

Promotora de Informaciones, S.A.

Special report on capital increase
through credit compensation, case set
forth in article 301 of the
Consolidated Spanish Limited
Liability Companies Law

*Translation of a report originally issued in Spanish. In the
event of a discrepancy, the Spanish-language version
prevails.*

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SPECIAL REPORT ON CAPITAL INCREASE THROUGH CREDIT COMPENSATION, CASE SET FORTH IN ARTICLE 301 OF THE CONSOLIDATED SPANISH LIMITED LIABILITY COMPANIES LAW

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

For the purposes provided for in article 301 of the Consolidated Spanish Limited Liability Companies Law, we issue this special report on the proposal drawn up by the Board of Directors of Promotora de Informaciones, S.A. (hereafter the Company) on 13 October 2017 which is presented in the accompanying accounting document, to carry out a capital increase through credit compensation for a maximum amount of EUR 100,000,000, which will be subscribed by certain creditors of the Company.

Our work consisted of verifying, in accordance with generally accepted auditing standards, the information prepared under the responsibility of the Board of Directors in the aforementioned document in relation to the credits to be used for the increase and these, at least 25%, are liquid, past-due and claimable, and that the remaining loans mature within five years.

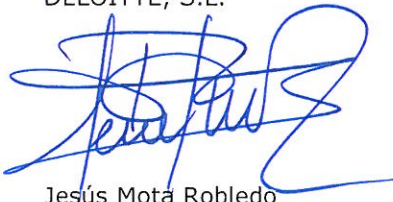
At the date of this report the aforementioned credits did not meet the requirement that at least 25% of the loans be liquid, past-due and claimable. However, the Board of Directors of Promotora de Informaciones, S.A. confirmed at its meeting on 13 October 2017 that, subject to the fulfilment of the conditions provided for the increase, the credits intended for the increase identified in the accompanying document will meet at the time of its compensation the requirements established in article 301 of the Consolidated Spanish Limited Liability Companies Law.

In our opinion, the accompanying document prepared by the Board of Directors provides adequate information with respect to the credits that will serve as compensation for the purpose of the capital increase of Promotora de Informaciones, S.A., which, at the date of this report didn't meet the requirements established in article 301 of the Consolidated Spanish Limited Liability Companies Law as indicated in the preceding paragraph.

Additionally, in order to comply with the provisions of the article 301 of the Consolidated Spanish Limited Liability Companies Law, at the date of capital increase, we will release a new complementary certification in which we will credit, as appropriate, whether at that date the amount of the loans to set-off are at least 25% liquid, past-due and claimable, and if the remaining loans mature within five years.

This special report was prepared solely for the purposes provided for in article 301 of the Consolidated Spanish Limited Liability Companies Law and, accordingly, may not be used for any other purpose.

DELOITTE, S.L.



Jesús Mota Robledo

13 October 2017

PROMOTORA DE INFORMACIONES, S.A. (PRISA)

Sociedad inscrita en el Registro Mercantil de Madrid al tomo 2.836 general, 2.159 de la Sección tercera del Libro de Sociedades, folio 54, hoja número 19.511. Número de Identificación Fiscal A - 28297059

MR. XAVIER PUJOL TOBEÑA, Secretary of the Board of Directors of **PROMOTORA DE INFORMACIONES, S.A.**, that is chaired by MR. JUAN LUIS CEBRIAN ECHARRI,

CERTIFIES:

That PROMOTORA DE INFORMACIONES, S.A.'s board of directors, has approved, on October 13, 2017, to propose to the Extraordinary General Shareholders Meeting that will be called to be held on November 15 and November 16, in first and second call, respectively, a capital increase in PROMOTORA DE INFORMACIONES, S.A. that will be subscribed by offsetting credits, in the terms of the report which is transcribed below.

In relation to this resolution, the board of directors approved also unanimously, the corresponding report that is transcribed below drafted in compliance of the provisions of articles 286 in relation with 297.1.a) and 301 of the Spanish Companies' Act,

“REPORT ISSUED BY THE BOARD OF DIRECTORS OF PROMOTORA DE INFORMACIONES, S.A. WITH REGARD TO THE PROPOSED RESOLUTION FOR A CAPITAL INCREASE BY WAY OF A COMPENSATION OF CREDITS, INCLUDED AS ITEM 5.2 ON THE AGENDA OF THE EXTRAORDINARY GENERAL SHAREHOLDERS MEETING, CALLED FOR NOVEMBER 15, 2017, ON FIRST CALL, AND ON NOVEMBER 16, 2017, ON SECOND CALL.

I. Introduction

This report is formulated with regard to the proposed resolution for a capital increase by way of the compensation of credits of Promotora de Informaciones, S.A. (“**Prisa**” or the “**Company**”), without preferential subscription rights, will be submitted to the consideration of the Extraordinary General Shareholders Meeting of Prisa called for November 15, 2017 on first call, and on November 16, 2017 on second call.

II. Purpose of the report. Description of the transaction

The proposed resolution refers to the share capital increase by an amount of EUR 47,000,000.00 through the issuance and floating of 50,000,000 new ordinary shares of the Company with a par value of EUR 0.94 each (the “**New PPL Shares**”), of the same class and series as those currently outstanding, represented in book-entry form (el “**PPL Capital Increase**”).

The New PPL Shares are issued at par value, i.e EUR 0.94, with a share premium to be determined by the Board of Directors, which may not be lower than EUR 1.06, resulting in an issue price of EUR 2.00 per share (par value plus premium). Consequently, the total amount corresponding to the share premium will be of, at least, EUR 53,000,000.00, for a total amount of EUR 100,000,000.00 (par value plus premium).

The par value and the share premium corresponding to the new PPL shares will be paid entirely by offsetting the credits held against the Company that are listed further below in section V.1.a).

Said proposed resolution will be subject to the approval of the Extraordinary General Shareholders Meeting called for November 15, 2017 on first call, and on November 16, 2017 on second call.

PROMOTORA DE INFORMACIONES, S.A. (PRISA)

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This report is prepared by the Board of Directors of Prisa in compliance with the provisions of the following articles of the Consolidated Text of the Spanish Companies Act, approved by Legislative Royal Decree 1/2010, of 2 July (the "**Spanish Companies Act**"):

- article 286, in respect of the corresponding statutory modification relating to article 297.1 a), concerning the delegation in the Board of Directors of the power to set the terms and conditions of the already agreed capital increase; and
- article 301, in order to describe the proposal relating to the PPL Capital Increase and, in particular: (i) the nature and characteristics of the credits against the Company that would be subject to offsetting in the framework of the PPL Capital Increase; (ii) the identity of the contributors of said credits; (iii) the number of shares that must be issued; (iv) the amount of the capital increase; and (v) the express statement of the consistency of the data relating to the credits with the Company's accounts.

In light of the characteristics of the PPL Capital Increase, which will be listed further below, and in accordance with the provisions of article 304 of the Spanish Companies Act, there will be no preferential rights in favour of the Company's current shareholders in the PPL Capital Increase.

Shareholders will first be offered an explanation of the transaction proposed to the General Shareholders Meeting and the reasons that justify the PPL Capital Increase. Then, the reports provided for in the Spanish Companies Act, for the purposes of articles 286, related to 297.1a) and 301, will be issued jointly, although explained in different sections. Finally, the proposed PPL Capital Increase resolution is included in the final paragraph, which will be submitted for the approval of said Extraordinary General Shareholders Meeting.

III. Description of the PPL Capital Increase and reasons for the transaction

In order for the aforementioned proposal for a share capital increase to be validly submitted for approval to the General Shareholders Meeting of the Company and given that the resolution consisting of the share capital increase results in the necessary amendment of article 6.1 of the Articles of Association of the Company, the Board of Directors must issue this report pursuant to articles 286, 296 and 297 of the Spanish Companies Act. As such, this report justifies the proposed resolution.

Similarly, article 287 of the Spanish Companies Act requires that the announcement of the call for the General Shareholders Meeting clearly state the items that are to be amended and the right of all shareholders to examine the entire text of the proposed amendment and the related report at the Company's registered office. Shareholders may also request the free delivery or submission of such documents.

The Board of Directors of the Company propose this resolution to the General Shareholders Meeting of the Company on the basis that, given the current situation, it is in the interests of the Company to increase its equity in order to strengthen its financial and capital structure, in such a way so as to permit the reduction of the financial leverage of the business, honour its financial commitments, and assume the strategic goals and challenges outlined in the Company's strategic plan. This share capital increase therefore falls within the Company's debt restructuring process and is complemented by the share capital increase with preferential subscription rights that is the subject of Item 5.1. of the Agenda (the "**Share Capital Increase with Preferential Subscription Rights**").

PROMOTORA DE INFORMACIONES, S.A. (PRISA)

Sociedad inscrita en el Registro Mercantil de Madrid al tomo 2.836 general, 2.159 de la Sección tercera del Libro de Sociedades, folio 54, hoja número 19.511. Número de Identificación Fiscal A - 28297059

In this context, and in view of the interest that some of the Company's creditors have expressed in becoming part of its shareholding, the Board of Directors has had its decision confirmed to submit for approval of the Company's General Shareholders Meeting a share capital increase by way of a compensation of credits, which will only take effect if the Share Capital Increase with Preferential Subscription Rights proposed under Item 5.1. of the Agenda is approved and implemented.

Finally, it is stated for the record that, while the share capital increase by way of a compensation of credits will be aimed at all of the financial institutions holding profit participating loans against the Company and that If the aggregated number of requested New PPL Shares exceeds the number of New PPL Shares to be issued in the context of the PPL Capital Increase, the New PPLS Shares to be subscribed by each PPL Creditor will be determined in proportion to the percentage that the New-PPL-Shares-request by each creditor represents over the total New-PPL-Shares-requests by all creditors.

IV. Report for the purposes of Article 286 of the Spanish Corporations Act

1. Structure of Prisa's share capital

As of the date of this report, the Company's share capital amounts to EUR 235,007,874.00, represented by 78,335,958 shares with a par value of EUR 3.00 each, fully subscribed and paid for, all of them belonging to the same class and series.

However, in the framework of the restructuring operations described in section III above, it is envisaged that the Company's General Shareholders Meeting will adopt, prior to the approval of the share capital increase that is the subject of this report, several share capital reductions and a share capital increase with preferential subscription rights in such a way that, following the adoption of such resolutions, the Company's share capital shall be increase up to EUR 352,500,000.00, represented by 375,000,000 shares with a par value of EUR 0.94 each, fully subscribed and paid for, all of them belonging to the same class and series.

2. Amount of the PPL Capital Increase

In the framework of the restructuring operations, the Board of Directors proposes implementing a capital increase by way of a compensation of loans by the amount of EUR 47,000,000.00, through the issuance and floating of 50,000,000 new ordinary shares with a par value of EUR 0.94 each, represented in book-entry form.

3. Issue price of the New PPL Shares

The New PPL Shares are issued at par value, i.e EUR 0.94, with a share premium to be determined by the Board of Directors, which may not be lower than EUR 1.06, resulting in a minimum issue price of EUR 2.00 per share (par value plus premium). Consequently, the total amount corresponding to the share premium will be of, at least, EUR 53,000,000.00, for a total amount of EUR 100,000,000.00 (par value plus premium), without prejudice of the possibility of an incomplete subscription.

The par value and the share premium corresponding to the New PPL Shares will be paid entirely by offsetting the credits held against the Company listed below.

PROMOTORA DE INFORMACIONES, S.A. (PRISA)

Sociedad inscrita en el Registro Mercantil de Madrid al tomo 2.836 general, 2.159 de la Sección tercera del Libro de Sociedades, folio 54, hoja número 19.511. Número de Identificación Fiscal A - 28297059

4. Subscription and payment of the New PPL Shares

The New PPL Shares may be subscribed and entirely paid for by the Company's profit participating loan creditors listed in section V.1.b), or by any person who, by the time of the execution of this resolution, has replaced any of the creditors in accordance with the provisions included in the corresponding financing agreements (the "PPL Creditors") (the "PPL Loan"), at the issue price finally determined by the Board of Directors, which may not be lower than the minimum issue price of EUR 2.00 per share.

If the aggregated number of requested New PPL Shares exceeds the number of New PPL Shares to be issued in the context of the PPL Capital Increase, the New PPL Shares to be subscribed by each PPL Creditor will be determined in proportion to the percentage that the New-PPL-Shares-request by each creditor represents over the total New-PPL-Shares-requests by all creditors.

The par value and the share premium of the New PPL Shares will be entirely paid for once the loans subject to capitalisation have been offset, which will automatically be extinguished for the amount offset as a result of the implementation of the PPL Capital Increase.

5. Preferential subscription rights

In accordance with article 304 of the Spanish Companies Act, current shareholders will not have preferential subscription rights over the New PPL Shares.

6. Representation of the new shares

New PPL Shares, just as those already existing, shall be represented in book-entry form and the relevant record shall be kept by the *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U.* (Iberclear) and its participating entities, in the terms and conditions provided for in the applicable regulation at any given time.

7. Rights of the New PPL Shares

As of the date of the subscription and payment of the PPL Capital Increase, New PPL Shares will confer their owners the same economic and political rights as the currently outstanding ordinary shares of the Company.

8. Incomplete subscription

In accordance with the provisions included in article 311 of the Spanish Companies Act ("*Ley de Sociedades de Capital*"), the possibility of an incomplete subscription of the PPL Capital Increase is expressly provided for in case the capital increase is not completely subscribed for after the completion of the subscription period.

9. Execution of the PPL Capital Increase and condition precedent

The PPL Capital Increase will be executed on the date on which, after its approval by the General Shareholders Meeting, the conditions precedent outlined below have been met, the Board of Directors completes its terms and conditions, in accordance with the delegation of

PROMOTORA DE INFORMACIONES, S.A. (PRISA)

Sociedad inscrita en el Registro Mercantil de Madrid al tomo 2.836 general, 2.159 de la Sección tercera del Libro de Sociedades, folio 54, hoja número 19.511. Número de Identificación Fiscal A - 28297059

powers referred to in section 10 of the proposed resolution and the corresponding deeds of share capital increase are granted.

The Board of Directors, in accordance with article 297.1.a) of the Spanish Companies Act, may determine, within one year from the approval of this resolution, the date on which the resolution is to be adopted. After the one year period has elapsed, this resolution shall cease to have effect.

The effectiveness of this resolution and, therefore, the execution of the PPL Capital Increase are subject to the following conditions (i) the prior approval and execution of the monetary capital increase with pre-emptive rights resolution, included in item 5.1 of the Agenda for its approval by the extraordinary General Shareholders Meeting of the Company; (ii) the prior authorization of the PPL Capital Increase by the syndicate constituted by several financial entities that are creditors of the Company under the Override Agreement, in accordance with the majorities included in the Override Agreement, allowing for the acceleration of the credits for their capitalization; (iii) the subscription of an agreement with all or several of the financial creditors of the Company which, under the Board of Directors' judgment, allows for the restructuring or refinancing of the Company's debt, including the debt related to the profit participating loans under satisfactory terms for the Company and which ensures the financial stability of the Company; and (iv) where appropriate, the prior consent of any third party that may be required under any financial agreement entered into by the Company.

10. Amendment of the Company's Articles of Association

Without prejudice of the provisions included in article 297.2 of the Spanish Companies Act, the Board of Directors or, by substitution, the Delegate Commission, the Chief Executive Officer, the President of the Board of Directors or any member of the Board of Directors, will be authorized to amend article 6.1 of the Company's Articles of Association to adjust it to the resulting share capital and number of shares after the PPL Capital Increase.

11. Request for admission to trading

The resolution proposed by the Board of Directors also includes the request for the listing of the New PPL Shares on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges through the Automated Quotation System (*Mercado Continuo*), as well as to take the steps and actions that may be necessary and file the required documents with the competent authorities of the Stock Exchanges or foreign markets in which the shares of the Company are admitted to trading (including through American Depositary Shares – ADSs) for the admission to trading of the New PPL Shares issued in the context of the PPL Capital Increase, expressly stating the Company's submission to the rules that are now in force or may be issued regarding stock exchange matters and, especially, on trading, listing and delisting.

It is also envisaged to request the inclusion of the New PPL Shares in the book-entry registries of the *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U.* (Iberclear).

12. Delegation of powers

In accordance with article 297.1.a) of the Spanish Companies Act, it is proposed to authorise the Board of Directors, with express authority to sub-delegate, the power to declare the PPL Capital

PROMOTORA DE INFORMACIONES, S.A. (PRISA)

Sociedad inscrita en el Registro Mercantil de Madrid al tomo 2.836 general, 2.159 de la Sección tercera del Libro de Sociedades, folio 54, hoja número 19.511. Número de Identificación Fiscal A - 28297059

Increase totally or partially subscribed and paid for and, therefore, closed by setting the terms and conditions of the issuance that were not provided for in this resolutions.

It is also proposed to authorise the Board of Directors with express powers to sub-delegate, the broadest powers to undertake as many actions and grant as many public or private documents as necessary to carry out, formalise and execute the resolution for the proposed PPL Capital Increase and, in general, to implement this correctly, including but not limited to the adoption of resolutions corresponding to the execution of the share capital increase and the amendment of the Company's Articles of Association regarding modification of the share capital to adjust it to the resulting share capital and number of shares after the PPL Capital Increase.

V. Report for the purposes of article 301 of the Spanish Corporations Act

Participating Loans susceptible of being offset during subscription of the PPL Capital Increase are those mentioned below with express indication of their holders, amounts and date of execution as these figures are entered in the Company's accounting records:

1. Nature of loans to be offset, identity of subscribers, number of shares to be issued

a) Loans to be offset

New PPL Shares issued in the framework of the PPL Capital Increase may be paid and subscribed by offsetting the following Participating Loans included in the restructuring contract subject to English law named "Override Agreement", by and between Prisa and a syndicate of credit entities on December 11, 2013, with regard to which HSBC acts as agent bank (the "Override Agreement"):

- Mandatory profit participating loan's tranche under the financing contract by and between the Company and a number of financial institutions as creditors and HSBC Bank Plc., as agent and security agent, on 11 December 2013.

These loans will comply with the requirements set out for the capitalisation of credits in article 301 of the Spanish Companies Act at the time of execution of the proposed resolution at issue in this report and, therefore, on the date of issuance of the public deed formalising the PPL Capital Increase.

b) Identity of the creditors and number of New PPL Shares to be issued

The New PPL Shares issued by virtue of the PPL Capital Increase will be subscribed exclusively by the Company's creditors that hold Participating Loans outlined in point 1.a) above, who will be offered the subscription of New PPL Shares (or by these substituting them in accordance with the financing contracts of the Company before the execution of this resolution) and are listed below:

- BANCO POPULAR ESPANOL, S.A
- Bank of America Merrill Lynch International Limited
- BNP PARIBAS FORTIS S.A.N.V, SURCUSAL EN ESPANA
- BNP PARIBAS FORTIS SA/NV
- CITIGROUP FINANCIAL PRODUCTS INC

PROMOTORA DE INFORMACIONES, S.A. (PRISA)

Sociedad inscrita en el Registro Mercantil de Madrid al tomo 2.836 general, 2.159 de la Sección tercera del Libro de Sociedades, folio 54, hoja número 19.511. Número de Identificación Fiscal A - 28297059

- CREDIT SUISSE INTERNATIONAL
- CVC EUROPEAN CREDIT OPPORTUNITIES (NO 8) S A R L
- CVC EUROPEAN CREDIT OPPORTUNITIES (NO.49) S.A.R.L.
- CVC EUROPEAN CREDIT OPPORTUNITIES SARL ACTING IN RESPECT OF ITS COPARTMENT A
- DEUTSCHE BANK AG
- EUROPEAN CREDIT OPPORTUNITIES PLATFORM B.V
- GL EUROPE ASRS INVESTMENTS SARL
- GL EUROPE LUXEMBOURG III (EUR) INVESTMENTS S.A.R.L
- GL EUROPE LUXEMBOURG III (US) INVESTMENTS S.A.R.L
- GL EUROPE LUXEMBOURG SARL
- GL PPF Opportunities Investments S.à r.l.
- GOLDMAN SACHS INTERNATIONAL BANK
- HSBC BANK PLC - MADRID BRANCH
- HSBC LONDON
- KUTXABANK S.A.
- MAKURIA LUXEMBOURG II SARL
- MARINER GLEN OAKS FUND L.P.
- MARINER GLEN OAKS MASTER FUND, L.P.
- MONARCH MASTER FUNDING 2 (LUX) SARL
- MORGAN STANLEY BANK INTERNATIONAL LTD
- NATIONAL WESTMINSTER BANK PLC
- OCP CREDIT STRATEGY FUND
- ONEX DEBT OPPORTUNITY FUND LTD

The maximum subscription of 50,000,000 New PPL Shares has been offered to all entities mentioned above. If the aggregated number of requested New PPL Shares exceeds the number of New PPL Shares to be issued in the context of the PPL Capital Increase, the New PPL Shares to be subscribed by each PPL Creditor will be determined in proportion to the percentage that the New-PPL-Shares-request by each creditor represents over the total New-PPL-Shares-requests by all creditors.

2. Certification by the Company's accounts auditor for the purposes of article 301 of the Spanish Corporations Act

The mandatory certification to be issued by Deloitte, S.L. as auditor for the Company, by virtue of article 301.3 of the Spanish Companies Act has been requested.

PROMOTORA DE INFORMACIONES, S.A. (PRISA)

Sociedad inscrita en el Registro Mercantil de Madrid al tomo 2.836 general, 2.159 de la Sección tercera del Libro de Sociedades, folio 54, hoja número 19.511. Número de Identificación Fiscal A - 28297059

The aforementioned certification, which will be made available to shareholders together with this report, must confirm that:

- (i) once the corporate accounts have been verified, the data offered in this report in relation to loans susceptible of being offset are accurate; and
- (ii) in accordance with the Participating Loans specified in section V.1 above, these loans will comply with the requirements set out for the capitalisation of credits in article 301 of the Spanish Companies Act on the date of issuance of the public deed formalising the PPL Capital Increase.

Moreover, to grant the public deed formalising the execution of the PPL Capital Increase, Deloitte, S.L., as auditor of the Company, is to issue a new certification accrediting the net, due and claimable status, on this date, of the entire amount of loans payable and confirming that the maturity date for the remaining amount does not exceed five years.

VI. Delegation of powers

It is proposed to authorise the Board of Directors with express authority to sub-delegate to the Delegated Commission, the Chairman and the Chief Executive Officer to set any other PPL Capital Increase condition not foreseen in the General Shareholders Meeting's resolution, execute the PPL Capital Increase resolution by issuing and floating shares representing this and redrafting the Company's Articles of Association on the share capital which renders null and void the part of this capital increase that has not been subscribed, and request admission for the trading of ordinary Prisa shares thus issued on the Madrid, Barcelona, Valencia and Bilbao Stock Exchanges through the Automated Quotation System (*Mercado Continuo*) and undertake all those actions outlined in the proposed resolution at issue in this report.

Similarly, the Board of Directors is empowered, with express authority to sub-delegate to the Chairman, the Chief Executive Officer, or to one or more directors and the Board's Secretary, not to execute the resolution if having regard to the Company's interests, the general market conditions, the financial structure of the Company resulting from the capital increase or any other circumstances that may affect the Company would make it unadvisable or would impede its execution.

VII. Proposed resolution to be submitted to the General Shareholders Meeting

By virtue of the above, the Extraordinary General Shareholders Meeting is presented with the proposal outlined below:

“5.2. Share capital increase by way of a compensation of credits for an amount of EUR 47,000,000.00, through the issue of 50,000,000 new ordinary shares of EUR 0.94 of nominal and a minimum share premium of EUR 1,06 each and foreseeing the possibility of incomplete subscription. Delegation of powers to the Board of Directors, with powers to sub-delegate, to implement this resolution and to set those terms and conditions no provided for herein, as well as to amend article 6.1 of the Company's Articles of Association

1. Share capital increase

PROMOTORA DE INFORMACIONES, S.A. (PRISA)

Sociedad inscrita en el Registro Mercantil de Madrid al tomo 2.836 general, 2.159 de la Sección tercera del Libro de Sociedades, folio 54, hoja número 19.511. Número de Identificación Fiscal A - 28297059

It is resolved to increase the share capital of the Company by an amount of EUR 47,000,000.00 through the issuance and floating of 50,000,000 new ordinary shares of the Company with a par value of EUR 0.94 each (the “**New PPL Shares**”), of the same class and series as those currently outstanding, represented in book-entry form (el “**PPL Capital Increase**”).

The New PPL Shares are issued at par value, i.e EUR 0.94, with a share premium to be determined by the Board of Directors, which may not be lower than EUR 1.06, resulting in a minimum issue price of EUR 2.00 per share (par value plus premium). Consequently, the total amount corresponding to the share premium will be of, at least, EUR 53,000,000.00, for a total amount of EUR 100,000,000.00 (par value plus premium).

The price of the New PPL Shares (par value and premium) will be paid entirely by offsetting the credits held against the Company indicated below.

2. Subscription and payment of the New PPL Shares

The New PPL Shares may be subscribed and entirely paid for by the Company’s profit participating loan creditors listed in **Annex 1**, or by any person who, by the time of the execution of this resolution, has replaced any of the creditors in accordance with the provisions included in the corresponding financing agreements (the “**PPL Creditors**”) (the “**PPL Loan**”), at the issue price finally determined by the Board of Directors, which may not be lower than the minimum issue price of ERU 2.00 per share.

If the aggregated number of requested New PPL Shares exceeds the number of New PPL Shares to be issued in the context of the PPL Capital Increase, the New PPLS Shares to be subscribed by each PPL Creditor will be determined in proportion to the percentage that the New-PPL-Shares-request by each creditor represents over the total New-PPL-Shares-requests by all creditors.

The price of the New PPL Shares (par value plus premium) will be entirely paid for after the credits have been offset, automatically cancelling the outstanding amount of the PPL Loan that has been offset in the context of the PPL Capital Increase.

At the time of the compensation and once all the conditions provided for in point 7 of this resolution have been met, these credits will comply, in concordance with the conversion commitments given by their holders, with the requirements set forth for the capitalization of credits in article 301 of the Spanish Companies Act (“*Ley de Sociedades de Capital*”), as indicated in the report issued by the Board of Directors regarding this matter. Compliance with the requirements of article 301 of the Spanish Companies Act (“*Ley de Sociedades de Capital*”) will be confirmed in the certificate issued, prior to the announcement of the General Shareholders Meeting, by the auditor of the Company, Deolitte, S.L., a Spanish entity with registered office at Pablo Ruiz Picasso 1, Torre Picasso, 28020, with tax identification number (NIF) number B-79104469, which will be completed by an additional certificate that will be issued when the referred requirements are fully met.

Likewise, it is stated that the shares of the Company previously issued have been fully paid for.

PROMOTORA DE INFORMACIONES, S.A. (PRISA)

Sociedad inscrita en el Registro Mercantil de Madrid al tomo 2.836 general, 2.159 de la Sección tercera del Libro de Sociedades, folio 54, hoja número 19.511. Número de Identificación Fiscal A - 28297059

3. Lack of pre-emptive rights

In accordance with article 304 of the Spanish Companies Act (“*Ley de Sociedades de Capital*”), current shareholders will not have pre-emptive rights over the New PPL Shares.

4. Representation of the New PPL Shares

New PPL Shares to be issued shall be represented in book-entry form and the relevant record shall be kept by the *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U.* (Iberclear) and its participating entities, in the terms and conditions provided for in the applicable regulation at any given time.

5. Rights of the New PPL Shares

As of the date of the subscription and payment of the PPL Capital Increase, New PPL Shares will confer their owners the same economic and political rights as the currently outstanding ordinary shares of the Company.

6. Incomplete subscription

In accordance with the provisions included in article 311 of the Spanish Companies Act (“*Ley de Sociedades de Capital*”), the possibility of an incomplete subscription of the PPL Capital Increase is expressly provided for in case the capital increase is not completely subscribed for after the completion of the subscription period.

7. Execution of the PPL Capital Increase and condition precedents

In accordance with article 297.1.a) of the Spanish Companies Act (“*Ley de Sociedades de Capital*”), the Board of Directors or, by substitution, the Delegate Commission, the Chief Executive Officer or the President of the Board of Directors will declare the PPL Capital Increase to be subscribed and paid for, totally or partially, and therefore, closed and implemented, establishing the terms and conditions of the capital increase as to all matter not provided for in this resolution.

Likewise, the aforementioned persons have to determine, within one year from the approval of this resolution, the date on which the resolution is to be adopted. After the one year period has elapsed, this resolution shall cease to have effect.

The effectiveness of this resolution and, therefore, the execution of the PPL Capital Increase are subject to the following conditions (i) the prior approval and execution of the monetary capital increase with pre-emptive rights resolution, included in item 5.1 of the Agenda for its approval by the extraordinary General Shareholders Meeting of the Company; (ii) the prior authorization of the PPL Capital Increase by the syndicate constituted by several financial entities that are creditors of the Company under the Override Agreement, in accordance with the majorities included in the Override Agreement, allowing for the acceleration of the credits for their capitalization; (iii) the subscription of an agreement with all or several of the financial creditors of the Company which, under the Board of Directors’ judgment, allows for the restructuring or refinancing of the Company’s debt, including the debt related to the profit participating loans under satisfactory terms for the Company and which ensures the financial stability of the Company; and (iv) where appropriate, the prior consent of any third party that may be required under any financial agreement entered into by the Company.

PROMOTORA DE INFORMACIONES, S.A. (PRISA)

Sociedad inscrita en el Registro Mercantil de Madrid al tomo 2.836 general, 2.159 de la Sección tercera del Libro de Sociedades, folio 54, hoja número 19.511. Número de Identificación Fiscal A - 28297059

Similarly, the Board of Directors is empowered, with express authority to sub-delegate to the Chairman, the Chief Executive Officer, or to one or more directors and the Board's Secretary, not to execute the resolution if having regard to the Company's interests, the general market conditions, the financial structure of the Company resulting from the capital increase or any other circumstances that may affect the Company would make it inadvisable or would impede its execution.

8. Amendment of the Company's Articles of Association

Without prejudice of the provisions included in article 297.2 of the Spanish Companies Act, the Board of Directors or, by substitution, the Delegate Commission, the Chief Executive Officer, the President of the Board of Directors or any member of the Board of Directors, will be authorized to amend article 6.1 of the Company's Articles of Association to adjust it to the resulting share capital and number of shares after the PPL Capital Increase.

9. Admission to trading

It is resolved to apply for the listing of the New PPL Shares on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges through the Automated Quotation System (*Mercado Continuo*), as well as to take the steps and actions that may be necessary and file the required documents with the competent authorities of the Stock Exchanges or foreign markets in which the shares of the Company are admitted to trading (including through American Depositary Shares – ADSs) for the admission to trading of the New PPL Shares issued in the context of the PPL Capital Increase, expressly stating the Company's submission to the rules that are now in force or may be issued regarding stock exchange matters and, especially, on trading, listing and delisting.

Similarly, it is resolved to request the inclusion of the New PPL Shares in the book-entry registries of the *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U.* (Iberclear).

It is expressly stated for the record that, if the delisting of the Company's shares were to be requested, the delisting resolution would have to be adopted with the same formalities that may be applicable and, in such event, the interest of shareholders opposing or not voting on the delisting resolution will be safeguarded in compliance with the provision included in the Spanish Companies Act ("*Ley de Sociedades de Capital*") and related provisions, in accordance with the provisions included in the Spanish Securities Market Act (*Texto Refundido de la Ley del Mercado de Valores*), approved by Royal Legislative Decree 4/2015, of 23 October, and its implementing provision that may be in force at any time.

10. Delegation of authority

Without prejudice to the specific delegations of authority set forth in the preceding sections, it is resolved to authorise the Board of Directors as broadly as required by law, with express authority to sub-delegate to the Delegate Commission, the President, the Chief Executive Officer, any other member of the Board and the Secretary of the Board, so that any of them, without distinction, may carry out any action or deliver any public or private document that might be necessary for the implementation of this resolutions, with express faculties for clarification, interpretation, rectification and substitution. In particular, by way of illustration and not limitation, the aforementioned persons may carry out the following:

PROMOTORA DE INFORMACIONES, S.A. (PRISA)

Sociedad inscrita en el Registro Mercantil de Madrid al tomo 2.836 general, 2.159 de la Sección tercera del Libro de Sociedades, folio 54, hoja número 19.511. Número de Identificación Fiscal A - 28297059

- (a) Extend and develop this resolutions, setting the terms and conditions of the issuance that were not provided for in this resolutions. In particular, by way of illustration and not limitation, determine the final amount of the PPL Capital Increase after the subscription, the term, form conditions and procedure for the subscription and payment and, in general, any other circumstance needed for the execution of this capital increase and the issuance of the shares in the context of the compensation of the credits.
- (b) Where necessary, draft, subscribe and file, in the most convenient language or languages, the shares registry document, securities note and summary —or any other equivalent document— with the Spanish National Securities Market Commission (“CNMV”) or any other authorities, in compliance with the provisions included in the Spanish Securities Market Act (*Texto Refundido de la Ley del Mercado de Valores*), developing, where appropriate, the content of this resolution, setting the terms and conditions not provided for in this resolutions and assuming, on behalf of the Company, the responsibility over the content of the referred documents, as well as, the faculty to draft, subscribe and file as many supplements to the aforementioned documents that may be necessary or convenient, requesting their review, approval and/or registry by the corresponding administrative authorities and, in particular, the CNMV.
- (c) Take any action, make any declaration or deal with anything before the CNMV, the Governing Bodies of the Spanish Stock Exchanges, Sociedad de Bolsas, Iberclear and any other public or private body, entity or registry, national or foreign, in order to obtain the authorisation, verification and subsequent execution of the PPL Capital Increase, as well as to carry out the effective admission to trading of the New PPL Shares in the Spanish Stock Exchanges and in any other Stock Market.
- (d) Draft, sign and execute any public or private documents that may be necessary and take any action in any jurisdiction in connection with the PPL Capital Increase, request the admission to trading of the New PPL Shares in the corresponding Spanish Stock Exchanges and make any declaration or deal with anything that may be necessary before the competent authorities on any jurisdiction, national or foreign, and in the United States, in particular before the SEC (Securities Exchange Commission), including a request for any pertinent exemptions.
- (e) Resolve not to execute this resolution if, taking into consideration the Company’s corporate interest, the general market conditions or the financial structure resulting from the capital increase or other circumstances that may affect the Company, it were not advisable or impossible to execute this resolution.
- (f) Negotiate, sign and execute any public and private documents that may be necessary, in accordance with the usual practice in this type of transactions, including any contract or agreement that may be necessary or convenient for the success of the PPL Capital Increase. Any actions carried out before the date of the approval of this resolution, as well as any document or agreement subscribed for these purposes, whether by any of the persons included in this section or any other member of the Company (including, by way of illustration and not limitation, the member of the Financial Department of the Company) are expressly ratified by this resolution.
- (g) Draft and publish whatever announcements may be necessary or advisable.

PROMOTORA DE INFORMACIONES, S.A. (PRISA)

Sociedad inscrita en el Registro Mercantil de Madrid al tomo 2.836 general, 2.159 de la Sección tercera del Libro de Sociedades, folio 54, hoja número 19.511. Número de Identificación Fiscal A - 28297059

- (h) Establish the date and declare the PPL Capital Increase executed, determine that the condition to which the effectiveness of the PPL Capital Increase has been subject to have been met, issuing and floating the new shares that were subscribed and paid for, as well as amend article 6.1 of the Articles of Association, adapting it according to the number of shares finally subscribed, leaving without effect the part of the capital increase that was not subscribed and paid for.
- (i) Request the inclusion of the New PPL Shares in the book-entry registries of the *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U.* (Iberclear), as well as their admission to trading in the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia and any other Stock Exchange in which the shares of the Company are listed at the time of the execution of this resolution and their inclusion in Automated Quotation System (*Mercado Continuo*).
- (j) Draft, sign and execute, and where appropriate certify, documents of all kinds, including documents relating to the subscription of the New PPL Shares.
- (k) In general, take all the actions considered to be necessary or convenient for the successful registration of the PPL Capital Increase in the corresponding Commercial Registry, including the faculty to execute all the private and public documents considered to be necessary or convenient in connection with this resolution, regardless of their nature (complementing, rectifying, amending or any other) and develop any item of the registry document, the securities note of the shares or the summary that has not been included in this resolution, including the adjustment of the content of the aforementioned agreements to satisfy the requests, formal or informal, of the Spanish National Securities Market Commission.

ANNEX 1

- BANCO POPULAR ESPANOL, S.A
- Bank of America Merrill Lynch International Limited
- BNP PARIBAS FORTIS S.A.N.V, SURCUSAL EN ESPANA
- BNP PARIBAS FORTIS SA/NV
- CITIGROUP FINANCIAL PRODUCTS INC
- CREDIT SUISSE INTERNATIONAL
- CVC EUROPEAN CREDIT OPPORTUNITIES (NO 8) S A R L
- CVC EUROPEAN CREDIT OPPORTUNITIES (NO.49) S.A.R.L.
- CVC EUROPEAN CREDIT OPPORTUNITIES SARL ACTING IN RESPECT OF ITS COPARTMENT A
- DEUTSCHE BANK AG
- EUROPEAN CREDIT OPPORTUNITIES PLATFORM B.V
- GL EUROPE ASRS INVESTMENTS SARL
- GL EUROPE LUXEMBOURG III (EUR) INVESTMENTS S.A.R.L

PROMOTORA DE INFORMACIONES, S.A. (PRISA)

Sociedad inscrita en el Registro Mercantil de Madrid al tomo 2.836 general, 2.159 de la Sección tercera del Libro de Sociedades, folio 54, hoja número 19.511. Número de Identificación Fiscal A - 28297059

- GL EUROPE LUXEMBOURG III (US) INVESTMENTS S.A.R.L
- GL EUROPE LUXEMBOURG SARL
- GL PPF Opportunities Investments S.à r.l.
- GOLDMAN SACHS INTERNATIONAL BANK
- HSBC BANK PLC - MADRID BRANCH
- HSBC LONDON
- KUTXABANK S.A.
- MAKURIA LUXEMBOURG II SARL
- MARINER GLEN OAKS FUND L.P.
- MARINER GLEN OAKS MASTER FUND, L.P.
- MONARCH MASTER FUNDING 2 (LUX) SARL
- MORGAN STANLEY BANK INTERNATIONAL LTD
- NATIONAL WESTMINSTER BANK PLC
- OCP CREDIT STRATEGY FUND
- ONEX DEBT OPPORTUNITY FUND LTD

In accordance with the above, shareholders are requested to approve the proposal made.”

In Madrid, on 13 October 2017”

Which I certify in Madrid, on October 13, 2017.

[SIGNATURE FOLLOWS]

[SIGNATURE FOLLOWS]

CHAIRMAN’S APPROVAL
Mr. Juan Luis Cebrián Echarri

THE SECRETARY
Mr. Xavier Pujol Tobeña