be, of such nature as to constitute a structural and permanent conflict between the Director (or a person related to him/her, or in the case of a proprietary Director, the shareholder or shareholders who proposed or made the appointment or persons directly or indirectly related thereto) and the Company and the companies in its group, it is understood that the Director has no, or no longer has, the required qualifications for the performance of duties.

vi. Likewise, Directors may not provide their professional services to competitors of the Company, its subsidiaries or companies in which it has holdings. This excludes holding posts in companies that have a significant stable stake in the Company’s shareholdings.

vii. The Board of Directors formally reserves the right to oversee any Company transaction with a significant shareholder.

viii. Under no circumstances shall a transaction be authorized if an opinion of the Corporate Governance Committee assessing the operation from the point of view of market conditions has not been issued. Nevertheless, authorization of the Board of Directors shall not be required for those transactions that fulfill all of the conditions set forth in sections a), b) and c) above.

ix. With respect to the above and to ensure transparency, Article 37 of the Board of Directors Regulations provides that the Board of Directors shall include in its annual public reports a summary of the transactions carried out by the Company with its Directors and significant shareholders. This information shall detail the overall volume of the operations and the nature of the most relevant.

The Internal Code of Conduct, which was modified by the Board of Directors in December 2014, states the following regarding conflicts of interest:

i. Persons obliged to do so by the Internal Code of Conduct must report to the Compliance Unit (a body whose constitution is pending and whose functions are temporarily assumed by the General Secretary) any situations that may involve the existence of conflicts of interest at the earliest opportunity.

ii. For this purpose any situations connected with their activities outside GRUPO PRISA or those of related parties which may imply the existence of interests contradictory to those of GRUPO PRISA, regarding a particular activity, service or operation with financial intermediaries, professional investors, suppliers, customers or competitors must be reported.

(Free translation from the original in Spanish language)

iii. Individuals affected by a conflict of interest must abstain from making, intervening in or influencing decisions involving such activities, services or operations.

iv. Transactions between the Company or any of the companies in GRUPO PRISA and any of the persons subject to rules governing conflict of interest must be conducted in accordance with market conditions and in compliance with any other regulations the Board of Directors may establish in connection with the foregoing.

The PRISA Code of Conduct, also applicable to its directors and managers, emphasizes the duty of avoiding situations which might give rise to a conflict between individual interests and those of the Company and establishes the obligation to report such situations to the Company.

D.7 Are more than one of the group companies listed in Spain?

NO

Specify the subsidiary companies that are listed:

Indicate whether the areas of activity they engage in and any business dealings between them, and between the listed subsidiary and other group companies, have been publicly and precisely defined;

Define any business dealings between the parent company and the listed subsidiary, and between the listed subsidiary and other group companies

Identify the mechanisms envisaged for the resolution of potential conflicts of interest between the listed subsidiary and other group companies:

Mechanisms for the resolution of any conflicts of interest

E. CONTROL AND RISK MANAGEMENT SYSTEMS

E.1 Explain the scope of the Risk Management System of the company.

The Risk Management System operates in a comprehensive manner by business unit, which is consolidated at a corporate level.

The Group continuously monitors the most significant risks that may affect the principal business units. To do so it uses a Risk Map as a tool that graphically represents the risks inherent in the Group, that is used to identify and assess risks that affect the development of the different business units.
--

E.2 Identify the bodies of the company with responsibility for drawing up and implementing the Risk Management System.

The identification of these risks and the operative processes in which each of the risks considered are carried out by the General Managements of the business units, and added and homogenized by the Group's Internal Audit Office, which

(Free translation from the original in Spanish language)

periodically reports the results to the Audit Committee. The respective managements of the business identify both those responsible for risk management and action plans and associated controls.

E.3 Indicate the main risks that may affect achievement of the business goals.

The activities of the subsidiaries of the Group and therefore its operations and results are subject to risks that can be grouped into the following categories:

- Strategic and operational risks.
- Financial risks.

In the Corporate Governance Report (see Section 5) are detailed and specific actions organs that are used to identify, value and manage these risks.

Strategic and operational risks of the business of the Group

Macroeconomic risks-

The economic situation of Spain and Portugal has experienced an important slowdown and volatility in recent years. Although from year-end 2013, a change in this trend was shown, which consolidated in 2014.

Main consumption indicators in these countries have been significantly deteriorated, and have impacted and still could impact in the future spending by customers on the products and services of the Group, including advertisers, subscribers to the pay TV platform (business that is currently in sales process, as described in the accompanying consolidated financial statements) and other consumers of the content offerings of Prisa.

Furthermore, the activities and investments of Prisa in Latin America are exposed to the evolution of the various macroeconomic parameters of each country including a potential decline in consumption as a result of a slowdown in the growth rate in some of these countries. The Group's results in Latin America have been hurt by the weakness of the region's currencies since mid-2013, which eased starting in the second quarter of 2014. However, exchange rates have been fairly volatile in recent months.

Decline in advertising markets-

A relevant portion of the operating income (revenues) comes from advertising revenues through the press, radio, audiovisual and digital businesses. Expenditures by advertisers tend to be cyclical, reflecting overall economic conditions and perspectives.

Failure by the Spanish and Portuguese economies to improve as expected could undermine prospective spending by the Group's advertisers. In view of the great component of fixed costs associated with business with a high component of advertising revenue (mainly Radio and Press), a drop in advertising revenues directly impacts operating profit and therefore the ability to generate cash flow of the Group, forcing business units to perform reviews and adjustments in its cost base.

Piracy-

Revenue from the exploitation of content and royalties owned by the Group are affected by illicit access to them via the internet or copy, which primarily affects the pay Tv business and book publishing.

Competition risk-

The businesses of audiovisual, education, radio and press in which Prisa operates are highly competitive industries. The ability to anticipate and adapt to new needs and customer demands, influences the position of the Group's businesses compared to other competitors.

Drop of circulation-

(Free translation from the original in Spanish language)

Press revenues from copy sales and subscriptions continue being negatively affected by the growth of alternative means of distribution, including free Internet sites for news and other contents.

Sector regulation-

Prisa operates in regulated industries and is therefore exposed to regulatory and administrative risks that could adversely impact its business.

Specifically, the Group businesses are subject to comprehensive regulations including the requirement to maintain concessions and licenses for the operations in Audiovisual and Radio segments, while the business of education is subject to the applicable law on national or regional education cycles.

Country risk-

The Group operations and investments in Latin America may be affected by various risks typical to investments in countries with emerging economies, the most significant of which include devaluation of foreign currencies, introduction of exchange restrictions, inflation, expropriation or nationalization of foreign assets, changes in applicable foreign tax levels, changes in policies and regulations or economic instability.

Litigation risks-

Prisa is involved in significant litigations, mainly in the Audiovisual area, some of which relate to DTS and could result in a future adjustment on the price of the sale purchase agreement (*see note 26*). Additionally, Prisa is exposed to liabilities for the content of their publications and programs.

Digital activity and safety net systems-

Digital activities depend on internet service providers, online service providers and on systems infrastructure. Significant system failures or security breaches could have an adverse effect on operating results and financial condition of the Group.

Technological risks-

In order to maintain and increase its businesses and competitiveness, Prisa must adapt to technological advances, for which research and development are key factors. Technological changes may facilitate the entry of new competitors and potential market share decrease of the Group.

Financial Risks

Financing risks-

The financial obligations of the Group are described in note 9 "*Financial Liabilities*" of the accompanying consolidation financial statement of 2014.

As is described in that note, in the month of December of 2013 the Group signed a debt refinancing agreement which represents an extension of maturities, improving the flexibility in the process of debt reduction and enhancing its liquidity profile.

The improvement in the liquidity profile was derived from a new credit facility amounting of EUR 353 million signed with certain institutional investors to cover medium term liquidity needs, from the significant reduction of interests paid in cash.

The refinancing agreement included several commitments of debt reduction, for which compliance the Group has different alternatives including the sale of non-strategic assets, repurchase debt at a discount in the market, the leverage of operating assets, transfers debt between tranches and other corporate transactions. The contract contains automatic mechanisms that prevent its early termination, in certain situations, in case of such commitments are not met, which gives stability to the capital structure of the Group.

As described in the notes to the consolidated financial statements, the Group carried out a series of transactions to deliver its debt-reduction commitment, such as the placement of a package of shares of Mediaset España Comunicación, S.A., using the proceeds to buy back EUR 643,542 thousand of financial debt at an average discount of 25.7%, and the capital increase subscribed by Transportista Occher, S.A. de C.V., using the proceeds to buy back EUR 133,133 thousand of

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financial debt at an average discount of 25.0%. These transactions helped the Group lower debt by EUR 776,675 thousand in 2014.

In addition, in June 2014, the Group entered into an agreement with Telefónica de Contenidos, S.A.U. for the sale of shares representing 56% of DTS's capital for EUR 750 million. This sale transaction is subject to approval by the competition authorities of Spain that may impose conditions or commitments for the approval of the operation.

According to the contracts governing borrowing conditions and stipulated requirements, Prisa must meet certain commitments and financial leverage ratios (covenants). These contracts also include cross-default disposals.

As of December 31, 2014, the high levels of the Group bank debt (EUR 2,754 million), imply certain risks:

- increasing the vulnerability to general economic downturns and adverse industry conditions;
- requiring a portion of cash flow from operations to be dedicated to the payment of interest on the indebtedness, therefore reducing the ability to use cash flow to fund short term operations, working capital requirements, capital expenditures and future business operations;
- exposing the Group to the risk of increased interest rates, as a part of the borrowings are at variable rates of interest; and
- limiting the ability to adjust to changing market conditions and placing the Group at a disadvantage compared to competitors who have less debt.

Equity situation of the parent company of the Group-

In June 2014, as a result of the loss of EUR 750,383 thousand recognised by the Parent Company of the Group following the sale of a 56% stake in DTS, equity was negative in the amount of EUR 593,513 thousand, and therefore the Parent Company qualified for dissolution in accordance with Spain's Corporate Enterprises Act.

In order to restore the equity balance, the mechanism was used to automatically convert part of Tranche 3 of the company's debt into participating loans for a sufficient amount to offset the negative equity.

During this period, the Company repurchased debt at a discount using the proceeds of the Occher share capital increase and the sale of 10.0% of Mediaset España, which significantly reduced the amount of the participating loan required to restore the balance of equity.

The process to convert debt into the participating loan was carried out on 15 September, in the amount of EUR 506,834 thousand, which included the impact of the transactions and the operating results up to the date of conversion. This brought the Company's equity to two thirds of share capital.

At 31 December 2014, as a result of, among other items, a review of the sale price of DTS and recognition of additional impairment of EUR 23,789 thousand, the equity of the Company with respect to the cause of dissolution and/or reduction of capital stipulated in Spain's Corporate Enterprises Act (including participating loans outstanding at year-end) stood at EUR 31,554 thousand. In a bid to restore the equity balance, the automatic mechanism was again deployed to convert Tranche 3 of company debt into participating loans in a sufficient amount to offset the equity imbalance at the conversion date.

As occurred with the automatic conversion that took place in the second half of 2014, in accordance with the Corporate Enterprises Act, the date on which the debt will be converted into participating loans will be five business days before expiry of the two-month period allowed for taking the necessary measures to restore the company's equity, calculated from the date on which the Directors became aware of the negative equity, i.e. the date on which they authorized the financial statements showing the situation of negative equity.

Sale of DTS-

The refinancing agreement of Prisa's Tranches 2 and 3 debt contain certain automatic mechanisms that prevent its early termination if the commitments of debt reduction included in the contract are not met. Therefore, in the case the sale of DTS was not completed and the company could not meet those debt reduction commitments, these mechanisms would apply and would prevent an early termination of the agreement.

In addition, the Company would decide to implement other corporate transactions to meet Tranche 1 repayment commitment if the sale of DTS was not executed and impacted the maturity of this debt.

Finally, if the sale of DTS to Telefónica or to a third party, in accordance with the sale purchase agreement signed with

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Telefónica, was not executed, the financial and strategic situation of the Group could be impacted in the long term.

Liquidity Risk-

The adverse macroeconomic situation, with significant drops in advertising, circulation and pay Tv subscribers, is having a negative impact on the ability of the Group's cash generation in the last years, mainly in Spain. The advertising-dependent businesses have a high percentage of fixed costs and drop in advertising revenue significantly impact on margins and cash position, hindering the implementation of additional measures to improve the operational efficiency of the Group. Similarly, a negative evolution of the pay TV business, would directly impact its liquidity, which could result in additional financing needs that would increase in case the closing of the sale of this business is delayed.

The Group thoroughly analyzes receivables and payments of its activities and maturity of financial and commercial debt. In relation with the commercial credit risk, the Group evaluates the aging of the debt and constantly manages receivables.

Additionally, the group analyzes on a recurrent basis other financing sources to cover short and medium term liquidity needs.

Minority interests -

There are significant minority interests in some cash generating companies, to highlight education, radio and pay TV. Santillana is required to pay to its minority interests (25% of its share capital) a predetermined fixed preferred dividend.

Interest rates risk exposure-

Approximately 44.56% of its bank borrowings terms are at variable interest rates, and therefore the Group is exposed to fluctuations in interest rates. Consequently, in order to reduce its exposure, the Group arranges interest rate hedges to the extent there are undrawn credit facilities.

Fluctuations in foreign exchange rates-

The Group is exposed to fluctuations in the exchange rates mainly in the financial investments in Latin American subsidiaries, and for the revenues and results from those investments.

In order to mitigate this risk, as far as there are available credit facilities, the Group arranges hedges to cover the risk of changes in exchange rates (mainly foreign currency hedges and forwards) on the basis of projections and budgets which are reviewed on a monthly basis, in order to reduce volatility in cash flows transferred to the Parent from foreign subsidiaries.

Tax risks-

Tax risks the Group are related to a possible different interpretation of the rules that could make the competent tax authorities, as well as the ability to generate sufficient taxable income to allow the recoverability of the tax credits arising from carry forward of tax losses, the limitation of the deductibility of interest and depreciation expenses and tax deductions.

E.4 State whether the entity has a risk tolerance level.

Prisa has defined the tolerable error within the scope of risks associated with financial information. According to this tolerance level, relevant processes and accounts are identified in the system of control over financial reporting.

For other risk impact and probability of occurrence of events in order to determine their relative position in the risk maps of the Group and in the business units is assessed. This review is performed by management of the Group.

E.5 State which risks have materialized during the year.

In 2014 several financial risks have been materialized, mainly the impairment of the pay Tv business valuation and the impact of the related loss raised by such valuation on Prisa's financial position. As detailed in the attached Financial Statements, in June 2014 Prisa reached an agreement with Telefónica de Contenidos, S.A.U. for the sale of the DTS'

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shares owned by the Group. This agreement implied the recognition of approximately EUR 750 million losses in Prisa's Financial Statements. This loss left Prisa's equity on June 30, 2014 in a status of legal cause of dissolution. In order to restore the equity balance, the mechanism provided in Prisa's financing contract was launched, proceeding to the automatic conversion of part of the Company's debt into equity loans for a sum sufficient to offset this asset imbalance. This process was formalized on last September 15, 2014 with the conversion of EUR 507 million debts into equity loans.

Also, on December 31, 2014, as a result of, among others, the review of the sale price of DTS and the recognition of an approximately EUR 24 million additional loss, Prisa is again in the status of legal cause of dissolution. For this reason, it has been put back in place the mechanism for automatic conversion of company's debt into equity loans for the amount required to compensate the asset imbalance on the date of the conversion.

Furthermore, Prisa's activities and investments in Latin America have been affected by the slowdown in the pace of growth in some of these countries and by the exchange rate volatility in 2014, whose impact on Group's revenue amounts to approximately EUR 79 million.

Regarding tax risks, during 2014 it has been approved in Spain a tax reform which, among others, reduces the tax rate for future fiscal periods. This fact has implied an adjustment on deferred tax assets registered in the Group's accounts, as detailed in "Fiscal situation" note in the attached Financial Statements.

E.6 Explain the response and supervision plans for the entity's main risks.

The Group continually monitors their investments and performs an impairment test of them at least once a year or, where appropriate, when impairment indicators occur. In this regard, the Group has recognized in June and in December the losses raised as result of the valuation of the pay TV business according to its estimated market value.

Regarding the risk linked to the exchange rates fluctuation, as long as there were available lines of credit, it is the Group's practice to formalize exchange rate hedges, forwards and foreign currency options, based on its forecasts and monthly budgets, with the main objective of reducing the cash-flow volatility of the subsidiaries operating abroad.

In relation to the adjustment of deferred tax assets as result of the tax reform in Spain, the Tax Group management and external tax advisors regularly assess the reasonableness of the amount credited.

F. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IN CONNECTION WITH THE FINANCIAL REPORTING PROCESS (ICFR)

Describe the mechanisms that make up the control and risk management systems in connection with the financial reporting process (ICFR) of the entity.

F.1 The entity's control environment

Provide information on at least the following, indicating their main features:

F.1.1. The bodies and/or functions are responsible for: (i) the existence and upkeep of an adequate, effective ICFR; (ii) its implementation; and (iii) its supervision.

The company's approach regarding ICFR, which was initially deployed according Internal Control Framework issued by COSO in 1992, has been adapted during 2014 to the revised COSO Framework issued in

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2013. In this regard, the Group will continue improving its ICOFR system in conformity with this new Integrated Internal Control Framework.

The Board of Directors of Prisa has assigned one of its functions, as set out in Article 5.3 of Board, pre-approval of the policy of control and risk management and periodic monitoring of internal information systems and control. Also, in accordance with the provisions of that article of the regulation, the financial information must be approved by the Board of Directors. In this regard, the Board of Directors is assisted, to the development of these functions, with the Audit Committee of Prisa. Among the basic responsibilities of the Audit Committee, as defined in the Regulations of the Board, are monitoring the effectiveness of internal control systems of the Company, and risk management systems and the preparation and presentation of regulated financial information, in particular the annual accounts and quarterly financial statements that the Board must provide to the markets and their supervisory bodies.

The effective implementation of internal control model is the responsibility of the CEO and the CFO of Prisa, as well as the CEOs and CFOs of the Group's business units involved in the preparation of financial information which forms the basis for the preparation of financial statements of the Group.

The monitoring of system of internal control over financial reporting (hereinafter ICOFR), is performed both the Audit Committee and the Board of Prisa, with Internal Audit function support.

F.1.2. Whether the following exist, especially in connection with the financial reporting process:

•Departments and/or mechanisms in charge of: (i) designing and reviewing the organizational structure; (ii) clearly defining the lines of responsibility and authority, with a suitable distribution of tasks and duties; and (iii) ensuring that there are sufficient procedures for it to be properly disclosed throughout the entity.

The Directorate of Organization and Human Resources, under the CEO, is responsible for the design, implementation, and review and updating of the Group's organizational structure. The Group's business units have a distribution and definition of tasks and functions in the financial areas, which have job descriptions for key roles in these areas, as well as clearly defined lines of responsibility and authority in the preparation process of financial reporting.

In addition, the Direction of Organization and Human Resources coordinates and monitors the internal procedures of the Group companies, and the degree of documentation, updating and disseminating the data.

•Code of conduct, approving body, degree of disclosure and instruction, principles and values included (stating whether there are any specific mentions of the recording of operations and preparation of financial information), the body tasked with analyzing any breaches and proposing corrective measures and penalties.

The Code of Conduct of the Group, approved in fiscal year 2011 by the Board of Directors establishes the general guidelines that should govern the conduct of Rush and all Group employees in the performance of their duties and in their commercial and professional, acting in accordance with the laws of each country and respect the ethical principles commonly recognized. The Code of Conduct has been communicated to all employees and is also available on the Group's global intranet.

The values and principles that should guide the actions of the Group's employees are integrity, honesty, rigor and dedication in carrying out their activity, responsibility, commitment and transparency, pluralism and respect for all ideas, cultures and people, creativity and innovation in business development, accountability, efficient and sustainable, generating value for shareholders and for the Group.

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The standards of conduct in relation to financial reporting are aimed at transparency in the development and dissemination of financial content information, both internal communication within the Group and externally, to shareholders, markets and regulators. Likewise, also sets performance standards requiring that all transactions are accurately and clearly reflect the systems and financial statements of the Group.

Also, those supervising and managing other employees' work have additional responsibilities, among others, monitoring that the persons they supervise and manage comply with the principles of the Code of Conduct.

Requests, incidents and queries that arise regarding the interpretation and application of the Code of Conduct are managed by the Directions of Human Resources Group, and ultimately, Secretary-General reports to the Corporate Governance Committee for monitoring and compliance standards by employees. The Corporate Governance Committee performs an annual report on the evaluation and the degree of compliance of the Code of Conduct, which are forwarded to the relevant government bodies Prisa.

•Channel for reporting financial and accounting irregularities to the Audit Committee, in addition to any breach of the code of conduct and any irregular activities at the organization, stating, as applicable, if it concerns a confidential matter.

The Group has a Whistleblower Channel for receiving complaints, retention and treatment of complaints regarding accounting, internal controls and other auditing matters of the Group. This is a confidential and anonymous communication channel between any employee of the Group and the Audit Committee. Additionally, there is a confidential Whistleblower Channel for third parties related to the Group.

The complaints are channeled through an email address qualified to do so or through a post office box and are managed by the Chairman of the Audit Committee and the Internal Audit Director, who determine the resources, methods and procedures which are considered adequate for the investigation of each complaint.

•Training and regular refresher programs for the staff involved in preparing and reviewing the financial information, and in the assessment of the ICFR, which cover at least, accounting policies, auditing, internal control and risk management.

During the year, relevant staff supervising the system of internal control over financial reporting, over 80, have received a course to update their knowledge on internal control including the description of the system of internal control defined by COSO in their 2013 framework and that has been implemented by the Group during the year. Additionally, the staff in consolidation and corporate finance departments have received specialized training on international accounting standards and, regularly Chief financial officers of each business units and main Group companies are kept informed through newsletter of accounting standard developments.

F.2 Assessment of risks of the financial information

Provide information on, at least:

F.2.1. The major features of the process for identifying risks, including error or fraud, as regards.

•Whether the process exists and is documented.

The system of identification and risk assessment of the internal control over financial reporting of the Group is formally documented and updated at least once a year.

In the risk assessment over financial reporting of the Group applies a top down approach based on the Group's significant risks. This approach starts with the identification of significant accounts and disclosures, assuming
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both quantitative and qualitative factors. The quantitative evaluation is based on the materiality of the account, and is supplemented by qualitative analysis that determines the risk associated with depending on the characteristics of transactions, the nature of the account, the accounting and reporting complexity, the probability of generated significant contingent liabilities resulting from transactions associated with your account and susceptibility to errors or fraud losses.

In order to perform a full risk assessment, this analysis is performed on each Business Group, as they primarily generate financial information that serves as the basis for preparing consolidated financial statements of the Group.

For each business unit considered significant, the most relevant accounts are identified, based on mentioned risk analysis. After identifying significant accounts and disclosures at the consolidated level and in each business unit, we proceed to identify the relevant processes associated with them, and the main kind of transactions within each process. The objective is to document how key relevant processes transactions are initiated, authorized, recorded, processed and reported.

•Whether the process covers all of the objectives of the financial information (existence and occurrence; integrity; evaluation; presentation, breakdown and comparability; and rights and obligations), whether it is updated and how often such updating takes place.

For each account are analyzed controls that cover the assertions to ensure the reliability of financial reporting, i.e. that recorded transactions have occurred and pertain to that account (existence and occurrence) of transactions and assets are registered in the correct amount (assessment / measurement), the assets, liabilities and transactions of the Group are properly broken down, categorized and described (presentation and disclosure) and there are no assets, liabilities, and significant transactions not recorded (completeness). Simultaneously to risk update, the Group annually performs a review of controls that mitigate risk.

•The existence of a process for identifying the consolidated group, bearing in mind, inter alia, the possible existence of complex corporate structures, corporate vehicles or special purpose vehicles.

Among the significant processes it is considered the determination of the scope of consolidation of the Group, which is conducted monthly by the Consolidation department, set in the Corporate Finance Department, in collaboration with Directorate of legal advisory, who regularly reports the corporate transactions and subscribed shareholder agreements.

•Whether the process takes account of the effects of other kinds of risk (operational, technological, financial, legal, reputational, environmental, etc.) to the extent that they influence the financial statements.

Risk assessment takes into account the risk profile of each business unit, determined by their contribution to the consolidated financial statements, and assessing the specific risks, among other factors, the nature of their activities, centralization or decentralization of operations, specific industry and environmental risks, since they may have potential impact in financial statements.

•Which governing body of the entity supervises the process.

The system is monitored, as mentioned above, by the Audit Committee and, ultimately, by the Board of Directors.

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F.3 Control activities

Provide information on whether at least the following exist, indicating their main features:

F.3.1. Procedures for reviewing and authorizing financial information and description of the ICFR, to be published on the securities markets, stating the persons responsible, and documents that describe the flows of activities and controls (including those relating to the risk of fraud) for the different types of transactions that may have a material effect on the financial statements, including the procedure for the accounting close and the specific review of significant opinions, estimates, assessments and forecasts.

The Group has documentation describing the flows of activities and process's controls identified as significant in each business unit and at corporate level. From this description identifies the key risks and associated controls. Documentation of control activities are performed on risk and control matrixes by each process. In these matrices the activities are classified by their nature as preventive or detective, and depending on the coverage of associated risk, as keys or standard.

In each significant business unit there is a documented process about the closing as well as specific processes and controls concerning relevant judgments and estimates, according to the nature of the activities and risks associated with each business unit.

In relation to the review and approval process of financial reporting, a phased certification process is developed on the effectiveness of internal control model of financial reporting. At a first level, the CEOs and CFOs of the business units and companies that are considered significant, confirm in writing the effectiveness of defined controls for critical processes as well as the reliability of financial information. Following these confirmations, and based on the report on the testing of controls performed internally, the CEO and CFO issued the certification on the effectiveness of internal control model over the Group's financial information. Also, in relation to this process, as mentioned above, there are procedures for review and approval by the governing bodies of the financial information disclosed to the securities markets, including specific oversight by the Audit Committee of significant risks.

F.3.2. Internal control policies and procedures for information systems (inter alia, for secure access, exchange control, system operation, continuity of operations and separation of functions) that support the major processes of the company in connection with the drawing up and publishing of the financial information.

As for the controls on the processes of systems or applications that support critical processes of business, these are intended to maintain the integrity of systems and data and ensure its operation over time. The controls referred on information systems are essentially access control, segregation of duties, development or modification of computer applications and management controls over the outsourced activities. The Group annually reviews and evaluates controls and procedures associated with the major applications that support the critical business processes.

F.3.3. Internal control policies and procedures used for supervising the management of activities outsourced to third parties, as well as those aspects of assessments, calculations or valuations that are entrusted to independent experts, which may have a material effect on the financial statements.

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In relation to outsourced activities, the main outsourced activity in the Group, is information technologies service, subcontracted with Indra. The Group has established a model of government based on holding regularly several meetings and committees in order to monitoring the outsourced services. In particular, weekly service and demand operating sessions, attended by IT Directors of business units and service responsible Indra managers, provides of monitoring and control of incidents and requests. Fortnightly, the Group have service operative Committees attended by supervisors of Group transversal systems where new applications and infrastructures and new projects planning are reviewed. On a monthly basis is held the Global Service Committee where the quality, volume and nature of the services rendered during the month are reviewed and compared to the services of previous month. as Also, service level agreements are monitored monthly.

F.4 Information and communication

Provide information on whether at least the following exist, indicating their main features:

F.4.1. A specific function tasked with defining and updating accounting policies (accounting policy area or department) and resolving any queries or disputes arising as a result of their interpretation, maintaining a fluent dialog with the people responsible for operations in the organization, as well as an up-to-date accounting policies manual that is communicated to the units through which the entity operates.

The organization has an accounting manual of the International Financial Reporting Standards applicable to the Group's businesses, defined by the Internal Audit Department, annually updated and communicated to the different business units. There are also developed specific accounting policies for some Group businesses that provide simplified accounting treatment to reflect correctly their activities. Furthermore, Internal Audit Department issue periodically accounting newsletters that show the latest changes of international accounting standards in those aspects that could have effect in Group companies.

F.4.2. Systems for gathering and preparing the financial information using standard formats, to be applied and used by all the units in the entity or the group, which support the main financial statements and the notes, as well as the information set out on the ICFR.

A unified and adapted chart of accounts is available to the Group companies that manage financial information resulting from Group SAP software. Likewise, there is single and homogeneous system of financial reporting, applicable to all Group units, which supports the financial statements and notes and disclosures included in financial statements.

F.5 Supervision of the functioning of the system

Provide information on at least the following, indicating their main features:

F.5.1. Supervisory activities of the ICFR carried out by the Audit Committee, as well as whether the entity has an internal audit function that includes among its competencies supporting the committee in its work to supervise the internal control system, including the ICFR. Furthermore, information must be provided on the scope of the evaluation of the ICFR carried out during the year and on the procedure through which the person in charge of conducting the evaluation communicates its results, on whether the entity has an action plan detailing possible corrective measures, and on whether its impact on the financial information has been considered.

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As part of the monitoring activities of the internal control system carried out by the Audit Committee, described in the Regulations of the Board of Directors posted on Group's the website, it is included the following in connection with the preparation and publication of the financial information:

- i. Review compliance with legal requirements and the correct application of generally accepted accounting principles, and report on the proposed changes to accounting principles and criteria suggested by management.
- ii. Know and monitor the effectiveness of the Company's internal control systems, and risk management systems and discuss with the auditors or audit firms significant weaknesses in internal control system identified in the audit's development.
- iii. Monitor the process of preparation and presentation of regulated financial information.
- iv. Review the issue and admission to trading of the securities of the Company prospectus and information on the financial statements quarterly and half-year to be supplied by the Board of Directors to markets and their supervisory bodies.

The Group has an internal audit unit, which supports the Group Audit Committee in monitoring internal control system over financial reporting. The Internal Audit Direction depends functionally on the Audit Committee and hierarchically on the Chairman.

The main objective of internal audit is to provide Group management and the Audit Committee of reasonable assurance that the environment and internal control systems operating within the Group companies have been properly designed and managed. For those purpose, during the fiscal year 2011 internal audit has coordinated and supervised the design and scope of the Group's internal control system over financial reporting, and subsequently has carried out the evaluation of the design and operation of control activities defined in the model. Annually the functioning of the general controls of the Group as well as controls related to the information systems and the key control activities are tested in the control system of financial information.

For each of the identified weaknesses is done an estimation of the economic impact and probability of expected occurrence, classifying it according to them. Also, for all the identified weaknesses is defined a plan of action to correct or mitigate the risk and a responsible for the management and an implementation schedule.

The Internal Audit Direction reports annually to the Audit Committee the results of the evaluation of the system of internal control over financial reporting and regularly informs on the evolution of the established action plans.

F.5.2. Whether it has a discussion procedure whereby the auditor (in accordance with the provisions of the Technical Auditing Rules), the internal audit function and other experts may report to senior management and to the Audit Committee or directors on major internal control weaknesses that have been identified during the processes for reviewing the financial statements and in any other processes that may have been entrusted to them. Information must also be provided on whether it has an action plan that seeks to correct or mitigate the weaknesses identified.

The significant deficiencies and material weaknesses that would have been revealed as a result of the internal audit's assessment of the of internal control system over financial reporting, are reported to both the Audit Committee and the external auditor. Internal Audit prepares an annual report on the evaluation of the internal control system of the Group's financial information in which is detailed for each weakness identified, a defined action plan or the mitigating controls, and those responsible for its implementation.

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Additionally, ultimately, the internal control system is audited by the statutory auditor of the Group, who reports to the Audit Committee the significant and material weaknesses identified and gives its opinion on the effectiveness of internal control over financial reporting during the year.

F.6 Other relevant information

F.7 External auditor's report

Provide information on:

F.7.1. Whether the information of the ICFR sent to the markets has been reviewed by the external auditor, in which case the entity should include the relevant report as an annex. If that is not the case, reasons must be provided.

The system of internal control over financial reporting is audited by the statutory auditor of the Group that gives its opinion on the effectiveness of internal control within a specific report.

G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS.

Indicate the company's degree of compliance with the recommendations of the Unified Code of Corporate Governance.

If any recommendations are not followed or are only followed in part, a detailed explanation must be provided as to why that is the case so that shareholders, investors and the market in general has sufficient information to be able to assess the conduct of the company. General explanations will not be acceptable.

1. The bylaws of listed companies shall not limit the number of votes cast by a single shareholder nor contain other restrictions that preclude taking control of a company by acquiring its shares on the market.

See sections: A.10, B.1, B.2, C.1.23 and C.1.24

Complies

2. When both the parent company and a subsidiary are listed companies, both shall publicly and accurately define:

a) Their respective areas of activity and the business dealings between them, as well the listed subsidiary's business dealings with the other group companies;

b) The mechanisms in place to resolve possible conflicts of interest that may arise.

See sections: D.4 and D.7

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Not applicable

- 3. Although not expressly required under company law, operations that result in a modification of company structure shall be submitted for approval at the annual shareholders meeting, especially the following:**
- a) conversion of listed companies into holding companies through “subsidiarization ”or reallocating to dependent companies core activities previously carried out by the originating company, even when the latter retains full control of the former;**
 - b) acquisition or disposal of key operating assets that would effectively alter the company’s corporate purpose;**
 - c) operations that effectively result in the company’s liquidation.**

See sections: B.6

Complies

- 4. Detailed explanation of the resolutions to be adopted at the Annual Shareholders Meeting, including the information referred to in Recommendation 27 shall be made public when the Notice of Meeting is issued.**

Complies

- 5. Separate votes shall be taken at annual shareholders meeting on matters that are materially different, so that shareholders may express their voting preferences separately. This rule is applied specifically to:**
- a) Appointment and ratification of directors, which shall be voted on individually;**
 - b) With reference to amendments of the bylaws, votes shall be taken on each article or articles that are substantially independent.**

Complies

- 6. Companies shall allow split votes so that financial intermediaries who are the shareholders of record acting on behalf of different clients may cast their votes according to their clients ’instructions.**

Complies

- 7. The Board of Directors shall perform its duties with unity of purpose and independent criteria, afford all shareholders equal treatment, and be guided by the best interests of the company, which may be defined as constantly seeking to maximize the company’s value over time.**

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The Board shall ensure that in its relationships with stakeholders, the company abides by all laws and regulations, fulfills its obligations and contracts in good faith, respects the customs and good practices of the sectors and territories in which it does business, and observes any additional principles of social responsibility that it has voluntarily accepted.

Complies

8. The core components of the Board's mission shall be to approve the company's strategy and organize its implementation, as well as to supervise and ensure that management meets its objectives and pursues the company's interests and corporate purpose. In that regard, the Board in full shall approve:

- a) The company's general policies and strategies, and in particular:**
 - i) The strategic or business plan, management targets and annual budgets;**
 - ii) Investment and financing policy;**
 - iii) Design of the structure of the corporate group;**
 - iv) Corporate governance policy;**
 - v) Corporate social responsibility policy;**
 - vi) Remuneration policy and evaluation of the performance of senior management;**
 - vii) Risk control and management policy, as well as periodic monitoring of internal information and control systems.**
 - viii) Policy on dividends and treasury shares, and the limits applied thereto.**

See sections: C.1.14, C.1.16, and E.2

- b) The following decisions:**
 - i) At the proposal of the company's chief executive, the appointment and removal of senior managers, as well as their compensation clauses.**
 - ii) Remuneration of directors, as well as in the case of executive directors, additional compensation for their executive duties and other conditions that must be respected in their contracts.**
 - iii) Financial information that listed companies must periodically disclose.**
 - iv) Investments or operations of any nature, which due to the amount involved or their characteristics are considered as strategic, unless they require the approval of the shareholders at the annual meeting;**
 - v) The incorporation or acquisition of interest in special-purpose entities or those domiciled in countries or territories considered tax havens, as well as any similar transactions or operations, which due to their complexity may impair the group's transparency.**

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- c) **Operations that the company conducts with directors, significant shareholders, shareholders represented on the board, or with persons related thereto (“related-party transactions”).**

However, board authorization shall not be required for related-party transactions that simultaneously meet the following three conditions:

- 1. Those governed by standard-form contracts applied equally to a large number of clients;**
- 2. Those made at prices or rates generally set by the supplier of the goods or services in question;**
- 3. Those whose value does not exceed 1% of the company’s annual revenue.**

It is recommended that the Board approve related-party transactions only after having received a favorable opinion from the Audit Committee or, if applicable, any other committee exercising that function; and that directors affected by the transactions should neither vote nor be present at the meetings in which the Board deliberates and votes thereon.

It is recommended that the Board not be allowed to delegate the powers attributed to it herein, with the exception of those mentioned in sections b) and c), which for reasons of urgency may be exercised by a delegated committee, and subsequently ratified by the board in full.

See sections: D.1 and D.6

Complies

- 9. In order to achieve effectiveness and full participation, it is recommended that the Board have no fewer than five and no more than fifteen members.**

See section: C.1.2

Explain

The Board of Directors is made up of 16 directors, in order to allow diversity in experiences, cultures and backgrounds, enriching so the work of the Board.

- 10. External directors representing significant shareholdings and independent directors should constitute a broad majority of the Board, while the number of executive directors should be kept at a necessary minimum, taking into account the complexity of the corporate group and the percent of the executive directors’ interests in the company’s share capital.**

See sections: A.3 and C.1.3.

Complies

- 11. Among external directors, the relationship between the number of directors representing significant shareholdings and independent directors shall reflect the**

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proportion existing between share capital represented by directors representing significant shareholdings and the rest of the company's capital.

This criterion of strict proportionality may be relaxed so that the weight of significant shareholdings may be greater than the percentage of the total capital that they actually represent in the following cases:

- 1. In large cap companies where few or no equity stakes meet the legal threshold to be considered significant shareholdings, but where there are shareholders with share packages having a high absolute value.**
- 2. In companies in which many shareholders are represented on the board, and who are not otherwise related.**

See sections: A.2, A.3 and C.1.3

Complies

12. Independent directors should comprise at least one third of all board members.

See section: C.1.3

Complies

13. The Board shall explain the nature of each director to the shareholders at the Annual Shareholders Meeting that is to ratify his/her appointment, and confirm or, if applicable, review that status annually in the Annual Report on Corporate Governance, after having verified it with the Nominations Committee. That report should likewise explain the reasons for appointing directors representing significant shareholdings at the request of shareholders holding less than 5% of capital stock; and explain the reasons, if applicable, for having denied formal requests for representation on the board from shareholders whose stake is equal to or higher than the stake of others whose requests to appoint directors representing significant shareholdings were granted.

See sections: C.1.3 and C.1.8

Complies

14. When there are few or no female directors on the Board, the Nominations Committee takes when filling new vacancies to ensure that:

- a) Selection procedures are not implicitly biased against the selection of female directors;**
- b) The company deliberately seeks and includes among potential candidates women who meet the required profile.**

See sections: C.1.2, C.1.4, C.1.5, C.1.6, C.2.2 and C.2.4.

Complies

15. The Chairman, as the person responsible for the efficient operations of the Board, shall ensure that all directors receive in advance sufficient information, stimulate debate and the active participation of board members at board meetings, ensure

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that they can freely take sides and express their opinions, and organize and coordinate with the chairmen of the relevant committees periodic evaluations of the board, as well as, when applicable, the chief executive officer.

See section: C.1.19 and C.1.41

Complies

16. When the Chairman of the Board is also the company's Chief Executive Officer, one of the independent directors should be empowered to request that a meeting of the board be called or that new items be included on the agenda, to coordinate and reflect the concerns of external directors and to direct the board's evaluation of the Chairman.

See section: C.1.22

Complies

17. The Secretary to the Board shall take special steps to ensure that the Board's actions:

- a) Adhere to the spirit and letter of the laws and their implementing regulations, including those issued by regulatory bodies;**
- b) Conform to the provisions of the Company Bylaws, Shareholders Meeting Regulation, Board of Directors Regulation and other company regulations;**
- c) Take into account the corporate governance recommendations contained in the Unified Code that the company has accepted.**

And to ensure the Secretary's independence, impartiality and professionalism, his/her appointment and removal shall be submitted to the Nominations Committee for its opinion and approved at a meeting of the full board; and this procedure for appointment and removal should be set forth in the Board of Directors Regulation.

See section: C.1.34

Complies

18. The Board shall meet with the frequency required to enable it to efficiently perform its functions, following a schedule of dates and matters to be determined at the beginning of the year, and each director shall be allowed to propose additional items on the agenda not initially included.

See section: C.1.29

Complies

19. Directors' absences from board meetings shall be kept to a minimum and shall be quantified in the Annual Report on Corporate Governance. Directors who have no choice but to appoint a proxy shall issue proxy voting instructions.

See sections: C.1.28, C.1.29 and C.1.30

(Free translation from the original in Spanish language)

Complies

- 20. When directors or the Secretary express concerns about a given proposal, or in the case of directors, about the performance of the company, and these concerns are not addressed by the Board, the person expressing those concerns may request that they be recorded in the minutes.**

Complies

- 21. The Board shall evaluate annually:**

- a) The quality and efficiency of the Board's operations;**
- b) The performance of the Chairman of the Board and the Chief Executive Officer, based on the Nominations Committee report;**
- c) The performance of the board committees, based on the reports they submit.**

See section: C.1.19 and C.1.20

Complies

- 22. All directors shall be able to exercise their right to receive the additional information they deem warranted concerning matters of the Board's competence. Unless otherwise stipulated in the Bylaws or the Board of Directors Regulation, they should make such requests to the Chairman or Board Secretary.**

See section: C.1.41

Complies

- 23. All directors shall have the right to obtain from the company the guidance they require in the performance of their duties. The company shall establish suitable channels for the exercise of this right, which in special circumstances may include outside assistance provided at the company's expense.**

See section: C.1.40

Complies

- 24. Companies shall set up an orientation program to promptly provide new directors with sufficient knowledge of the company and its rules of corporate governance, while likewise offering directors ongoing training programs when circumstances so warrant.**

Partially complies

In practice this information is provided, although there is no formal program for doing so. However, the Company is working on a "Welcome Pack" for directors, which will be made available shortly, designed to provide sufficient information about the Company and its corporate governance rules.

- 25. Companies shall demand that directors devote the time and effort necessary to efficiently perform their duties, and in that regard:**

(Free translation from the original in Spanish language)

- a) **Require directors to inform the Nominations Committee of other professional obligations they have, in the event that they might interfere with the dedication their directorships require;**
- b) **Establish limits as to the number of boards of directors on which their directors may sit.**

See sections: C.1.12, C.1.13 and C.1.17

Complies

26. The proposed appointment or reelection of directors that the Board submits at the Annual Shareholders Meeting, as well as their provisional appointment by cooptation, shall be approved by the Board:

- a) **At the proposal of the Nominations Committee in the case of independent directors.**
- b) **After receiving the prior opinion of the Nominations Committee in the case of all other directors.**

See section: C.1.3

Complies

27. Companies shall provide on their websites and maintain updated the following information concerning their directors:

- a) **Professional profile and biography;**
- b) **Other boards of directors on which they sit, whether listed companies or otherwise;**
- c) **Indication of the type of director, and in the case of directors representing significant shareholdings, the identity of the shareholders whom they represent or with whom they maintain business relations.**
- d) **Dates of first and subsequent appointments as director, and;**
- e) **Shares in the company or stock options that the director holds.**

Complies

28. Directors representing significant shareholdings shall resign when the shareholders they represent sell all of their interests in the company. They shall also do so when the shareholders in question reduce their shareholdings to the extent that would require a reduction in the number of directors representing those shareholders.

See sections: A.2, A.3 and C.1.2

Complies

29. The Board of Directors shall not propose the removal of any independent director before he concludes the term in office mandated in the bylaws for which he was appointed, unless after receiving the opinion of the Nominations Committee, the Board deems that there is just cause to do so. In particular, just cause shall be

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deemed to exist when the director has failed to fulfill the duties inherent in his post or incurs in any of the circumstances which results in him losing his independent status, in accordance with the provisions of Order ECC/461/2013.

The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate operation resulting in changes in the company's capital structure warrant changes in the Board based on the proportionality criterion set forth in Recommendation 11.

See sections: C.1.2, C.1.9, C.1.19 and C.1.27

Complies

- 30. Companies shall establish rules that oblige directors to inform and, if warranted, to resign in situations that may impair the credit and reputation of the company, and specifically, rules that oblige them to inform the Board of any criminal process in which they are indicted, as well as the progress of any subsequent proceedings.**

If a director is indicted or legal proceedings are commenced against him for any of the offenses set forth in Article 213 of the Capital Companies Act, the Board shall examine his case as soon as possible and, in view of the specific circumstances, decide whether the director should continue in his post. The Board shall provide details of the foregoing in the Annual Corporate Governance Report.

See sections: C.1.42, C.1.43

Partially complies

Article 21.2.2) of the Board of Directors Regulation provides that directors shall offer their resignations to the Board of Directors and, if the Board deems it warranted, effectively resign *“when based on a criminal offense they are indicted in ordinary felony proceedings or have been convicted in a fast-track criminal proceeding.”*

- 31. All directors shall clearly express their opposition when they consider any proposed decision submitted to the Board to be contrary to the company's interests. Independent directors and others not affected by a conflict of interest shall do likewise when the decision in question could prejudice shareholders not represented on the Board.**

When the Board adopts significant or reiterated decisions about which a director has expressed serious reservations, he shall draw the pertinent conclusions and, if he chooses to resign, explain his motives in the letter referred to in the following recommendation.

This Recommendation shall also apply to the Secretary to the Board, whether a board member or not.

Complies

- 32. Any director who resigns or otherwise leaves his post before the end of his tenure shall explain his motives in a letter addressed to all of the members of the Board.**

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Regardless of whether the resignation is disclosed as relevant information, the reasons therefore shall be set forth in the Annual Corporate Governance Report.

See section: C.1.9

Complies

33. Any remuneration that includes stock in the company or group companies, stock options or instruments pegged to stock prices, variable retribution linked to company performance or benefit plans shall be limited to executive directors.

This recommendation shall not include delivery of stock when it is contingent upon the directors' holding the stock until the end of their tenure as director.

Complies

34. Remuneration of external directors shall be sufficient to compensate them for their commitment, qualifications and the responsibility that the post entails, but not so high as to compromise their independence.

Complies

35. Remuneration linked to company performance shall take into account any possible qualifications stated in the external auditor's Audit Report that may reduce those results.

Complies

36. In the case of variable remuneration, remuneration policies shall include precise technical safeguards to ensure that that remuneration actually reflects the professional performance of the beneficiaries and is not simply derived from the general evolution of the markets or the company's sector of activities or other similar circumstances.

Complies

37. When there is a Delegated or Executive Committee (hereinafter, the "Delegated Committee"), its structure and composition with respect to the different categories of directors shall be similar to the Board's, and its secretary shall be the Secretary to the Board.

See sections: C.2.1 and C.2.6

Partially Complies

The Secretary of the Delegated Committee is the same as the Board of Directors. However, the composition of the Delegated Committee is not similar to that of the Board of Directors, as explained in section C.2.6 of this report.

38. The Board shall always be informed of the matters discussed and decisions adopted by the Delegated Committee and all board members shall receive a copy of the minutes of the meeting of the Delegated Committee.

Complies

(Free translation from the original in Spanish language)

39. In addition to the Audit Committee provided for in the Securities Market Law, the Board of Directors shall form one or two separate committees for appointments and remuneration.

The rules governing the composition and operations of the Audit Committee or the Nominations and Compensations Committee (or committees) shall be included in the Board of Directors Regulation and stipulate the following:

- a) The Board shall designate the members of those committees, taking into account the knowledge, skills and experience of the directors and members of each committee; shall deliberate on their proposals and opinions; and the committees shall report on their activities and work at the first full board session following their meetings;**
- b) These committees shall be composed exclusively of external directors, with a minimum of three. The foregoing is without prejudice to the fact that executive directors or senior managers may attend committee meetings when expressly agreed by the committee members.**
- c) The committees shall be chaired by independent directors.**
- d) Committees may seek external advice when it is deemed necessary for the performance of their duties.**
- e) Minutes shall be taken of committee meetings, and copies thereof shall be sent to all board members.**

See sections: C.2.1 and C.2.4

Complies

40. Supervision of compliance with internal codes of conduct and rules of corporate governance shall be vested in the Audit Committee, the Appointments Committee or, if they exist separately, the Compliance or Corporate Governance Committees.

See sections: C.2.3 and C.2.4

Complies

41. The members of the Audit Committee and especially its chairman shall be appointed taking into account their knowledge and experience in the area of accounting, audits and risk management.

Complies

42. Listed companies shall have an internal audit department which, under the supervision of the Audit Committee shall ensure the proper functioning of internal information and control systems.

See sections: C.2.3

Complies

(Free translation from the original in Spanish language)

43. The person in charge of the internal audit shall present to the Audit Committee his/her annual work plan; inform the committee directly of any incidents that may arise when conducting the audit; and shall submit a report of its activities at the end of each financial year.

Complies

44. The risk management and control policy shall identify at least the following:

- a) Different types of risks (operational, technological, financial, legal, reputational ...) which the company may encounter, including among the financial or economic risks contingent liabilities and off-balance sheet risks;**
- b) Establishing the level of risk that the company deems acceptable;**
- c) Measures to mitigate the impact of identified risks, in the event they materialize;**
- d) Information and internal control systems to be used to control and manage those risks, including contingent liabilities and off-balance sheet risks.**

See section: E

Complies

45. The Audit Committee shall:

1° With respect to information and internal control systems:

- a) Ensure that the main risks identified as a result of supervising the efficacy of the internal control of the company and the internal audit, if appropriate, are adequately managed and disseminated.**
- b) Ensure the independence and efficacy of the internal audit function; propose the selection, appointment, reappointment and removal of the head of the internal audit service; propose the budget for this service; receive regular reports on its activities; and verify that senior management is acting on the conclusions and recommendations contained in its reports**
- c) Establish and supervise a mechanism to enable staff to report, on a confidential and, if appropriate, anonymous basis, any potentially significant irregularities, particularly financial or accounting irregularities, they may detect at the company.**

2° As regards the external auditor:

- a) Receive regular information from the external auditor on the audit plan and the results of its implementation, and check that senior management is acting on its recommendations;**
- b) Ensure the independence of the external auditor, to which end:**

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i) The company should disclose any change of auditor to the CNMV as a material event, accompanied by a statement of any disagreements with the outgoing auditor and the reasons for same.

ii) In the event of withdrawal by the auditor

See sections: C.1.36, C.2.3, C.2.4 y E.2

Complies

46. The Audit Committee shall be able to meet with any employee or manager of the company, and may even require that they appear without the presence of another manager.

Complies

47. The Audit Committee shall issue an opinion to the Board before the Board adopts any decisions concerning the following matters listed in Recommendation 8:

- a) Financial information that a listed company must disclose periodically. The committee shall ensure that the interim accounts are prepared using the same accounting criteria as the annual accounts and, to that end, consider a limited review by the external auditor.**
- b) The creation or acquisition of interests in special-purpose entities or those domiciled in countries or territories considered tax havens, as well as any other similar transactions or operations, which due to their complexity may impair the group's transparency.**
- c) Related-party transactions, unless the function of issuing an advisory opinion has been attributed to another supervision and control committee.**

See sections: C.2.3 and C.2.4

Complies

48. The Board of Directors shall endeavor to present the accounts at the Shareholders Meeting without reservations or qualifications in the audit report and, in exceptional circumstances where they exist, both the Chairman of the Audit Committee and the auditors shall clearly explain to the shareholders the content and scope of those reservations or qualifications.

See section: C.1.38

Complies

49. The majority of the members of the Nominations Committee (or the Nominations and Compensations Committee, if they form a single committee) shall be independent directors.

See section: C.2.1

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Explain

The Nomination and Compensation Committee is formed by 2 independent directors and 2 proprietary directors, it being understood that the presence of the proprietary directors on this Committee is essential.

50. In addition to the functions indicated in the preceding Recommendations, the Nominations Committee shall perform the following:

- a) Evaluate the skills, knowledge and experience needed on the Board, and in consequence define the functions and aptitudes required of the candidates to fill each vacancy, and evaluate the time and devotion required to enable them to properly perform their duties.
- b) Examine and organize in the manner deemed appropriate the succession to the Chairman and Chief Executive and, if warranted, make proposals to the Board, so that succession may take place in a ordered and well-planned manner.
- c) Issue opinions concerning the appointments and removal of senior managers that the Chief Executive proposes to the Board.
- d) Issue opinions to the Board concerning matters of gender diversity set forth in Recommendation 14 of the Code.

See section: C.2.4

Complies

51. The Nominations Committee shall consult the Chairman and the Chief Executive, especially with regard to matters concerning executive directors.

Any director may ask the Nominations Committee to consider potential candidates to cover vacant directorships considered to meet the required profile.

Complies

52. In addition to the functions indicated in the preceding Recommendations, the Compensations Committee shall have the following duties:

- a) To propose to the Board of Directors:
 - i) The remuneration policy for directors and senior management;
 - ii) The individual remuneration of executive directors and the other conditions of their contracts.
 - iii) The standard conditions of the contracts of senior managers.
- b) To ensure that the company's remuneration policy is observed.

See sections: C.2.4

Complies

53. The Compensations Committee shall consult with the Chairman and Chief Executive, especially with regard to matters concerning directors and senior managers.

(Free translation from the original in Spanish language)

Complies

H. OTHER INFORMATION OF INTEREST

If you believe there are relevant principles or aspects concerning the corporate governance practices applied by your company that have not been presented in this report, please identify and explain their content below.

-With regard to **Section A.1** of this report it should be underscored that:

i) Since the mandatory conversion of Class B shares with no voting rights (from May 2014) PRISA's share capital has consisted solely of Class A ordinary shares.

ii) Both the share capital and the number of shares of each class (ordinary Class A shares and no voting Class B shares until their mandatory conversion), have been amended in 2014, on the occasion of the following transactions:

a) Conversion of Class B shares with no voting rights:

- Exercise of the right to voluntarily exchange non-voting Class B shares for an identical number of ordinary Class A shares and increase of capital via the issue of Class A ordinary shares to cover payment of the corresponding minimum annual dividend (in accordance with the agreement to increase capital approved in the Extraordinary Shareholders Meeting held on 27 November 2010, when Class B shares were issued).
- Mandatory conversion of Class B non-voting shares into an identical number of PRISA ordinary Class A shares, as 42 months had elapsed since the date on which they were issued (as specified in the agreements adopted at the Extraordinary Shareholders Meeting on 27 November 2010 and at the General Shareholders Meeting on 28 April 2014).
- To cater for the mandatory conversion of Class B non-voting shares the following operations were also carried out:
 - Capital increase via the issue of Class A ordinary shares, to allow for the allocation of additional Class A ordinary shares, as a result of the change in the mandatory conversion ratio for Class B shares, this ratio having been set at the maximum envisaged, i.e. 1.33 Class A ordinary shares for each Class B non-voting share outstanding, as stipulated in the Bylaws.
 - Capital increase via the issue of Class A ordinary shares, to allow for payment of the minimum annual dividend for Class B shares corresponding to 2013 (0.175 euros per share) and the proportional part of said dividend payable in 2014, until the mandatory conversion of Class B shares into ordinary class A shares (0.072 euros per share).

b) Exercise and expiration of Warrants 2010:

The exercise period for Prisa Warrants 2010 expired in June 2014, at which date the unexercised warrants were cancelled. During 2014 and up to this date, capital increases had been effected by means of the issue of Class A ordinary shares, to allow for the exercise of the Prisa Warrants 2010 (under the capital increase agreement adopted by the Extraordinary General Meeting of PRISA held on 27 November 2010).

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c) Exercise of Warrants 2013:

Capital increases by means of the issue of Class A ordinary shares, to allow for the exercise of the Prisa Warrants 2013 (under the agreement adopted by the Extraordinary General Meeting of PRISA held on 10 December 2013). See Section A.12 of this Report.

d) Mandatory conversion of bonds:

On 7 July 2014 the conversion of all mandatorily convertible bonds took place. These were issued in accordance with the decision taken by the General Shareholders Meeting held on 30 June 2012. To cater for said conversion, new Class A ordinary shares were issued.

e) Capital increase subscribed by shareholder Consorcio Transportista Occher, S.A:

In a meeting held on 22 July 2014 Prisa's Board of Directors approved a capital increase of 100 million euros, which was subscribed by shareholder Consorcio Transportista Occher, S.A. de C.V. ("Occher") and paid up in full by a monetary contribution at the time of the subscription.

The capital increase was effected by the issue and allotment of Class A ordinary shares, there being no pre-emptive subscription rights.

iii) The shareholdings in PRISA at December 31, 2014, were as stated in section A.1 of this Report.

iv) The indicated date of amendment (17/12/2014) is the date of inscription in the Commercial Registry of the last deed modifying capital during the 2014 financial year.

- With regard to **Section A.2** of this report it should be underscored that:

i) The reported significant holdings are those that as per December 31, 2014 had been disclosed by their holders to the CNMV.

ii) The declared indirect interest of Rucandio, S.A. (411,895,327 voting rights) at December 31, 2014, was held through the entities stated in section A.2 (Promotora de Publicaciones, S.L., Timón, S.A., Asgard Inversiones, S.A., Rucandio Inversiones SICAV and Otnas Inversiones, S.L) in a total amount of 206,178,256 voting rights and, likewise, through 205,717,071 voting rights of the Company subject to the Prisa Shareholders Agreement signed on April 24, 2014 (in which Rucandio indirectly holds the majority of votes), which is described under heading A.6 in this Report. Within those 205,717,071 voting rights that are bound by the Shareholders' Agreement of Prisa, are included 184,217,295 voting rights held by Grupo Herradura de Occidente, S.A. de CV.

Consequently, the indirect participation of Rucandio, SA in the Company, amounts to 19.08% of the share capital at December 31, 2014.

iii) As reported to the Spanish Securities & Exchange Commission (CNMV), Según consta declarado en la CNMV, the holder of the indirect interest of Grupo Herradura de Occidente, S.A. de CV is held through Consorcio Transportista Occher, S.A. de C.V. Of those 188,912,295 voting rights, 184,217,295 are linked to Prisa Shareholders Agreement and 4,695,000 are excluded from that agreement.

iv) As reported to the Spanish Securities & Exchange Commission (CNMV), the owner of the indirect holding declared by Nicolas Berggruen is the company BH Stores IV, B.V.

BH Stores IV, B.V. is a subsidiary of Berggruen Holdings LTD, a 100% subsidiary of Nicolas Berggruen Charitable Trust. The ultimate beneficiary of the shares of BH Stores IV, B.V. is Nicolas Berggruen Charitable Trust. Mr. Nicolás Berggruen is a member of the Board of Directors of Berggruen Holdings.

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Likewise it is underscored that of the 28,422,994 voting rights declared by BH Stores, 14,396,544 are represented by 3,599,136 ADR's representing Class A ordinary shares.

v) Banco Santander, S.A. has reported to the Spanish Securities & Exchange Commission (CNMV) that its indirect holding is exercised through the following companies in the Santander Group: Cántabra de Inversiones, S.A., Cántabro Catalana de Inversiones, S.A., Fomento e Inversiones, S.A., Títulos de Renta Fija, S.A., Carpe Diem Salud, S.L. and Suleyado 2003, S.L.

vi) Morgan Stanley has reported to the Spanish Securities & Exchange Commission (CNMV) that its indirect holding is exercised through the following companies in the Morgan Stanley Group: Morgan Stanley &Co International PLC, Morgan Stanley Capital Services LLC and Morgan Stanley Smith Barney LLC.

vii) The most significant changes in the shareholding structure during the financial year are those declared by the owners of the shares to the CNMV at December 31, 2014.

- With regard to **Section A.3** of this report it should be underscored that the 400 voting rights declared by Mrs. Arianna Huffington and the 4,000 voting rights declared by Mr John Paton, are represented by way of 100 and 1,000 ADR's representing Class A shares of PRISA, respectively.

- With regard to **Section A.4** of this report it should be underscored that que Berggruen Acquisition Holdings S.A.R.L directly holds 8.21% of Otnas Inversiones, S.L.

- With regard to **Section A5** of this report, see section D.2 of this report regarding related party transactions.

-With regard to **Section A.6** of this report it should be underscored that:

i) The information regarding shareholders agreements was declared to the CNMV in material disclosures no 155,690 and 155,942, dated December 23 and December 30, 2011, respectively, in material disclosure no 157,599 dated February 7, 2012, in material disclosures no 193,575 dated October 7, 2013, and in material disclosures no 201041, no 204178 and no 211007, dated February 27, April 28, and September 22, 2014.

ii) Shareholder Agreement in Rucandio, S.A.

On December 23, 2003 in a private document Mr. Ignacio Polanco Moreno, Ms. Isabel Polanco Moreno—deceased- (whose children have succeeded to her position in this agreement), Mr. Manuel Polanco Moreno, Ms. M^a Jesús Polanco Moreno and their now deceased father Mr. Jesús de Polanco Gutiérrez and mother Ms. Isabel Moreno Puncel signed a Family Protocol, to which a Shareholder Syndicate Agreement was annexed concerning shares in Rucandio, S.A. and whose object is to preclude the entry of third parties outside the Polanco Family in Rucandio, S.A. in the following terms: (i) the syndicated shareholders and directors must meet prior to any shareholder or board meeting to determine how they will vote their syndicated shares, and are obliged to vote together at shareholder meetings in the manner determined by the syndicated shareholders; (ii) if an express agreement is not achieved among the syndicated shareholders with respect to any of the proposals made at a shareholder meeting, it will be understood that sufficient agreement does not exist to bind the syndicate and, in consequence, each syndicated shareholder may freely cast his vote; (iii) members of the syndicate are obliged to attend syndicate meetings personally or to grant proxy to a person determined by the syndicate, unless the syndicate expressly agrees otherwise, and to vote in accordance with the instructions determined by the syndicate, as well as to refrain from exercising any rights individually unless they have been previously discussed and agreed at a meeting of the syndicate.; (iv) members of the syndicate are precluded from transferring or otherwise disposing of shares in Rucandio, S.A until 10 years following the death of Mr. Jesús de Polanco Gutiérrez, requiring in any case the consensus of all shareholders for any type of transfer to a third party. An exception to the aforementioned term can be made upon the unanimous agreement of the shareholders. This limitation likewise applied specifically to the shares that Rucandio, S.A. holds directly or indirectly in Promotora de Informaciones, S.A.

iii) Shareholder Agreement in Promotora de Publicaciones, S.L.:

The shareholders agreement was signed on May 21, 1992 and in a notarial document certified by Madrid Notary Public Mr. Jose Aristonico Sanchez, Timon S.A. and a group of shareholders of Promotora de
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Informaciones, S.A. entered into an agreement to govern the contribution of their shares in that company to Promotora de Publicaciones, S.L. (hereinafter, “Propu”) and their participation therein. Basically, the undertakings set forth in that agreement are as follows: a) each majority shareholder shall have at least one representative on the Board of Directors of Prisa and, to the extent possible, the governing body of Propu shall have the same composition as Prisa’s; b) Propu shares to be voted at Prisa’s General Shareholders Meetings will be previously determined by the majority members. Propu members who are likewise members of Prisa’s Board of Directors shall vote in the same manner, following instructions from the majority shareholders; c) in the event that Timon, S.A. sells its holdings in Propu, the remaining majority shareholders shall have the right to sell their holdings in Propu on the same terms to the same buyer, to the extent that the foregoing is possible.

iv) Agreement of shareholders of (PRISA):

On 24 April 2014 a shareholders agreement was signed by Timón, S.A., Promotora de Publicaciones, S.L., Asgard Inversiones, S.L.U, Otnas Inversiones, S.L. (all direct or indirect subsidiaries of Rucandio, S.A.) and the shareholder CONSORCIO TRANSPORTISTA OCCHER, S.A. DE CV (subsidiary of Grupo Herradura Occidente, S.A. de CV) together with other shareholders, individuals and legal entities, of PRISA, for the purpose of: i) syndicating the vote of certain shares held by these shareholders and determining certain commitments of permanence as shareholders of the Company and ii) regulating the conduct of syndicated shareholders, so that it is concerted and unified, thus ensuring a common, stable voting policy in the Company.

v) The concerted actions known to the Company are the shareholders agreements described above.

- The Company's internal regulations (Bylaws, Shareholders Meeting Regulation and Board Regulations) are being revised in general and particularly in connection with sections B.2, B.3, B.6, C.1.6, C.1.13, C.1.18, C.1.19, C.1.21, C.1.22, C.1.28, C.1.32, C.1.34, C.1.35, C.1.41, C.1.42, D.1, G.3, G.8, G.16, G.17, G.21, G.26 and G.50, among other reasons to bring them into line with Law 31/2014, which modifies the Corporations Law (LSC) with a view to improving corporate governance. The Board of Directors is expected to ask the next General Shareholders Meeting to approve modifications to the Bylaws and the Shareholders Meeting Regulation, and will modify the Board Regulations in line with the foregoing.

Consequently the Company's internal regulations, as described in the aforementioned sections of this Report, are likely to be modified in the near future.

-In connection with sections **B.6 and G.3** of this Report, the Company has not expressly agreed that decisions involving structural modifications to the Company should be subject to the approval of the General Shareholders Meeting. It is also stated for the record that the Company has not submitted operations of this kind to the General Meeting for approval because they have not arisen.

Nevertheless, the provisions of Article 160 of the Corporations Law (LSC) must be borne in mind. These are detailed in Law 31/2014, compliance with which is mandatory for the Company.

Likewise article 12 of the Articles of Association, in addition to listing a series of powers expressly conferred on the General Meeting, provides that it will also be the responsibility of the General Meeting “to be informed of or to decide on any other matter which the Board of Directors decides should be referred to or decided by the General Meeting because it takes the view that it is particularly important for the Company’s interests”.

-With regard to **Section C.1.2** of this report it should be underscored that: i) Appointment of Mr. Juan Luis Cebrian Echarri as Chairman of the Board of Directors was approved on 20 July 2012; ii) appointment of Mr. Manuel Polanco Moreno as Deputy Chairman was approved on 20 July 2012 and iii) appointment of Mr Jose Luis Sainz as Chief Executive Officer was as of October 1, 2014.

- With regard to **Section C.1.3** of this report it should be underscored that Mr.Manuel Polanco is an external director representing significant shareholdins having been appointed by Timón, S.A and, likewise, is an executive director.

- With regard to **section C.12.** of this report it should be underscored that Company director Ms. Agnès Noguera Borel represents the director Luxury Liberty, S.A. at the board of directors of Adolfo Domínguez, S.A.

- With regard to **section C.1.15** and **C. 1.16.** of this report it should be underscored that:

i) The amounts corresponding to the total remuneration of directors and senior management recorded in sections C.1.15 and C.1.16 are those paid during the year calculated on an accrual basis as stipulated in Spanish Securities & Exchange Commission (CNMV) Circulars 4/2013 and 5/2013, which approve the models for annual reports on directors' remuneration and the annual corporate governance report for listed limited companies, and differ from the total remuneration paid to directors and senior management recorded in the Notes to the Financial Statements and Half-yearly Financial Information for 2014, which reflect accounting provision.

The remuneration paid to directors included in Section C.1.15 of this Report thus coincides with that specified in Section D of the annual report on directors' remuneration, to which we refer for further details.

ii) The total remuneration for the Board of Directors includes: i) the amount paid to Mr Nicolás Berggruen up to the moment of his resignation as a director in March 2014; ii) the amounts paid to Mr Roberto Alcántara and Mr John Paton from the time of their appointment as directors in February 2014; iii) payments to Mr Fernando Abril-Martorell as executive director until 30 September 2014 and as non-executive director from that date until 31 December 2014 and iv) to Mr Jose Luis Sainz Díaz as executive director from 22 July 2014 (except the Long-term Incentive, which will be paid in 2015, to which he is entitled as an executive of PRISA Radio and PRISA Noticias, which is included in full).

iii) Senior managers are the members of the Business Management Committee that are not executive directors and have an employment relationship with Prisa and other companies in the Group and, furthermore, the internal audit manager of Promotora de Informaciones, S.A

iv) Total remuneration for senior management includes payments to Mr José Luis Sainz up to the time of his appointment as executive director of PRISA (22 July 2014) and payments to Mr Manuel Mirat Santiago since his appointment as CEO of PRISA Noticias (September 2014).

-With regard to **Section C.1.37** of this report it should be underscored that, in relation to the year 2014, the cost resulting from the audit of the internal control system of the financial information, which amounted to 200,000 euros, has been included within "non- auditing services". This service was a mandatory audit as a consequence of the listing of Prisa with the SEC and, therefore, in the year 2013 was included within the audit fees.

-With regard to **Section C.1.45** of this report it should be underscored that the body that has authorized ironclad or golden handshake clauses was the Corporate Governance, Nomination and Compensation Committee or the Nomination and Compensation Committee, depending on the date.

- With regard to **Section D.2** of this report it should be underscored that:

i. Transactions shown in the table include operations with the significant shareholder and/or companies in the Group;

ii. Transactions with Grupo PRISA include those with Promotora de Informaciones, S.A. (PRISA) and companies in its group. When the name of a particular company in Grupo PRISA is specified, this indicates that the transaction was carried out exclusively with that company.

iii. Regarding the provision of services to Telefónica, S.A., of the 184,056,000 euros declared, 179,097,000 euros correspond to DTS Distribuidora de Televisión Digital, S.A. (DTS, a company in which PRISA has a holding).

iv. In the case of services provided by Telefónica, S.A., of the 19,388,000 euros declared, 9,284,000 euros correspond to DTS.

(Free translation from the original in Spanish language)

v. In June 2014 Prisa's Board of Directors signed an agreement with Telefónica de Contenidos, S.A.U. for the sale of all the shares in DTS held by PRISA, accounting for 56% of the company's capital, for 750 million euros, the amount being subject to the adjustments that are normal in this type of operation until the transaction is concluded. Mediaset España, which held shares in DTS, had an initial period of 15 calendar days, subsequently extended to 4 July 2014, to exercise its pre-emption and co-sale rights, as established in the company's Bylaws and the DTS shareholders agreement. At the end of the period, Mediaset España had not exercised any of the rights referred to above. Subsequently, on 4 July 2014, Mediaset España signed an agreement with Telefónica de Contenidos, S.A. for the sale of 22% of DTS.

The completion of the operation is subject to authorization by the relevant authorities. On 20 June 2014 PRISA was informed that there was no objection to the operation on the part of the panel representing the banks financing it.

After deducting the costs involved in the sale, the transaction led to a book loss in Grupo Prisa's consolidated financial statements of 2,064,921,000 euros and, in Prisa's individual financial statements, a loss of 750,383,000 euros. In December 2014, the Group revised the value of its holding in DTS and recorded an additional impairment of 23,789,000 euros for the estimated impact the development of the business will have on the price of the transaction until the date on which the sale takes place, foreseeably in May 2015. The aggregate amount of 719,086,000 euros reflects the estimated sale price of 56% of DTS under the agreement signed with Telefónica de Contenidos, S.A.

vi. The operations shown in the table reflect the accounting information contained in the consolidated income statement for Grupo PRISA.

The following related-party transactions between DTS and various companies in which Telefónica has holdings have also taken place, although they are not reflected in the income statement:

- o DTS granted Telefónica the right to use certain content to offset previous commitments.
- o DTS purchased audio-visual rights from Telefónica for a fixed sum of 350,000 euros, plus, where appropriate, a variable amount which depended on certain circumstances, in connection with which payment obligations had not been generated by 31 December 2014 or DTS's debt under the contract had not matured and could not therefore be claimed.

- With regard to **Section D.3** of this report it should be underscored that compensation to Prisa directors and senior management is detailed in Sections C.1.15 and C.1.16 of this report.

Likewise it should be underscored that Mr. Gregorio Marañón y Bertrán de Lis has rendered Legal advice services.

- With regard to **Section D.4** of this report it should be underscored that transactions with Mediaset España Comunicación SA correspond to the period January-September 2014, as PRISA's holding in Mediaset fell below 5%.

- With regard to **Section D.5** of this report it should be underscored that, in addition to the transactions described in section D.4 above, the following transactions with related parties, have been performed: i) services provided to Grupo Prisa companies by other investee companies, for an aggregate amount of 1,522 thousand euros, ii) services provided by Grupo Prisa companies to other investee companies, for an aggregate amount of 3,693 thousand euros, iii) loans granted by Grupo Prisa companies to other investee companies, for an aggregate amount of 400 thousand euros, iv) financial income recorded by companies in Grupo Prisa, linked to the loans granted to investees, amounting to an aggregate total of 1,655,000 euros and v) dividends received by Grupo Prisa companies from investees, amounting to an aggregate total of 231,000 euros.

- With regard to **Sections D.7 and G.2** of this report it should be underscored that PRISA Portuguese subsidiary Grupo Media Capital, S.G.P.S, S.A. is listed on the Portuguese securities market.

- For the purposes of **Sections G.8, G.16 and G.17** of this Report it should be noted, as already mentioned, that the Board Regulations currently in force are being revised to bring them into line with Law 31/2014:

i) the Regulations do not exclusively authorize the Board to decide on the appointment and removal of senior managers and their compensation clauses, whereas Article 249 (2) h) of the Corporations Law, which is mandatory, assigns this power to the Board as a non-delegable responsibility.

ii) they do not yet regulate the figure of the coordinating director and his/her powers, but the provisions of Article 529 (7) of the Corporations Law are compulsory and therefore applicable. It should, however, be noted that since 2013 external directors have been meeting regularly to coordinate and express their concerns.

iii) they do not yet include the Nomination and Compensation Committee 's authority to announce the removal of the Secretary of the Board, even though Article 529 (8) of the Corporations Law envisages this.

- For purposes of **Sections G.21, G.26 and G.50** of this Report it is noted that, under the Board of Directors Regulation of the Company, it is within the province of the Corporate Governance Committee (and not the "Nomination Committee" as indicated in the text of recommendations 21, 26 and 50) to:

i) present a report to the Board of Directors for evaluation of the functioning and composition of the Board and the performance of their duties by the Chairman of the Board and chief executive of the Company (recommendation 21);

ii) propose the appointment of independent directors (recommendation 26);

iii) advise the Board regarding matters of gender diversity (recommendation 50).

-Lastly, and generally applicable throughout the report, it should be underscored that, the Tax Identification Numbers attributed to the non-Spanish companies are fictitious and were provided as required in this computerized form.

- As PRISA's ADS are not listed on the NYSE (see Section A.12 of this Report), the Company is not subject to the corporate governance requirements specified by the Securities Exchange Act, the Sarbanes-Oxley Act and the NYSE.

Prisa does not prepare any annual corporate governance report other than this one.

This Annual Report on Corporate Governance was approved by the Board of Directors of the Company at its meeting on February 27, 2015.

Indicate whether any directors voted against or abstained in the vote taken to approve this report.

NO

Promotora de Informaciones, S.A. (Prisa) and Subsidiaries

**Auditor's report on the System of
Internal Control over Financial
Reporting (ICFR)**

*Translation of a report originally issued in Spanish
based on our work performed in accordance with the
audit regulations in force in Spain. In the event of a
discrepancy, the Spanish-language version prevails.*

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails.

AUDITOR'S REPORT ON THE SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)

To the Board of Directors of Promotora de Informaciones, S.A.,

We have examined the information relating to the System of Internal Control over Financial Reporting (ICFR) of Promotora de Informaciones, S.A. and Subsidiaries (“the Prisa Group”) contained in the accompanying Note F of the Annual Corporate Governance Report for the year ended 31 December 2014. This examination includes an evaluation of the effectiveness of the system of ICFR in relation to the financial information contained in the Prisa Group’s consolidated financial statements as at 31 December 2014, prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Prisa Group. The objective of this system is to contribute to the transactions performed being presented fairly under the aforementioned accounting framework and to provide reasonable assurance in relation to the prevention or detection of any errors that might have a material effect on the consolidated financial statements. The aforementioned system is based on the rules and policies defined by the Board of Directors of Promotora de Informaciones, S.A. in accordance with the guidelines established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its Internal Control-Integrated Framework (2013) report.

A system of internal control over financial reporting is a process designed to provide reasonable assurance on the reliability of financial information in accordance with the accounting principles and standards applicable to it. A system of internal control over financial reporting includes policies and procedures that: (i) enable the records reflecting the transactions performed to be kept accurately and with a reasonable level of detail; (ii) guarantee that these transactions are performed only in accordance with the authorisations established; (iii) provide reasonable assurance that transactions are recognised appropriately to enable the preparation of the financial information in accordance with the accounting principles and standards applicable to it; and (iv) provide reasonable assurance in relation to the prevention or timely detection of unauthorised acquisition, use or sale of the Prisa Group’s assets that could have a material effect on the financial information. In view of the limitations inherent to any system of internal control over financial reporting, certain errors, irregularities or fraud might not be detected. Also, the projection to future periods of an evaluation of internal control is subject to risks, including the risk that internal control may be rendered inadequate as a result of future changes in the applicable conditions or that there may be a reduction in the future of the degree of compliance with the policies or procedures established.

Management of Promotora de Informaciones, S.A. is responsible for maintaining the system of internal control over the financial information included in the consolidated financial statements and for evaluating its effectiveness. Our responsibility is limited to expressing an opinion on its effectiveness, based on the work performed by us in accordance with the requirements established in Standard ISAE 3000 “Assurance Engagements Other than Audits or Reviews of Historical Financial Information” issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) for the issuance of reasonable assurance reports.

A reasonable assurance engagement includes understanding the system of internal control over the financial information contained in the consolidated financial statements, evaluating the risk of there being material errors therein, performing tests and evaluations of the design and operating effectiveness of the system, and performing such other procedures as we consider appropriate. We consider that our examination provides a reasonable basis for our opinion.

In our opinion, at 31 December 2014, the Prisa Group maintained, in all material respects, an effective system of internal control over the financial information contained in its consolidated financial statements, and this internal control system is based on the rules and policies defined by the Board of Directors of Promotora de Informaciones, S.A. in accordance with the guidelines established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its Internal Control-Integrated Framework (2013) report. Also, the disclosures contained in the information relating to the system of ICFR which is included in Note F of the Prisa Group's Annual Corporate Governance Report at 31 December 2014 comply, in all material respects, with the requirements established by article 540 of the Spanish Corporate Enterprises Act and Spanish National Securities Market Commission Circular 5/2013, of 12 June.

This examination does not constitute an audit of financial statements and is not subject to the Consolidated Audit Law approved by Legislative Royal Decree 1/2011, of 1 July, and, therefore, we do not express an audit opinion on the terms provided for in the aforementioned legislation. However, we have audited, in accordance with the audit regulations in force in Spain, the consolidated financial statements of Promotora de Informaciones, S.A. and Subsidiaries, prepared by the directors of Promotora de Informaciones, S.A. in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Prisa Group, and our report dated 2 March 2015 expresses an unqualified opinion on the aforementioned consolidated financial statements.

DELOITTE, S.L.

A handwritten signature in blue ink, appearing to read 'Fernando García Beato', with a long horizontal line extending to the right.

Fernando García Beato
2 March, 2015